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This Document comprises an Admission Document drawn up in compliance with the requirements of the NEX Exchange Rules and is being issued in connection with the proposed admission of SulNOx Group Plc to the NEX Exchange Growth Market. This Document does not constitute and the Company is not making an offer to the public within the meaning of sections 85 and 102B of FSMA. Therefore, this Document is not an approved prospectus for the purposes of and as defined in section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and its contents have not been approved by the Financial Conduct Authority ("FCA") or any other authority which a competent authority for the purposes of the Prospectus Directive could be. Further, the contents of this Document have not been approved by an authorised person for the purposes of section 21 of FSMA. This Document will not be filed with, or approved by, the FCA or any other government or regulatory authority in the UK.

The Directors of the Company, whose names are set out on page 10 of this Document, accept full responsibility, collectively and individually, for the information contained in this Document including the Company's compliance with the NEX Exchange Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and there is no other material information the omission of which is likely to affect the import of such information.

The share capital of the Company is not presently listed or dealt in on any stock exchange. Application has been made for the issued and to be issued ordinary share capital of the Company to be traded on the NEX Exchange Growth Market. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on the NEX Exchange Growth Market on 17 December 2019.

SULNOX GROUP PLC

(Incorporated in England and Wales under the Companies Act 2006 with Company Number 8449586)

Subscription to raise £185,000

and

Admission to trading on the NEX Exchange Growth Market



Corporate Adviser

Alexander David Securities Limited



The following table shows the issued share capital of the Company as at Admission:

Ordinary Shares of	Issued Number
£0.02	84,789,093

The NEX Exchange Growth Market, which is operated by NEX Exchange Limited, a Recognised Investment Exchange, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies.

It is not classified as a Regulated Market under EU financial services law and NEX Exchange Growth Market securities are not admitted to the Official List of the United Kingdom Listing Authority. Investment in an unlisted company is speculative and involves a higher degree of risk than an investment in a listed company. The value of investments can go down as well as up and investors may not get back the full amount originally invested. An investment should therefore only be considered by those persons who are prepared to sustain a loss on their investment. A prospective investor should be aware of the risks of investing in NEX Exchange Growth Market securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

SulNOx Group Plc is required by NEX Exchange to appoint a NEX Exchange Corporate Adviser to apply on its behalf for admission to the NEX Exchange Growth Market and must retain a NEX Exchange Corporate Adviser at all times.

The requirements for a NEX Exchange Corporate Adviser are set out in the Corporate Adviser Handbook and the NEX Exchange Corporate Adviser is required to make a declaration to NEX Exchange in the form prescribed by Appendix B. This Admission Document has not been examined or approved by NEX Exchange or the FCA.

Alexander David Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is the Company's NEX Exchange Corporate Adviser for the purposes of the NEX Exchange Rules and is acting exclusively for the Company in relation to the Admission.

Alexander David Securities Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Alexander David Securities Limited or for advising any other person in relation to the contents of this Document, the Admission or any other arrangements described in this Document.

Alexander David Securities Limited has not made its own enquiries except as to matters which have come to its attention and on which it considered necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in the Admission Document, or for the omission of any material information, for which the Directors are solely responsible.

OVERSEAS SHAREHOLDERS

This Document does not constitute an offer to sell, or a solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not for distribution in or into the United States, Canada, the Republic of Ireland, the Republic of South Africa or Japan. The distribution of this Document may be restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Document are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Prospective investors should not assume that the information in this Document is accurate as of any other date than the date of this Document. The Company is not providing prospective investors with any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers, as required, to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Ordinary Shares. The contents of the Company's website, including any websites accessible from hyperlinks on the Company's website, do not form part of this Document

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or under any state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S promulgated under the Securities Act).

No person has been authorised to give any information or make any representation other than that contained in this Document.

All references in this Document to Sterling and £ refer to the currency of the United Kingdom.

FORWARD-LOOKING STATEMENTS

This Admission Document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "estimate", "expected", "intends", "may", or "will" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Admission Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors concerning, amongst other things, the

investment strategy, financing strategies and investment performance. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward- looking statements. These factors include, but are not limited to, changes in general market conditions, legislative or regulatory changes, changes in taxation, the Company's ability to invest its cash and the proceeds of the issue of the Bonds in suitable investments on a timely basis and the availability and cost of capital for future investments.

Potential investors are advised to read this Admission Document in its entirety, and, in particular, the section of this Admission Document entitled "Risk Factors" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Admission Document may not occur or may not occur as foreseen.

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DEFINITIONS

In this Document, where the context permits, the terms set out below shall have the following meanings:

“£”	British pound sterling, the official currency of the UK
“Act”	the Companies Act 2006, as amended
“Admission”	admission of the Issued Share Capital to trading on the NEX Exchange Growth Market becoming effective in accordance with the NEX Exchange Rules
“Advance Subscription Round”	has the meaning given in paragraph 2.3 of Part IV
“Advance Subscription Shares”	1,863,173 Ordinary Shares to be issued pursuant to the Advance Subscription Round
“Agency Agreement”	an Agency Agreement between SulNOx Fuel Fusions Ltd and Nouryon, both with effective date 31 August 2018
“Alexander David Securities Limited” or “ADSL”	the Company’s NEX Exchange Corporate Adviser, Alexander David Securities Limited
“Articles” or “Articles of Association”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company, whose names are set out on page 10 of this Document
“Business Day”	a day other than Saturday or Sunday or a public holiday in England and Wales
“certificated form” or “in certificated form”	an ordinary share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
“City Code”	the City Code on Takeovers and Mergers
“Company” or “SulNOx Group Plc”	SulNOx Group PLC, a company registered in England and Wales with company number 8449586, whose registered office is at 10 Orange Street, Haymarket, London, WC2H 7DQ
“CREST”	the computerised settlement system (as defined in the CREST Regulations) to facilitate the transfer of title in shares and the holding of shares in uncertificated form which is operated by Euroclear UK & Ireland Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
“Document”	this document and its contents

“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Admission
“FCA”	the United Kingdom Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	SulNOx Group PLC, a company registered in England and Wales with company number 8449586, whose registered office is at 10 Orange Street, Haymarket, London, WC2H 7DQ, the Company, its existing subsidiaries and subsidiary undertakings
“Industry”	has the same meaning as in the Agency Agreement, which sets out that, as regards Berol® 6446 (emulsifier), the industry is defined as the fuel emulsion industry with oil as the continuous phase and water as the dispersed phase and, as regards Berol® 6430 (conditioner), the industry shall instead be defined as the power generation industry using liquid hydrocarbon fuel or fuel emulsion (defined as oil as the continuous phase and water as the dispersed phase).
“Issue Price”	50p
“Issued Share Capital”	the existing Ordinary Shares together with the Placing Shares, being the issued ordinary share capital of the Company immediately following Admission
“Lock-In and Orderly Market”	the lock-in and orderly market agreements between the Company, the Persons Discharging Managerial Responsibility and ADSL, further details of which are set out in paragraph 9.1 of Part IV of this Document
“Lock-In Period”	12 months following Admission
“MAR” or “Market Abuse Regulation”	EU Regulation 596/2014 of the European Parliament and the Council of 16 April 2014, as may be amended from time to time
“NEX Exchange”	NEX Exchange Limited, a Recognised Investment Exchange
“NEX Exchange Growth Market”	the primary market for unlisted securities operated by the NEX Exchange
“NEX Exchange Rules”	the NEX Exchange Growth Market Rules for Issuers, which set out the admission requirements and continuing obligations of companies seeking admission and whose shares are admitted to trading on the NEX Exchange Growth Market
“Nouryon”	Nouryon B.V.
“Options”	the unapproved share options granted by the Company to two of its directors as summarised in paragraph 4.2 of Part IV of this Document.

“Ordinary Shares”	ordinary shares of £0.02 each in the capital of the Company
“Persons Discharging Managerial Responsibility” or “PDMRs”	as defined in the MAR, as may be amended from time to time, and the NEX Exchange Rules and refers to any person fulfilling such function for the Company or any of its subsidiaries from time to time and as at the date of this Document
“Placing”	the offer for subscription of Placing Shares at the Placing Price
“Placing Price”	the placing price for the Placing Shares, being 50p per Placing Share.
“Placing Shares”	370,000 ordinary shares to be placed at the Placing Price
“Recognised Investment Exchange”	an investment exchange recognised by the FCA under Part XVIII of FSMA
“Shareholders”	the persons who are registered as the holders of Ordinary Shares from time to time
“Share Registrars”	the Company’s registrars, Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR
“UK”	the United Kingdom
“UK Corporate Governance Code”	the UK Corporate Governance Code published in April 2016 by the Financial Reporting Council
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST

GLOSSARY OF TERMS

"CO" or "Carbon Monoxide"	a poisonous, colourless, odourless and tasteless gas. A common industrial hazard resulting from the incomplete burning of material containing carbon such as natural gas, gasoline, kerosene, oil, propane, coal, or wood
"CO₂" or Carbon Dioxide"	Colourless, odourless, non-combustible greenhouse-gas that contributes to global warming
"HFO"	Heavy Fuel Oil
"hygroscopic"	tending to absorb moisture from the atmosphere
"IMO"	International Maritime Organisation, the United Nations' specialised agency responsible for improving maritime safety and preventing pollution from ships
"lubricity"	the measure of the reduction in friction and wear by a lubricant
"nanometre"	unit of length equal to one billionth of a metre (0.000000001 m)
"NO_x"	generic term for nitrogen oxides that are most relevant for air pollution, namely nitric oxide (NO) and nitrogen dioxide (NO ₂), gases that contribute to the formation of smog and acid rain, as well as affecting tropospheric ozone
"tropospheric"	relating to the lowest layer of Earth's atmosphere where nearly all weather conditions take place. It contains approximately 75% of the atmosphere's mass and 99% of the total mass of water vapour and aerosols
"SO_x"	generic term for the majority of sulphur oxides. Many are produced when fuels containing sulphur undergo combustion. Vehicle emissions and coal burning power plants are some of the top contributors of sulphur oxides.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	12 December 2019
Admission to trading on the NEX Exchange Growth Market effective and commencement of dealings in the Ordinary Shares	17 December 2019
Ordinary Shares credited to CREST accounts (where applicable)	17 December 2019
Despatch of share certificates (where applicable)	16 December 2019

Each of the times and dates set out above and mentioned elsewhere in this Document may be subject to change at the absolute discretion of the Company.

SHARE CAPITAL AND ADMISSION STATISTICS

Ordinary Shares in issue prior to the Placing and Advance Subscription Round	81,555,920
Nominal Value	2.0p
Number of Placing Shares to be issued	370,000
Number of Advance Subscription Shares to be issued on Admission	1,863,173
Placing Price	50p
Gross proceeds from the Placing	£185,000
Estimated net cash on Admission, including the Placing proceeds	£104,000
Issued Share Capital on Admission	84,789,093
Expected Admission price	50p
Market capitalisation on Admission at the expected Admission price	£42.4M
NEX Exchange Growth Market Ticker	SNOX
International Securities Identification Number (ISIN)	GB00BJVQQP66
Legal Entity Identifier (LEI)	21380011EU95E93AQN91

DIRECTORS, ADVISERS AND SERVICE PROVIDERS

Directors at Admission	Graham Victor Lyon (Chairman) Nicholas Christian Paul Nelson (Chief Executive) Simon James Retter (Finance Director) Stephen James Bamford (Non-Executive Director) Ingeborg Majken Korsgård Petersen (Non-Executive Director)
Registered Office	10 Orange Street Haymarket London WC2H 7DQ United Kingdom
Company Website	https://sulnoxgroup.com
Corporate Adviser	Alexander David Securities Limited 49 Queen Victoria Street London EC4N 4SA United Kingdom
Statutory Accountants & Auditors to the Company	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ United Kingdom
Legal Adviser to the Company	Bracher Rawlins LLP Second Floor 77 Kingsway London WC2B 6SR United Kingdom
Patent Attorneys to the Company	Beck Greener LLP Fulwood House 12 Fulwood Place Holborn London WC1V 6HR United Kingdom
Registrars	Share Registrars Limited The Courtyard, 17 West Street Farnham GU9 7DR United Kingdom

PART I

INFORMATION ON THE COMPANY

1. Introduction

SulNOx was established in 2013 to develop and commit to trial a new type of fuel emulsifier technology which reduces emissions of polluting gases in combustion engines. The technology is owned by SulNOx and it is advancing a Patent application.

The Group has developed a methodology and process capable of emulsifying hydrocarbon fuels such as diesel and Heavy Fuel Oil (“**HFO**”). The resultant emulsions have long term stability. When added to the fuel, the Company’s products are capable of:

- reducing Nitrous Oxide, Carbon Dioxide and Sulphur Oxide Gases
- removing free water from fuel and eradicating fungal and bacterial growth
- more efficient combustion and therefore reduced fuel usage
- reducing Particulate Matter (Smoke & Soot)
- reducing viscosity of Heavy Fuel Oil (HFO)

The Group’s chemical formulations have been tested independently and have been shown to deliver the above benefits.

The two initial products developed by the Group are being made under licence and distributed by Nouryon B.V (**Nouryon**), a globally recognised specialty chemical manufacturer. One emulsifier is for use with diesel fuel while the second is primarily for HFO applications. Under the terms of the agreements it has with Nouryon, the Group will receive royalty and commission payments from Nouryon on the sales of the products generated by the Group, as described in section 6 of this Part I below.

In addition to SulNOx Group Plc, the Group operates through two wholly owned subsidiaries, SulNOx Research and Development Limited (“**SRD**”) and SulNOx Fuel Fusions Limited (“**SFF**”).

2. History and Background to SulNOx Group Plc

Based in London, SulNOx was incorporated in 2013 and was initially funded through the issue of shares to the founders, with a plan to continue the development of the emulsifier chemical technology. Tests of the initial emulsifier technology showed that it could be added to Heavy Fuel Oil with additional water and without engine modification. This was shown to improve the fuel burn and therefore, combustion efficiency. This led to reduced fuel consumption and reduced toxic emissions. Following a period of research and development, a second product was developed. It was discovered that a small amount of the modified formulation could be added directly to diesel (without mixing with water) to emulsify the existing ‘free’ water which can exist in stored diesel as a result of condensation. This ‘free’ water becomes contaminated with microbes, which can lead to the diesel burning unevenly. The Company’s internal tests have shown that this second product significantly reduces this problem.

By January 2014, following preliminary laboratory testing, SulNOx was in a position to suggest that its products resulted in up to a 50% reduction of Nitrogen Oxide (NOx) and a 90% reduction in particulate matter (exhaust soot/smoke).

Following incorporation, SulNOx raised further funds to continue product development and testing. The Group engaged Ricardo Engineering, a global engineering company with a specialisation in engine and fuel testing, to review the technology. The Company also operated a testing facility at premises in West Sussex which provided for further testing and refinement of its products in order to optimise the mix of emulsifier, water and fuel to produce lower exhaust emissions and improved engine running characteristics. This in-house testing facility operated for two years funded from further investment procured by the founders.

The result of the investment led to the further development of the chemical technology and a better understanding of optimal application ratios of the products to the fuel to be treated. In March 2015 a laboratory test conducted by Malvern Instruments demonstrated that the Company had achieved a reduction of the size of the fuel particles to between 1 and 16 nanometres with complete stability. The

Company's own research has shown that the smaller the size of the fuel particle the greater the stability (i.e. the ability to remain an emulsion) and so this was considered a major advancement by the Group.

Between 2015 and 2018 the Group continued trials of its products, both in-house and by independent third parties. The Directors also commenced market research and awareness building exercises involving discussions and meetings with bulk fuel users across a range of industrial sectors, in the UK and abroad.

As part of the validation process of the product's stability (i.e. the non-separation of the emulsion), in early 2018, a sample was delivered to Hielscher Ultrasonics of Germany which is a specialist in mixing emulsions. Hielscher's testing of the product led to the introduction by it of the Company to the specialty chemicals division of AkzoNobel N.V. (which in 2018, was sold for €10.1bn to the US private equity group Carlyle and renamed Nouryon B.V.). Later that year, SulNOx signed a Licence Agreement with the now-named Nouryon.

Nouryon has approximately 10,000 employees and operates in over 80 countries around the world. It has a substantial network of production sites, sales offices, R&D centres operating at locations around the world. It has been reported that, in 2018, Nouryon generated revenues of over €5 billion.

3. What Is Emulsified Fuel?

Emulsified fuel is defined as a process where the immiscible fluids such as water and oil are mixed to form and maintain a suspension by reducing their particulate size. The suspension returns over time to the initial separated fluids and the rate at which this happens depends on the types, viscosities, particulate size, temperature and composition of mixed fluids. The smaller the particulate size will help the liquid stay emulsified for a longer period.

Emulsified Fuel improves combustion efficiency. The mechanism during combustion is that the water molecules vaporize and are explosively dispersed (due to heating) which in turn disperses the surrounding oil particles and further reduces the oil particle size. The smaller size gives the oil particles more contact area with the surrounding oxygen thus improving combustion efficiency.

Many studies on emulsified fuels reveal that they have various benefits, including an improvement in combustion efficiency and a reduction in particulate matter and nitrogen oxide (NOx) emissions.

Water in the emulsified fuels is shown to improve combustion efficiency and contribute to emission reduction.

4. Intellectual Property Considerations

Origin of the SulNOx technology

The original formulation was invented in the early 1990s by James Redman for use in the printing industry in South Africa. Mr Redman who at the time was an owner of a small printing company, saw emulsification as a way of washing ink from the printing plates and developed a formulation using locally available ingredients. In due course, this printing business closed down and the emulsifier formulation was left in Mr Redman's ownership. Some years later it occurred to him that the same formulation may be adapted to emulsify fuel. In 2012 he introduced the concept to the original founders of SulNOx who saw commercial potential in it.

Patents

The invention and all its development rights were acquired by SulNOx Group Plc and through patent attorney, Beck Greener LLP, the Company is making a UK patent application for the formulation. The filing of this UK Patent Application (application no GB1903169.9 with filing date, 8th March 2019) is aimed at the broad coverage of compositions for use in emulsifying hydrocarbon oil and fuel. The application covers a broad range of chemical components, including those used in the commercial products, as well as methods of making the compositions. However, the application does not specify which compositions or methods of production relate to the commercial products. The application is not made public until September 2020.

5. Products

SulNOx launched its first two products for commercial usage in 2018 following an agreement with Nouryon B.V (**Nouryon**) and these are Berol® 6446 Emulsifier and Berol® 6430 Conditioner.

HFO is predominantly used in shipping and by fossil fuel-burning power station operators.

The Directors estimate that there are as many as 50,000 commercial ships in the world and perhaps half use HFO. HFO is a by-product of the crude oil refining process containing the residual contaminants removed from the lighter oils. This makes it much cheaper than other lighter marine fuels and is the main reason it is deployed in marine engines. It is reported that one large bulk carrier ship is thought to emit similar quantities of air pollutants in a year as those produced by fifty million cars. HFO can contain up to 3,500 times more sulphur than vehicle diesel, leading to the following airborne pollutants:

- NOx - contribute to formation of smog, acid rain, as well as affecting tropospheric ozone
- SOx - hazardous atmospheric pollutant contributing directly to acid rain formation
- CO - reacts with other pollutants in the air to form ground level ozone
- CO2 - outranks soot, methane, hydrofluorocarbons in terms of long-term global warming
- Particulate matter

HFO is highly viscous and, as a result, has to be heated up to enable it to flow. Up to 15% of the fuel is believed by the directors to be consumed in this process. Emulsification lowers viscosity, potentially reducing pre-heating by an estimated 20%. By using Berol® 6446, HFO can retain up to 18% water in an emulsion. The mixing ratio is approximately 1–2% of Berol® 6446, plus 12-18% water. Reduction in fuel consumption has been estimated to be between 6-8% for the end user. Internal tests show HFO blended with Berol® 6446 burns more cleanly leading to;

- Better fuel efficiency (c.7% savings)
- Reduced soot and smoke emissions (up to c.20% less)
- Reduced carbon-build up/fouling in engine components
- Reduced maintenance and replacement of parts
- Reduced sludge in fuel tanks

Working in cooperation with the end customers, SulNOx Research and Development Ltd (“SRD”) will seek to optimise the mixture of water and Berol® 6446 for each end use, using ultrasonic technology in the blending process.

IMO 2020

On 1 January 2020 a new maritime regulation from the International Maritime Organisation (“IMO”), a body of the United Nations (UN), comes into effect and is designed to enforce a reduction of sulphur emissions from the current 3.5% to 0.5% of total exhaust emissions. This can be achieved either through the use of low sulphur fuels and other fuel modifications.

Power Stations

The Company is conducting tests to show that Berol® 6446 HFO Emulsifier usage is applicable to burners and boilers such as those deployed by thermal power stations. SulNOx will work with customers to address supply, logistic, security and product manufacture specifications matters.

Nouryon’s manufacturing capacity will enable it to manufacture the Berol® 6446 formulation in large quantities and deliver it directly to the end user. By incorporating the use of ultrasonic mixing equipment (including Hielscher’s products) end users can process large quantities of emulsifier efficiently.

SulNOx is working closely with a Midlands based company, SciMed Limited, which advises on and distributes the ultrasonic equipment on behalf of Hielscher.

Nouryon Berol® 6430 fuel conditioner and diesel

It has been estimated the World consumes up to 100 million barrels of oil a day and approximately 25-30% of this is diesel. With 35 imperial gallons in a barrel, the addressable diesel market for Berol® 6430 is estimated at between 874-1049 million gallons every day.

SulNOx has conducted its own research and testing of diesel being sold and has discovered that all samples tested suffered adulteration in some way or another, especially with water.

If free water is not removed from diesel, microbial growth will occur. The water at the bottom of the tank serves as a perfect medium for micro-organisms to live in as the hydrocarbons in the fuel are a food source. The result is a proliferation of bacteria and fungi feeding at the fuel/water interface (the Diesel Bug). This in turn creates sludge in the fuel tank. The Company's research has shown that fuel conditioning, using Berol 6430 fuel conditioner, is expected to address these problems:

- Improving lubricity
- Emulsifying free water
- Removing deposits
- Modifying the combustion flame to reduce soot and gas emissions
- Reducing acid products of combustion
- Reducing soot and acid contamination of engine oil, extending oil life and reducing maintenance

Accordingly, SulNOx has developed Berol® 6430 which is a conditioner product and added directly to the fuel tank to emulsify the free water thus removing potential bacterial growth.

Explanation and benefits of Berol® 6430

Emulsified fuel, with an evenly spaced dispersion of the water molecules, will result in the destruction of all living organisms in the fuel (which exist within the water) leaving a stable emulsion for longer, cleaner storage.

Berol® 6430, when added to fuel, will also allow for a more complete fuel combustion and lower exhaust temperature leading to reduced Nitrous Oxides (NOx) formation. In addition, internal reports have shown reduced soot formation and contamination of engine oil. In addition to preserving the engine oil, an engine will enjoy reduced fouling by diesel particulate matter, less visible smoke and reduced clogging of ignition and fuelling components. Internal Company reports have shown that the improved combustion efficiency will lead to:

- improved fuel economy
- lower Sulphur Oxides (SOx) formation
- less acidic products of combustion
- longer oil life
- reduced failure of lubricating films
- longer turbo life
- Reduced maintenance and less downtime.

Contaminated diesel is a considerable problem in all parts of the world, particularly in those regions where fuel regulations are not closely enforced. In discussions with users of bulk diesel, a chief concern is the growth of bacterial matter in the diesel and in the storage tanks. This eventually renders the fuel unusable and damaging to engine components.

6. Manufacture and Delivery of Berol® 6446 & Berol® 6430

In 2018 SulNOx was approached by one of the world's largest chemicals companies, Nouryon B.V. (the new name for Akzo Nobel Speciality Chemicals) which identified the SulNOx products as potential additions to Nouryon's Berol® range of products.

Nouryon is a global specialty chemicals leader which provides essential chemistry to industries worldwide, including power generation and transportation. The Berol® product range is well established over many years. SulNOx's technology has been added to this range and will benefit from Nouryon's huge worldwide manufacturing and distribution capabilities.

On 30 April 2019, SulNOx announced the entry by the Group into Agency and Technology Licence Agreements with Nouryon. The agreements concern SulNOx's products being added to Nouryon's portfolio as Berol® 6446 and Berol® 6430. Under these arrangements, Nouryon shall be responsible for:

- sourcing the chemicals needed to manufacture the product;
- using its chemical facilities to manufacture the products in volume;
- providing the regulatory paperwork needed such as MSDS sheets (Material Safety Data Sheets) etc
- receiving payments and distributing the formula throughout the world

SulNOx - Sales and marketing control

The Group's wholly owned subsidiary, SulNOx Fuel Fusions Ltd ("**SFF**") has been appointed as the exclusive agent to promote and solicit orders for the licensed products to customers (which, at present, excludes distributors, dealers or re-sellers) in the 'Industry' on behalf of Nouryon on a worldwide basis. In the Agency Agreement, 'Industry' means:

- for Berol® 6446, the fuel emulsion industry with oil as the continuous phase and water as the dispersed phase; and
- for Berol® 6430, the power generation industry using liquid hydrocarbon fuel or fuel emulsion (defined as oil as the continuous phase and water as the dispersed phase)

This will be driven by SFF's team of sales and marketing specialists who already report substantial interest in the power generation, shipping, transport and fuel delivery sectors.

SFF will act as the customer procurement hub and has recruited a team of in-house sales professionals. The target entry point into the market will be bulk diesel users within the United Kingdom followed by Europe. Looking forward, SFF will aim to cooperate with oil and fuel companies throughout the world. To support its global ambition, SFF will consider opening overseas offices or acquiring existing teams.

Pricing – Royalty and Agency fees

SFF must agree the price for each customer with Nouryon.

Technology Licence Agreement

Nouryon will pay to SulNOx a royalty rate per kg of the licensed product payable the second month following the receipt of payment from the end customer to Nouryon. The agreement is currently due for renewal by August 2020.

Once price, quantity and delivery details have been agreed with the end customer, the resulting purchase order is delivered to Nouryon which in corporation with SulNOx undertakes checks into the customer's credit worthiness and may require payment on account. Once the order has been fulfilled and payment received by Nouryon, the royalty fee relating to that order will be payable to the Company at the end of the second month following the receipt of payment from the end customer to Nouryon.

The Company's directors consider that this Royalty arrangement is attractive to the Company as there is likely to be little incremental overhead increase as sales grow, as the Company has no responsibility for the delivery of product or the collection of money from the end customers.

The Technology Licence Agreement will terminate in August 2020 unless there is prior written agreement for it to continue for an indefinite period. The Company has commenced discussions with Nouryon to extend the agreement and is aiming to extend the agreement by three years.

Agency Agreement

This is an agreement between Nouryon and SFF where SFF promotes and solicits orders on behalf of Nouryon and receives a commission on net sales (paid direct from Nouryon). This commission on net sales payable to SFF under the Agency Agreement is separate from the royalty payments payable to the Company under the Technology Licence Agreement.

This Agency Agreement will terminate in August 2020 unless there is prior written agreement for it to continue for an indefinite period. SFF has commenced discussions with Nouryon to extend the agreement and is aiming to extend the agreement by three years.

Under the terms of the Agency Agreement, SFF is the exclusive agent to promote and solicit customers for the product in the Industry (see the Definitions section for the details of 'Industry').

Through its consultants and staff SFF presently advancing discussions with large users of Heavy Fuel Oil and diesel for potential sales of the product.

Summaries of both these agreements are set out in paragraph 9 (Contracts) of Part IV of this Document.

7. Operating subsidiaries

SulNOx Fuel Fusions Limited (“SFF”)

A wholly owned subsidiary of SulNOx Group Plc.

Directors: Nicholas Nelson and Simon Retter

SFF, headed by Nicholas Nelson and Simon Retter, operates through a team of consultants and staff initially targeting UK, South African and Middle Eastern bulk fuel users as potential customers for the product. It is intended that these geographical regions will be expanded as sales commence. This team is widely and diversely embedded in a variety of industries where fuel and oil consumption is significant and it is anticipated will advance discussions with operators in the following sector groups: bulk diesel and fuel oil users in industries such as haulage, rail transport, power generation (diesel generators and power stations) and shipping.

SFF runs to an operating budget set and implemented by the Board. SFF is funded via an inter-company loan arrangement from SulNOx Group Plc resulting in the transfer of funds between SFF's and the Plc's bank accounts.

Under the terms of the Agency Agreement, SFF is the exclusive agent to promote and solicit customers for the product in the Industry (see the Definitions section for the details of 'Industry'). Under this agreement, SFF will promote and solicit orders for the products from customers on behalf of Nouryon in the Industry - Nouryon will be responsible for fulfilling such orders and obtaining payment in respect of orders that it accepts. SFF will be paid commission on net sales of the products purchased pursuant to orders transmitted to Nouryon by SFF. Commission will become due as soon as Nouryon receives the price for the sale of the relevant Product from a customer and shall be paid no later than the end of the calendar month following the quarter in which it became due (see paragraph 9 (Contracts) of Part IV of this Document for further details). The directors envisage that these commission payments will be sufficient to provide for the long-term working capital needs of SFF.

All invoicing and banking by the Company and SFF is handled by the Company's executive directors. This is reflected in management accounts prepared by the Finance Director in cooperation with Shipleys which is retained for company secretarial and book-keeping services.

SulNOx Research & Development Limited (“SRD”)

A wholly owned subsidiary of SulNOx Group Plc.

Sole Director: Nicholas Nelson

The central purpose of SRD is the continuing development of the technology for specific applications and to extend the range of fuel/oils it can be adapted to. Engine oil for example requires additional research and could lead to additional retail products. The subsidiary benefits from R&D tax credits.

The Group has engaged two technical officers, including the initial developer of the formulations relating to the products. Their role is to liaise with current and potential customers to advise on the best way to implement the two products including the optimal mixtures with fuel.

As examples:

- a) for a haulage company wishing to conduct its own trials, it is intended that SRD would advise on how the vehicles should be dosed and operated to achieve recognisable results; or
- b) in the case of a commercial ship operator which may select to fit an emulsifier/water/HFO mixing and delivery system on board, it is intended that SRD would design, fabricate and fit the system in close cooperation with the ship's engineers.

Should a customer require SRD to be on hand for a prolonged period, it is intended that additional local technicians would be engaged.

SRD has its own bank account and will be funded through inter-group loans with the PLC and against a budget agreed with the Board.

Liaison with the Sales and Marketing teams and their end customers

An SRD consultant will be on hand to provide continual tuition into the technical aspects of the products and how best they can be deployed. Moreover, as part of the customer procurement process, SRD will be called upon to take up discussions with a clients' technical officer.

8. Former subsidiary and associated companies

Since the Company's incorporation a number of different strategies and routes to market have been explored and these led to the incorporation of UK companies to transact these as direct subsidiaries or joint venture initiatives. All remained dormant, came to nothing and have been dissolved. These companies are listed as follows:

Sulnoxeco Events Ltd, Sulnox Bioclear Ltd, Sulnox Retail Ltd and Sulnox Management Services Ltd

9. The Management Team

Of the three founders, Stephen Bamford is remaining as a director in the role of Non-Executive Director as the company transitions from its early developmental stage towards becoming a commercial entity. Nicholas Nelson remains with the Company as Chief Executive and Simon Retter as Finance Director to advance SulNOx as a publicly quoted company.

Board

Graham Lyon (Age 61, Chairman)

Graham is a senior energy, oil and gas executive with over 30 years' experience encompassing global technical, operational and commercial leadership roles. He is currently a Director of Soncer Limited, a private Oil and Gas leadership consulting firm, undertaking board and executive positions for private and listed companies. He has led and advised on major M&A transactions and the financing and restructuring of companies and projects throughout the world. Graham is Executive Chairman at Comet Energy, a private Canadian oil and gas company and is Non-Executive Chairman of Pearland Energy, a Nigerian oil and gas company. Graham also Chairs the Technical Advisory Committee and is a Board Advisor to Sirius Petroleum plc. Graham has recently held a number of board level positions at private and listed companies including; Non-Executive Director at Tarbagatay Munay LLP, a private Kazakhstani oil and gas company, Hawkey Oil & Gas Limited, Range Resources and MENA Hydrocarbons as CEO. Before establishing Soncer, Graham was Vice President of Petro-Canada where he led business development for its international business unit, which was formerly the international company Veba Oil and Gas GmbH. In his earlier career he worked for Shell and Chevron. He holds a degree in Petroleum Engineering from Imperial College London

Nicholas Christian Paul Nelson, (Age 54, Chief Executive)

Nicholas commenced his career from school as a securities dealer on the floor of the London Stock Exchange in 1985. This developed into a 13-year career in investment management. In 1998 he moved into the Financial PR industry and over 14 years, handled the corporate communications matters to smaller quoted companies operating in multiple sectors. During this period Nicholas handled the financial PR aspects of some 150 AIM and NEX IPOs. He has held directorships with six AIM-quoted companies and two NEX Exchange companies. Nicholas has considerable hands on experience of all day to day matters relating to shareholder reporting and PLC management.

Simon James Retter, (ICAEW ACA) (Age 37, Finance Director)

Initially trained with Deloitte and Touche before moving to an in-house role. Entrepreneurial and commercial CFO & NED with experience in setting up and managing numerous companies, both listed and private, across a broad range of industries. Extensive experience in public markets, specifically reverse takeovers, IPOs and secondary fundraising combined with high pressure and dynamic environments encountered in the start-up and growth phase of business.

Stephen James Bamford, (Age 69, Non-Executive Director)

Stephen started his fund management career at Kleinwort Benson in 1970 followed by 5 years at Arbuthnot Latham, 10 years at County Bank and 4 years at Aetna Life and Casualty. In 1990 he founded an International Investment business for MetLife of America. In 1996 he changed careers into small company management and the raising of private equity for companies. These included Fitness First where, as a Non-Executive Director, he helped guide the company onto AIM leading to an eventual valuation of over £800m. He joined Kiotech International as a director to oversee its rescue and turnaround. Now renamed as Anpario Plc, is now a thriving AIM company.

Ingeborg Majken Korsgård Petersen, (Age 49, Non-Executive Director)

Majken is a partner at Danders & More, an international law firm based in Copenhagen where she advises companies, organisations and financial institutions. She has extensive experience in international/cross-border transactions, particularly with focus on corporate and commercial relations. Furthermore, she sits on the boards of several growth companies. Majken advises on general corporate matters and in addition, specialises in IT, IP and employment law. Her early experience was founded through her work in the legal department of the Danish Ministry of Foreign Affairs and the Ministry of Defence and subsequently with the large law firm Dentons in London. She has an LL.M. from King's College, London specialised in finance law and has also qualified as solicitor in England and Wales.

10. Enterprise Investment Scheme (EIS)

The Company has engaged the services of Phillip Hare Associates to advise it with its EIS application.

On 15 May 2019, HMRC provided advance assurance indicating that based on the information provided to it, it will be able to authorise the Company to issue compliance certificates under Section 204(1) of the Income Tax Act (ITA) 2007.

11. Corporate Governance

The Directors are committed to implementing and maintaining high standards of corporate governance, and intend, so far as is practicable given the Company's size and nature, to comply with the UK Corporate Governance Code and the QCA Corporate Governance Code. In particular, the Board will ensure that there is a clear allocation of responsibilities between the running of the Board and the executive roles (at the level of the Board and Senior Management) responsible for the running of the Company's business. The Board shall at all times include one independent non-executive director, and at the date of this Document, Ingeborg Majken Korsgård Petersen and Graham Lyon both qualify as being independent.

Following Admission, due to the size and nature of the Company, audit and risk management issues will be addressed by the Directors as a whole, rather than by separate committees. As the Company develops, the Board will consider establishing separate audit and risk management committees and will consider developing further policies and procedures, which reflect the principles of good governance.

The Company has adopted a share dealing code for dealings in securities of the Company by the Directors and Persons Discharging Managerial Responsibility which is appropriate for a company whose shares are traded on the NEX Exchange Growth Market. This will constitute the Company's share dealing policy for the purpose of compliance with UK Legislation including the Market Abuse Regulation and Rule 71 of the NEX Exchange Rules. It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Ordinary Shares.

The Company has adopted an anti-bribery and anti-corruption policy and also implemented appropriate procedures to ensure that the Board, employees and consultants comply with the UK Bribery Act 2010.

The Directors have established financial controls and reporting procedures, which are considered appropriate given the size of and structure of the Company. These controls will be reviewed in the light of an investment or acquisition and adjusted accordingly.

The Company has put in place procedures to comply with the Company's General Data Protection Regulation (GDPR) obligations relating to personal data, including adopting a GDPR Privacy notice for employees, workers and contractors and a new Privacy Standard.

12. The City Code

The City Code, which is issued and administered by the Panel on Takeovers and Mergers, applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a company resident in the UK, the Channel Islands or the Isle of Man, the securities of which are admitted to trading on a regulated market or a multilateral trading facility (such as the NEX Exchange Growth Market) in the UK or on any stock exchange in the Channel Islands or the Isle of Man. Accordingly, the City Code applies to the Company.

Ordinarily, under Rule 9 of the City Code, where: (i) any person acquires an interest in shares which, when taken together with shares in which persons acting in concert with them are interested, carry 30 per cent. or more of the voting rights of a company subject to the City Code; or (ii) any person who, together with persons acting in concert with them, is interested in shares which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company and such person, or persons acting in concert with them, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which they are interested, that person is normally obliged to make a general offer to all shareholders to purchase, in cash, that company's shares at the highest price paid by them, or any person acting in concert with them, within the preceding 12 months.

Under the City Code, a "concert party" arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, "control" means a holding, or aggregate holding, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings gives de facto control.

13. Dissemination of Regulatory News

The Company has arrangements in place to disseminate regulatory information to the market in accordance with the NEX Exchange Rules and applicable laws and regulation. Regulatory information relating to the Company is also available to the general public through the NEX Exchange website, <https://www.nexexchange.com/>.

14. Application to the NEX Exchange Growth Market

Application has been made to the NEX Exchange for the Issued Share Capital of the company to be admitted to trading on NEX Exchange Growth Market. It is expected that Admission will be effective and that dealing in Ordinary Shares will commence on 17 December 2019.

Any individual wishing to buy or sell securities which are admitted to trading on any of the markets operated by NEX Exchange, must do so through a NEX Exchange member.

14. Reason for Admission, use of proceeds and expenses of the issue

The Directors believe that Admission onto NEX Exchange is the most efficient and cost-effective way to establish credibility with potential investors, and that the Admission will benefit the Company for the following reasons:

- it will provide the Company with greater prospects for growth;
- it will increase access to capital should further funding be required to expand the business of the Company;

- trading of the Company's ordinary shares on the NEX Exchange will benefit the status of the Company and raise the Company's corporate profile; and
- it will provide a market for the sale of ordinary shares by the Shareholders and may assist in attracting new investors.

The total gross proceeds of funds raised by the Company is expected to be £185,000, the net proceeds will be used to fund the general working capital of the Company.

Working Capital

The Board is of the opinion that, having made due and careful consideration, the working capital available to the Company will be sufficient for its requirements, that is for at least the next 12 months from the date of Admission.

15. CREST

CREST is a computerised share transfer and settlement system enabling securities to be held in electronic uncertificated form and transferred otherwise than by written instrument. The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with CREST Regulations.

The Company has applied to Euroclear for the Ordinary Shares to be admitted to and enabled through CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within CREST if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

16. Lock-in and Orderly Market Arrangements

Each of the Directors has entered into a lock-in agreement with the Company and undertaken not to dispose of any Ordinary Shares in which they become interested in for a period of 12 months following Admission. They have also undertaken to use reasonable endeavours to ensure that their Associates including 'family' and 'connected' person also adhere to such lock-in arrangements.

In addition, each of the following shareholders have agreed to enter into similar lock-in arrangements:

- one of the Company's majority shareholders, Nistad Gruppen AS. which on Admission, will hold 12,500,000 Ordinary Shares, equivalent to an aggregate of approximately 14.7 per cent. in the Entire Issued Share Capital;
- one of the Company's majority shareholders, Sungold Escrow Nominees Ltd. which on Admission, will hold 4,077,735 Ordinary Shares, equivalent to an aggregate of approximately 4.8 per cent. in the Entire Issued Share Capital;
- Gary Bostock who on Admission, will hold 5,054,058 Ordinary Shares, equivalent to an aggregate of approximately 6.0 per cent. in the Entire Issued Share Capital;
- Beverley Shortt who on Admission, will hold 2,875,000 Ordinary Shares, equivalent to an aggregate of approximately 3.4 per cent. in the Entire Issued Share Capital;
- Rodney Weinberg who on Admission, will hold 6,597,661 Ordinary Shares, equivalent to an aggregate of approximately 7.8 per cent. in the Entire Issued Share Capital;
- Julie Graham who on Admission, will hold 1,100,000 Ordinary Shares, equivalent to an aggregate of approximately 1.3 per cent. in the Entire Issued Share Capital;
- James Redman who on Admission, will hold 737,500 Ordinary Shares, equivalent to an aggregate of approximately 0.9 per cent. in the Entire Issued Share Capital;
- James Redman Jnr who on Admission, will hold 7,500,000 Ordinary Shares, equivalent to an aggregate of approximately 8.8 per cent. in the Entire Issued Share Capital;
- Angela Bravo who on Admission, will hold 701,000 Ordinary Shares, equivalent to an aggregate of approximately 0.8 per cent. in the Entire Issued Share Capital; and
- Richard Leggatt who on Admission, will hold 7,170,000 Ordinary Shares, equivalent to an aggregate of approximately 8.5 per cent. in the Entire Issued Share Capital.

Other than the Directors' interests set out in paragraph 4 of Part IV for this Document, none of the Directors hold any Ordinary Shares at the date of this Document.

Further details of the lock-in arrangements are set out in paragraph 9.1 of Part IV of this Document.

17. ADSL Warrants

The Company entered into a warrant instrument on 11 December 2019 under which, at Admission, it will issue to ADSL warrants to subscribe for 750,000 Ordinary Shares. The subscription price of the warrants is 50 pence per Ordinary Share. The warrants will have a duration of 5 years from the date of Admission.

18. Options

The Company has entered into the following unapproved option agreements with two of its directors and a prospective consultant:

- An agreement with Stonedale Management and Investments Ltd (a company owned by Simon Retter) dated 31 March 2019 granting an option over 500,000 Ordinary Shares at an exercise price of £0.02 per share, of which 250,000 options vested on signing of the agreement and 250,000 options will vest upon Admission;
- An agreement with Nicholas Nelson dated 14 May 2019 granting an option over 1,000,000 Ordinary Shares at an exercise price of £0.02 per share, of which 350,000 options vested on signing of the agreement, 325,000 options will vest upon Admission and 325,000 options will vest upon the first revenue from any product sold by the Group; and
- an agreement with Gulay Cokay dated 27 June 2019 granting an option over 100,000 Ordinary Shares at an exercise price of £0.02 per share, of which all options vested on signing of the agreement.

In total, options over 1,600,000 Ordinary shares have been granted and are still outstanding. Of these options, 700,000 options are currently exercisable. A further 575,000 options will become exercisable on Admission and a further 325,000 options will become exercisable upon the first revenue from any product sold by the Group.

19. Share Dealing Code

The Company has adopted a model code for directors, senior managers and certain employees' dealings in interests in Ordinary Shares which is appropriate for a NEX Exchange Growth Market company. The Directors will comply with the NEX Exchange Rules, in particular, provisions relating to price sensitive information and will take all reasonable steps to ensure compliance by the Group's Senior Managers and applicable employees.

20. Dividend Policy

It is the intention of the SulNOx Board of Directors to give shareholders a dividend that reflects a good direct yield as well as dividend growth, and to implement a policy in which the level of the dividend is linked to SulNOx's earnings, financial position and other factors which the Board considers to be relevant.

The Board intends to commence paying a dividend twice per year once sufficient income is received by the Company from its operations that is relatively stable and is expected to grow over time.

21. Taxation treatment for Issued Securities

Your attention is drawn to paragraph 11 of Part IV of this Document which details information regarding taxation with regard to Admission. These details are however intended only as a general guide to the current tax position under the United Kingdom taxation laws.

If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

PART II

RISK FACTORS

In addition to all other information set out in this Document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Group. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities prior to making any investment.

If any of the following risks were to materialise, the Group's business, financial conditions, results or future operations could be materially adversely affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost.

A prospective investor should consider carefully whether an investment in the Group is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her. If you are in any doubt as to the action you should take, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

1. Risks relating to the Group and its business

Requirement for further funds

The existing resources of the Group and the funds raised pursuant to the placing will only be sufficient for the short-term working capital requirements of the Group. It will therefore be necessary for the Group to raise further funds, which may be by way of issue of further Ordinary Shares on a non-pre-emptive basis. In the event that the Group were unable to either (i) raise the required additional funds through further placings; or (ii) raise the additional funds required via alternative forms of finance. The Board believes that such failure to secure further financing may have a material effect on the business, financial condition, results of operations and prospects of the Group.

Expansion Risks

The Group intends to pursue a growth strategy, subject to the availability of funding. Such a strategy brings with it certain risks and will place additional demand on the Group's management, financial and operational resources. If the Group is unable to manage its growth effectively, its business, operations or financial condition may deteriorate.

No profit to date

The Group has incurred aggregate losses since its inception, and it is therefore not possible to evaluate its prospects based on past performance. Since the Group intends to continue investing in the various projects described in this Document, the Directors anticipate making further losses until at least the financial period ending 31 March 2020. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flow from its activities.

Reliance on third parties

The Group places a degree of reliance on third parties including Nouryon. Termination of an arrangement (whether formal or informal) with a third party, a change in the terms of a third party contract or a supplier experiencing technical difficulties could result in the Group's access to services being restricted or interrupted, which in turn may have an adverse effect on the Group's business, prospects, results of operations and financial condition.

Nouryon Agreements

In particular, the Group's business model is reliant on a Technology License Agreement between the Company and Nouryon and an Agency Agreement between SulNOx Fuel Fusions Ltd and Nouryon, both with effective date 31 August 2018, to manufacture and distribute the products it hopes to sell. Any disruptions to these arrangements could jeopardise the Group's ability to operate its business, which could materially and adversely affect its business, financial condition, results of operations and its prospects.

In each case the agreement will terminate on 31 August 2020 unless there is a prior written agreement between the parties for it to continue for an indefinite period.

Furthermore, with regards the Agency Agreement, Nouryon may terminate the Agreement immediately if SFF does not meet the minimum order targets for a contract year (among other reasons). If the agreement is terminated, for a period of two years following termination, SFF may not manufacture, advertise, promote, market, distribute, sell or solicit orders (whether as principal or agent for any third party) for any goods which compete with the Products specified in the Agency Agreement. This may adversely affect the Group's ability to conduct its business and negatively impact its operating results.

The Agreements limit the possibility of the Company to market and exploit the Licensed Know-How and the Products that it has licensed to Nouryon. The licence under the Technology License Agreement is not limited to any field and the Company is, according to that agreement, prohibited from exploiting the Licensed Know-How. As a result, the Licensed Know-How and the Products can only be commercialised by the Company's group of companies through the Agency Agreement by SFF as Nouryon's agent.

Any sales of the Product under the Agency Agreement must be made on Nouryon's terms and conditions of sale, which can be altered unilaterally by Nouryon in its absolute discretion (including in respect of price). If Nouryon decided to lower the price of the products, this would result in a lower amount being paid in commission to SFF under the Agency Agreement which could materially and adversely affect the business, financial condition, results of operations and prospects of SFF. However, a reduction of price would not affect the royalty payment due under the Technology Licence Agreement to the Company, which is based on kg of product sold.

The Group's objectives may not be fulfilled

The value of an investment in the Group is dependent upon the Group achieving the aims set out in this Document. There can be no guarantee that the Group will achieve the level of success that the Board expects.

The technology utilised by the Group may become obsolete

The business of the Group will rely upon its fuel emulsion and fuel conditioning technologies. Like any company using technology, the Group is at risk from developments that make the technologies it utilises obsolete or less attractive. The Group's inability to offer technology that is desirable to its counterparties, such as customers in the shipping, power generation and fuel emulsion industries, could consequently limit its ability to retain existing counterparties and attract new ones. This would adversely affect the Group's ability to generate revenue and negatively impact its operating results.

Market risk

The marketability of the products is vulnerable to numerous factors beyond the control of the Group. These include any price volatility of the constituents of the products

Commercial risks

There is a risk that the Group will not achieve a commercial return due to major unanticipated change in a key variable or, more likely, the aggregate impact of changes to several variables which results in sustained depressed margins.

The Group's competitive position could be affected by changes to government regulations concerning taxation, duties, specifications, importation and exportation of hydrocarbon fuels and environmental aspects.

Competition risks

There is a risk that new competition could emerge with similar technologies. This could result, over time, in further price competition and a pressure on margins beyond that assumed in the Group's business planning, thereby reducing the Group's profits.

Joint venture parties and contractors

The Directors are unable to predict the risk of financial failure or non-compliance with respective obligations or default by a participant in any joint venture in which the Group is, or may become a party; insolvency or other managerial failure by any of the contractors used by the Group in its fuel processing and distribution activities; or insolvency or other managerial failure by any of the other service providers used by the Group for any activity.

Insurance risks

The Group insures its operations in accordance with industry practice and insures the risks it considers appropriate for the Group's needs and for its circumstances. Insurance cover will not be available for every

risk faced by the Group, including inventory risk.

Although the Board intends that the Group and/or its partners and counter-parties should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances, the Group's or the partner's and counter-parties' insurance may not cover or be adequate to cover the consequences of such events. In addition, the Group may be subject to liability for pollution, or other hazards against which the Group or its partners and counterparties may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Group.

Intellectual property risks

The Group's business relies on a combination of trademarks, copyrights, know-how, common law or statutory copyright protection and contractual restrictions to establish and protect its brands, designs and trade secrets. The protection provided by these intellectual property rights, confidentiality laws and contractual restrictions is limited and varies between the UK and other countries. Any third party may challenge the Group's intellectual property and the Group may incur substantial costs in defending any claims relating to its intellectual property rights.

Whilst the Group has taken all reasonable steps to register and protect its intellectual property, including benefiting from contracts with established multinational industry partners such as Nouryon, there can be no guarantee that any applications for registered intellectual property rights will be granted or that the Group's intellectual property rights and contractual provisions will be adequate to prevent misappropriation, infringement or other unauthorised use of the Group's intellectual property by third parties. In addition, despite steps taken by the Group to protect its proprietary rights, third parties may attempt to copy aspects of the Group's products and seek to use information that the Group regards as proprietary. Competitors may also independently develop similar technologies, processes or operations of the Group. There is a risk that the Group's means of protecting its intellectual property rights may not be adequate and weaknesses or failures in this area could adversely affect the Group's business. However, even if competitors did develop the same effect through a different chemical process, in operational terms the Group would be significantly advanced by comparison.

Environmental risks

The Group's operations are subject to environmental risks inherent in the processing, distribution and end use of oil and oil-based products. The Group is subject to environmental laws and regulations in connection with all of its operations. Although the Group intends to be in compliance, in all material respects, with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances that could subject the Group to extensive liability.

Further, the Group may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals may prevent or delay the Group from undertaking its desired activities. The Group is unable to predict definitively the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business, or affect its operations in any area.

Currency risk

The Group reports its financial results in Pounds Sterling, while many contracts in the oil and gas industry are principally denominated in United States Dollars and production costs may be denominated in Euros. Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results and may have an adverse effect on income and/or asset values.

Corporate and regulatory formalities

The conduct of petroleum processing and distribution requires compliance by the Group with numerous procedures and formalities in many different national jurisdictions. It may not in all cases be possible to comply with or obtain waivers of all such formalities.

Economic, political, judicial, administrative, taxation or other regulatory factors

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group operates and conducts its principal activities.

Force Majeure

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, war, civil disorder, subversive activities or sabotage, fires, floods, explosions, or other catastrophes, epidemics or quarantine restrictions.

Dependence on Management

The Group's ability to provide returns to Shareholders and achieve its investment objective is dependent on the performance of the executive management team. The loss of the services of certain employees could have a materially adverse effect upon the Group's business and financial condition.

The United Kingdom and the European Union

On 23 June 2016, the United Kingdom conducted a referendum on the question of whether the United Kingdom should remain a member of the European Union, with the result that the majority of the electorate choose to leave the European Union. On 19 June 2017, negotiations started between the governments of the United Kingdom and the European Union. The outcome and effects of these negotiations are uncertain. The period of negotiations, the actual withdrawal and the implementation of any agreed outcomes may have an adverse effect on the general macro and sector specific conditions in the United Kingdom and could impact the performance of SulNOx Group Plc.

2. Risks relating to the Ordinary Shares

No prior market

There has been no prior public market in the Ordinary Shares, so the trading price of the Ordinary Shares is likely to be volatile, and investors might not be able to sell their Ordinary Shares at or above the Placing Price or may not be able to sell them at all.

The Placing Price may not be indicative of the market price of the Ordinary Shares after Admission and therefore the market price of the Ordinary Shares after Admission may be significantly different from the Placing Price. As a result of these and other factors, investors may be unable to resell their Ordinary Shares at or above the Placing Price.

Further issues of Ordinary Shares

It may be desirable for the Group to raise additional capital by way of further issues of Ordinary Shares to enable the Group to progress through further stages of development. Any additional equity financing may be dilutive to Shareholders. There can be no assurance that such funding, if required, will be available to the Group.

Acceptability of Ordinary Shares as consideration

Although it is the Group's intention, where appropriate, to use Ordinary Shares to satisfy all or part of any consideration payable for investments, vendors may not be prepared to accept these shares.

Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Group are subject to the discretion of the Directors, and will depend on, among other things, the Group's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid despite it being the Group's intention to pay a dividend. At present, the Group's dividend policy is to give shareholders a dividend that reflects a good direct yield as well as dividend growth, and to implement a policy in which the level of the dividend is linked to SulNOx's earnings, financial position and other factors which the Board considers to be relevant.

3. Risks relating to financial markets

Debt financing

Any debt financing, if available, may include conditions that would restrict the Group's freedom to operate its business, such as conditions that:

- limit the Group's ability to pay dividends or require it to seek consent for the payment of dividends;
- increase the Group's vulnerability to general adverse economic and industry conditions;
- require the Group to dedicate a portion of any cash flow to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditures, working capital and other

- general corporate purposes; and
- limit the Group's flexibility in planning for, or reacting to, changes in its business and its industries.

There can be no guarantee or assurance that such debt funding or additional equity will be forthcoming when required, or as to the terms and price on which such funds would be available if at all. If the Group is unable to obtain additional financing as needed, or on terms which are acceptable, it may not be able to fulfil its strategy, which could have a material adverse effect on the Group's business, financial position and prospects.

Tax risks

This Document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof

There can be no certainty that the current taxation regime in England and Wales or in other jurisdictions within which the Group may operate will remain in force or that the current levels of corporation taxation will remain unchanged. Any change in the tax status or tax legislation may have a material adverse effect on the financial position of the Group.

The Group's income may be reduced by exchange controls

The Group may purchase investments that will subject the Group to exchange controls in various jurisdictions. In the event that exchange controls are imposed with respect to any of the Group's investments, the effect will generally be to reduce the income received by the Group on such investments.

Currency and foreign exchange risks

The Group's business will be carried out in currencies other than sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the figures consolidated in the Group's accounts, which could have a material impact on the Group's financial position or result of operations, as shown in the Group's accounts going forward.

The Group does not currently undertake foreign currency hedging transactions to mitigate potential foreign currency exposure but may do so in future. The Board cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the business, operating results or financial condition of the Group.

2. Risks relating to trading on the NEX Exchange Growth Market

Investment in unlisted securities

Investment in shares traded on the NEX Exchange Growth Market is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List or AIM. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may therefore realise less than, or lose all of, their investment.

Suitability

An investment in the Ordinary Shares may not be suitable for all recipients of this Document. Investors are accordingly advised to consult an appropriate person authorised under FSMA, or its equivalent in another jurisdiction, before making their decision.

Share price volatility and liquidity

The share price of early stage public companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are traded and the price which investors may realise for their Ordinary

Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

Market risks

Notwithstanding the fact that an application has been made for the Ordinary Shares to be traded on the NEX Exchange Growth Market, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. Continued admission to the NEX Exchange Growth Market is entirely at the discretion of NEX Exchange.

If the Group has not substantially implemented its business strategy within two years of Admission, trading in the Ordinary Shares will be suspended pursuant to the NEX Exchange Rules. There can be no guarantee that trading in the Ordinary Shares will re-commence if such suspension occurs.

Any changes to the regulatory environment, in particular the NEX Exchange Rules could, for example, affect the ability of the Group to maintain a trading facility on the NEX Exchange Growth Market.

The investment opportunity offered in this Document may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult a professional adviser authorised under FSMA, who specialises in investments of this nature, before making their decision to invest.

PART III

ACCOUNTANTS REPORT ON THE COMPANY FOR THE PERIOD UP TO 31 MARCH 2019

Shipleys LLP
10 Orange Street,
Haymarket
London WC2H 7DQ
T +44 (0) 20 7312 0000
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Reference: BB/28891

12 December 2019

The Directors
SuINOX Group Plc
10 Orange Street
London
WC2H 7DQ

Alexander David Securities Limited
49 Queen Victoria Street
London
EC4N 4SA

Dear Sirs

Introduction

We report on the financial information (the "Financial Information") on SuINOX Group Plc (the "Company") that has been prepared for inclusion in Part III of NEX Exchange Growth Market Admission Document of the Company dated 12 December 2019 (the "Admission Document"), on the basis of the accounting policies set out in note 3 to the Financial Information. This report is required by Appendix 1 to the NEX Exchange Growth Market - Rules for Issuers (the "Rules") and is given for the purposes of complying with the Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Appendix 1 of the Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Appendix 1 of the Rules, consenting to its inclusion in the Admission Document.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the

amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information underlying the financial statements and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the periods stated and of its profits/losses, cash flows and changes in equity for the periods stated in accordance with IFRS.

Declaration

For the purposes of (the 'Rules') we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with the Rules and for no other purpose.

Yours faithfully

A handwritten signature in black ink that reads "Shipleys LLP". The signature is written in a cursive, slightly slanted style.

Shipleys LLP
Chartered Accountants

SulNOx Group PLC
Consolidated Statement of Comprehensive Income
For the 9 months ended 31 March 2019 and the years ended 30 June 2018, 2017 and 2016

	Note	Year ended 30 June 2016 £	Year ended 30 June 2017 £	Year ended 30 June 2018 £	9 months ended 31 March 2019 £
Turnover	4	–	183,935	90,630	–
Cost of sales		–	(10,485)	–	–
Gross profit		–	173,450	90,630	–
Distribution costs		(407,394)	(19,313)	(1,924)	(4,290)
Administrative expenses		(926,574)	(308,175)	(363,536)	(547,804)
Loss on impairment or disposal of operations		(19,999)	–	–	–
Operating loss	5	(1,353,967)	(154,038)	(274,830)	(552,094)
Exceptional items		–	1,570,202	–	–
(Loss)/profit before taxation		(1,353,967)	1,416,164	(274,830)	(552,094)
Tax on (loss)/profit	8	–	74,707	–	13,168
(Loss)/profit for the financial year and total comprehensive income		<u>(1,353,967)</u>	<u>1,490,871</u>	<u>(274,830)</u>	<u>(538,926)</u>
Earnings per share (pence)	19	<u>(1.66)</u>	<u>1.83</u>	<u>(0.34)</u>	<u>(0.66)</u>

The notes on pages 5 to 16 form part of these financial statements.

SulNOx Group PLC
Consolidated Statement of Financial Position
31 March 2019 and 30 June 2018, 2017, and 2016

	Note	30 June 2016 £	30 June 2017 £	30 June 2018 £	31 March 2019 £
Fixed assets					
Intangible assets	9	9,826,054	9,617,369	9,408,684	9,089,078
Tangible assets	10	26,803	20,102	14,754	6,272
		<u>9,852,857</u>	<u>9,637,471</u>	<u>9,423,438</u>	<u>9,095,350</u>
Current assets					
Debtors	12	30,284	29,161	6,886	9,297
Cash at bank and in hand		2,303	41,163	7,667	206,841
		<u>32,587</u>	<u>70,324</u>	<u>14,553</u>	<u>216,138</u>
Creditors: amounts falling due within one year	13	<u>(1,862,004)</u>	<u>(193,484)</u>	<u>(198,510)</u>	<u>(610,933)</u>
Net current liabilities		<u>(1,829,417)</u>	<u>(123,160)</u>	<u>(183,957)</u>	<u>(394,795)</u>
Total assets less current liabilities		<u>8,023,440</u>	<u>9,514,311</u>	<u>9,239,481</u>	<u>8,700,555</u>
Net assets		<u>8,023,440</u>	<u>9,514,311</u>	<u>9,239,481</u>	<u>8,700,555</u>
Capital and reserves					
Called up share capital	15	1,631,118	1,631,118	1,631,118	1,631,118
Share premium account	16	9,389,155	9,389,155	9,389,155	9,389,155
Profit and loss account	16	(2,996,833)	(1,505,962)	(1,780,792)	(2,319,718)
Shareholders funds		<u>8,023,440</u>	<u>9,514,311</u>	<u>9,239,481</u>	<u>8,700,555</u>

Company registration number: 08449586

SulNOx Group PLC
Consolidated Statement of Changes in Equity
9 months ended 31 March 2019 and years ended 30 June 2018, 2017 and 2016

	Note	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 July 2015		1,631,118	9,279,805	(1,642,866)	9,268,057
Loss for the year		—	—	—	—
Total comprehensive income for the year		—	—	(1,353,967)	(1,353,967)
Issue of shares		—	109,350	—	109,350
Total investments by and distributions to owners		—	109,350	—	109,350
At 1 July 2016		1,631,118	9,389,155	(2,996,833)	8,023,440
Profit for the year		—	—	1,490,871	1,490,871
Total comprehensive income for the year		—	—	1,490,871	1,490,871
At 30 June 2017		1,631,118	9,389,155	(1,505,962)	9,514,311
Loss for the year		—	—	(274,830)	(274,830)
Total comprehensive income for the year		—	—	(274,830)	(274,830)
At 30 June 2018		1,631,118	9,389,155	(1,780,792)	9,239,481
Loss for the period		—	—	(538,926)	(538,926)
Total comprehensive income for the year		—	—	(538,926)	(538,926)
At 31 March 2019		1,631,118	9,389,155	(2,319,718)	8,700,555

SulNOx Group PLC
Consolidated Statement of Cash Flows
9 months ended 31 March 2019 and years ended 30 June 2018, 2017 and 2016

	Year ended 30 June 2016 £	Year ended 30 June 2017 £	Year ended 30 June 2018 £	9 months ended 31 March 2019 £
Cash flows from operating activities				
(Loss)/profit for the financial period	(1,353,967)	1,490,871	(274,830)	(538,926)
<i>Adjustments for:</i>				
Depreciation of tangible assets	139,267	6,701	6,916	520
Amortisation of intangible assets	208,685	208,685	208,685	331,992
Loss on disposal of tangible assets	19,999	–	5,069	–
Taxation	–	(74,707)	–	(13,168)
Accrued income	750,567	(1,597,375)	(34,113)	(34,739)
<i>Changes in:</i>				
Trade and other debtors	23,753	1,123	22,275	(2,411)
Trade and other creditors	104,763	(60,118)	24,581	345,181
Cash generated from operations	(106,933)	(24,820)	(41,417)	88,449
Tax received	–	74,707	–	13,168
Net cash used in operating activities	(106,933)	49,887	(41,417)	101,617
Cash flows from investing activities				
Purchase on intangible assets	–	–	–	(2,185)
Purchase of tangible assets	(623)	–	(6,637)	(2,239)
Net cash used in investing activities	(623)	–	(6,637)	(4,424)
Cash flows from financing activities				
Proceeds from borrowings	–	(11,027)	14,558	101,981
Proceeds from issue of ordinary shares	109,350	–	–	–
Net cash from/(used in) financing activities	109,350	(11,027)	14,558	101,981
Net decrease in cash and cash equivalents	1,795	38,860	(33,496)	199,174
Cash and cash equivalents at beginning of period	508	2,303	41,163	7,667
Cash and cash equivalents at end of period	2,303	41,163	7,667	206,841

SulNOx Group PLC
Notes to the Financial Statements (continued)
9 months ended 31 March 2019 and years ended 30 June 2018, 2017 and 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 10-12 Orange Street, London, England WC2H 7DQ.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. They have, unless otherwise stated, been applied consistently to all periods presented.

3. Accounting policies

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretation Committee interpretations ("IFRS IC") as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements comprise an income statement, a statement of financial position, a statement of changes in equity, a statement of cash flows and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of profit or loss, as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

The Group presents the statement of profit or loss using the classification by function of expenses. The Group believes this method provides more useful information to the users of its financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current / non-current distinction.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at 1 July 2015 for the purpose of the transition to IFRS.

Measurement bases

The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effect is disclosed later in this note.

Consolidation

The consolidated financial statements incorporate those of SulNOx Group plc and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and

Notes to the Financial Statements (continued)

operating policies so as to obtain economic benefits). These are adjusted, where appropriate, to conform to Group accounting policies.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Adoption of new and revised standards and interpretations

Application of new and amended standards

For the preparation of these consolidated financial statements, the following new or amended standards are mandatory for the first time for the financial year beginning 1 July 2018.

Annual Improvements to IFRS standards 2014-2016 cycle was issued on 8 December 2016 and addresses the following amendments:

- IFRS 1 “First time adoption of International Financial Reporting Standards” deleted the short-term exemptions dealing with IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IFRS 10 Consolidated Financial Statements. The amendment is effective for annual periods beginning on or after 1 January 2018. The reliefs provided are no longer applicable and had been available to the Group for reporting periods that have now passed.
- IFRS 12 “Disclosure of interest in other entities” clarifies that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The amendment is effective for annual periods beginning on or after 1 January 2017. No changes have been made in respect of this amendment as it does not apply to the Group.
- IAS 28 “Investments in associates and joint ventures” provides a choice of accounting for investments in joint ventures and associates at fair value or using the equity method. The amendment is effective for annual periods beginning on or after 1 January 2018. No changes have been made in respect of this amendment as it does not apply to the Group.
- IFRS 2, “Classification and measurement of share-based payment transactions”, provides requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group have implemented the standard and no retrospective adjustments were made.
- IFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 is effective for accounting periods beginning on or after 1 January 2019. An expected credit losses model replaces the incurred loss impairment model used in IAS 39.
- IFRS 15, “Revenue from contracts with customers”, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after 1 January 2018.

Notes to the Financial Statements (continued)

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed where the revision affects only that period, or in the period of the revision and future periods where the revision affect both current and future periods.

Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units. The value in use calculation requires the entity to estimate future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount. Exceptional items in the period are shown in Note 7.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved

Notes to the Financial Statements (continued)

tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Intangible assets

In accordance with IAS 38, "Intangible Assets", expenditure incurred on research and development is distinguished as relating to a research phase or to a development phase.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the development and enhancement of the online platform, OnTheMarket.com, and associated applications is recognised when the development has been deemed technically feasible, that the Group has the intention to complete the development, that probable future economic benefits will occur, that the Group has the required funds to complete the development and has the ability to measure the expenditure on the development reliably.

The amount initially recognised for internally generated intangible assets is the sum of the directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria defined above.

Capitalisation ceases when the asset is brought into use. Where no internally generated asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred.

Subsequent to initial recognition, internally generated assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over 25 years from when the asset is first brought into use. The current intangible assets will be fully amortised in the next 25 years.

Amortisation

Previously before the transition to IFRS, amortisation was calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	20% straight line
Development Costs	-	50 years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Notes to the Financial Statements (continued)

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Research and Development Equipment	-	25% reducing balance
Fixtures & Fittings Equipment	-	25% reducing balance
Leasehold Property	-	25% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Notes to the Financial Statements (continued)

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Turnover year ended 31 March 2019 and 30 June 2016, 2017, 2018

Turnover arises from:

	Year to 30 Jun 2016	Year to 30 Jun 2017	Year to 30 Jun 2018	Period from 1 Jul to 31 Mar 2019
	£	£	£	£
Rendering of services	-	183,935	90,630	-

5. Operating profit/(loss)

Operating profit or loss is stated after charging:

	Year to 30 Jun 2016	Year to 30 Jun 2017	Year to Jun 2018	Period from 1 Jul to 31 Mar 2019
	£	£	£	£
Amortisation of intangible assets	208,685	217,370	208,685	331,992
Depreciation of tangible assets	139,267	6,701	6,916	520
Loss on disposal of tangible assets		-	4,960	-
Impairment of trade debtors		-	75,342	288

6. Auditor's remuneration

	Year to 30 Jun 2016	Year to 30 Jun 2017	Year to 30 Jun 2018	Period from 1 Jul to 31 Mar 2019
	£	£	£	£
Fees payable for the audit of the financial statements	12,000	10,000	10,000	10,000

Notes to the Financial Statements (continued)

7. Exceptional items

	Year to 30 Jun 2016	Year to 30 Jun 2017	Year to 30 Jun 2018	Period from 1 Jul to 31 Mar 2019
	£	£	£	£
Reversal of accrued salaries	-	(1,160,000)	-	-
Reversal of NIC on accrued salaries	-	(160,080)	-	-
	<u>-</u>	<u>(1,320,080)</u>	<u>-</u>	<u>-</u>

8. Tax on (loss)/profit

Major components of tax income

	Year to 30 Jun 2016	Year to 30 Jun 2017	Year to 30 Jun 2018	Period from 1 Jul to 31 Mar 2019
	£	£	£	£
Current tax:				
UK current tax income	-	(74,707)	-	(13,168)
Tax on (loss)/profit	<u>-</u>	<u>(74,707)</u>	<u>-</u>	<u>(13,168)</u>

Reconciliation of tax income

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than (2018: lower than 2017: lower than 2016: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19% 2017: 19.75% 2016: 20%).

	Year to 30 Jun 2016	Year to 30 Jun 2017	Year to 30 Jun 2018	Period from 1 Jul to 31 Mar 2019
	£	£	£	£
(Loss)/profit on ordinary activities before taxation	<u>(1,353,967)</u>	<u>1,416,164</u>	<u>(274,830)</u>	<u>(552,094)</u>
(Loss)/profit on ordinary activities by rate of tax	(270,793)	279,692	(52,218)	(104,898)
Adjustment in respect of prior periods	-	-	-	13,168
Effect of expenses not deductible for tax purposes	-	-	755	591
Effect of capital allowances and depreciation	27,853	1,323	1,253	99
Utilisation of tax losses	-	(321,015)	-	-
Unused tax losses	202,940	-	10,560	14,794
Amortisation	40,000	40,000	39,650	63,078
R&D tax claim	-	(74,707)	-	-
Tax on (loss)/profit	<u>-</u>	<u>(74,707)</u>	<u>-</u>	<u>(13,168)</u>

Notes to the Financial Statements (continued)

9. Intangible assets

Group	Goodwill £	Development costs £	Patents, Trademarks & Licences £	Total £
Cost				
At 1 July 2016, 30 June 2017 and 30 June 2018	43,424	10,045,984	-	10,089,408
Additions	-	-	2,185	2,185
At 31 March 2019	<u>43,424</u>	<u>10,045,984</u>	<u>2,185</u>	<u>10,091,593</u>
Amortisation				
At 1 July 2016	17,370	235,783	-	253,153
Charge for the year ended 30 June 2017	8,685	200,000	-	208,685
Charge for the year ended 30 June 2018	8,685	200,000	-	208,685
Charge for the period ended 31 March 2019	<u>8,684</u>	<u>323,005</u>	<u>303</u>	<u>331,992</u>
At 31 March 2019	<u>43,424</u>	<u>958,788</u>	<u>303</u>	<u>1,002,515</u>
Carrying amount				
At 31 March 2019	<u>-</u>	<u>9,087,196</u>	<u>1,882</u>	<u>9,089,078</u>
At 30 June 2018	<u>8,684</u>	<u>9,410,201</u>	<u>-</u>	<u>9,418,885</u>
At 30 June 2017	<u>17,369</u>	<u>9,610,201</u>	<u>-</u>	<u>9,627,570</u>
At 30 June 2016	<u>26,054</u>	<u>9,810,201</u>	<u>-</u>	<u>9,836,255</u>

Previously, the company acquired from Technologies & Systems, the exclusive rights to a suite of Emulsion Technologies developed over the previous 25 years, for a consideration of £10,000,000 in cash, to be paid at the rate of £1,000,000 per year for 10 years, subject to terms and conditions.

In a subsequent agreement dated 18 October 2013, the outstanding consideration was satisfied by the placement of shares at value of £1.50 each and the company assumed unencumbered ownership of the Emulsification Technologies.

Notes to the Financial Statements (continued)

10. Tangible assets

Group	Leasehold property £	Fixtures and fittings £	Equipment £	Research & Development £	Total £
Cost					
At 1 July 2016 and 30 June 2017	11,271	4,920	193	173,727	190,111
Additions	–	302	5,905	430	6,637
Disposals	(11,271)	(5,222)	–	–	(16,493)
At 30 June 2018	–	–	6,098	174,157	180,255
Additions	–	–	2,239	–	2,239
At 31 March 2019	–	–	8,337	174,157	182,494
Depreciation					
At 1 July 2016	5,723	2,308	28	165,900	173,959
Charge for the year	1,472	653	41	4,535	6,701
At 30 June 2017	6,745	2,961	69	170,435	180,210
Charge for the year	1,104	614	1,476	3,722	6,916
Disposals	(7,849)	(3,575)	–	–	(11,424)
At 30 June 2018	–	–	1,545	174,157	175,702
Charge for the year	–	–	520	–	520
At 31 March 2019	–	–	2,065	174,157	176,222
Carrying amount					
At 31 March 2019	–	–	6,272	–	6,272
At 30 June 2018	–	–	4,553	–	4,553
At 30 June 2017	4,526	1,959	124	13,493	20,102
At 30 June 2016	5,998	2,612	165	18,028	26,803

11. Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
SulNOx Research & Development Limited, 10 Orange Street, London, WC2H 7DQ	Ordinary	100

On 1 July 2014 SulNOx Fuel Fusions PLC acquired the entire share capital of SulNOx Research and Development Limited.

Notes to the Financial Statements (continued)

The book value of the assets and liabilities acquired were as follows:

	Fair value and book value £
Cash	30,216
Tangible Fixed Assets	32,790
Debtors	14,811
Creditors	<u>(121,240)</u>
	(43,423)
Goodwill	<u>43,424</u>
Satisfied by: Considered satisfied by cash	<u><u>1</u></u>

The book value of the assets acquired are not considered to be materially different from their value.

The aggregate amount of capital and reserves at the year-end was £(81,138) (2017: £(4,993)). Loss for the financial year amounted to £76,145 (2017: Profit of £379,624).

12. Debtors

	30 June 2016 £	30 June 2017 £	30 June 2018 £	31 March 2019 £
Trade debtors	-	22,000	-	-
Other debtors	30,284	7,161	6,886	<u>9,297</u>
	<u>30,284</u>	<u>29,161</u>	<u>6,886</u>	<u>9,297</u>

13. Creditors: amounts falling due within one year

	Group			
	30 June 2016 £	30 June 2017 £	30 June 2018 £	31 March 2019 £
Trade creditors	149,750	89,632	89,652	100,275
Accruals and deferred income	1,701,227	103,852	69,739	35,000
Director loan accounts	11,027	-	14,558	116,539
Share subscription received in advance	-	-	-	205,000
Other creditors	-	-	24,561	<u>154,119</u>
	<u>1,862,004</u>	<u>193,484</u>	<u>198,510</u>	<u>610,933</u>

Notes to the Financial Statements (continued)

14. Called up share capital

Issued, called up and fully paid

	31/03/2019	
	No.	£
Ordinary shares of £0.02 each	<u>81,555,920</u>	<u>1,631,118</u>

15. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

16. Directors' advances, credits and guarantees

During the period, G Bostock paid expenses on behalf of the company totalling £123,908 (2018: £18,911). Repayment of £13,958 (2018: £12,322) was made and £116,539 (2018: £6,589) was owed to the Director at the period-end.

During the period, R Weinberg paid expenses on behalf of the company totalling £121,107 (2018: £20,688). Repayment of £10,390 (2018: £12,720) was made and £118,685 (2018: £7,968) was owed to the Director at the period-end.

17. Related party transactions

During the year, expenses totalling £31,500 (2018: £40,200 2017: £nil) were paid to Mr J Redman who is the son of Mr J Redman MBE, one of the directors. These expenses related to consultancy fees and at the yearend £nil (2018: £nil, 2017: £nil) remained outstanding to J Redman.

18. Earnings per share

- a) The basic (loss)/earnings per share is calculated by dividing the loss attributable to the owners of the parent by the weighted average number of ordinary shares in issue.

	Year ended 30 June 2016 £	Year ended 30 June 2017 £	Year ended 30 June 2018 £	Period ended 31 March 2019 £
Loss attributable to owners of the parent	(1,353,967)	1,490,871	(274,830)	(538,926)
Weighted average number of ordinary shares in issue	<u>81,555,920</u>	<u>81,555,920</u>	<u>81,555,920</u>	<u>81,555,920</u>

- b) the basic and diluted (loss)/earnings per share for the 9 months ended 31 March 2019 and the three years ended 30 June 2018, 17 & 16 are the same as there are no diluting instruments in issue.

PART IV

ADDITIONAL INFORMATION

1. INCORPORATION OF THE COMPANY

- 1.1 The Company was incorporated and registered as a public limited company in England and Wales under the Act on 18 March 2013 with the name SulNOx Fuel Fusions Plc and with registration number 8449586. On 8 September 2018, the Company changed its name to SulNOx Group Plc.
- 1.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.
- 1.3 The registered office of the Company is at 10 Orange Street, Haymarket, London, WC2H 7DQ, United Kingdom and the principal place of business is at 10 Orange Street, Haymarket, London, WC2H 7DQ, United Kingdom. The telephone number of the Company is +44 203 291 3638.
- 1.4 The Company's website is <https://sulnoxgroup.com>.

2. SHARE CAPITAL OF THE COMPANY

- 2.1 The history of the Company's Share Capital from Incorporation to the date of this Document is as follows:

Event Date	Issued Price (if applicable)	Event	Number Shares Issued	Running Issued Total
18/03/2013	10p	Incorporation	500,000	500,000
19/03/2013	N/A	Consolidation from 500,000 shares to 100,000 shares	N/A	100,000
31/03/2013	50p	Allotment	1,896,000	1,996,000
30/06/2013	N/A	Subdivision from 1,996,000 shares of £0.50 each to 9,980,000 shares of £0.10 each	N/A	9,980,000
15/08/2013	40p	Allotment	84,600	10,064,600
31/12/2013	150p	Allotment	6,246,584	16,311,184
31/03/2014	N/A	Subdivision from £0.10 shares to £0.02 shares	N/A	81,555,920

2.2 Share Options

The Company has entered into unapproved option agreements with two of its directors (as described in paragraph 4.2 of this Part IV) and an agreement with a prospective consultant, Gulay Cokay, dated 27 June 2019 granting an option over 100,000 Ordinary Shares at an exercise price of £0.02 per share, of which all options vested on signing of the agreement.

In total, options over 1,600,000 Company shares have been granted and are still outstanding. Of these options, 700,000 options are currently exercisable. A further 575,000 options will become exercisable on Admission and a further 325,000 options will become exercisable upon the first revenue from any product sold by the Group.

2.3 Advance Subscription Round

The Company has raised funds by way of an advance subscription round which completed in May 2019 (**Advance Subscription Round**), under which investors (who have each signed a certificate confirming that they are either a certified high net worth individual or a self-certified sophisticated investor) have invested funds into the Company which will be applied to subscribe for new shares in the Company at a price per share equal to 85% (eight-five per cent) of the price paid for share in the placing to be undertaken at Admission. In total, £568,000 has been received by the Company in respect of this funding round, which will result in 1,863,173 Ordinary Shares being allotted to the investors on Admission.

2.4 Advance Subscription Round Introducer Invoices

In relation to the Advance Subscription Round the Company has received invoices from two introducers of investors, which it has agreed to satisfy through the allotment of new shares at the Advance Subscription Round price per share. In total the invoices are for £19,650, which will result in 46,235 Ordinary Shares being allotted on Admission.

2.5 Loans to former directors

The Company owes loans to two former directors, which include commitments to allot new Ordinary Shares as follows:

- (a) a loan of £113,775 from Gary Bostock as documented under a loan agreement dated 12 June 2019 under which £101,599.50 of the loan shall be applied as a subscription for new shares on the same terms as the Advance Subscription Round; and
- (b) a loan of £114,775 from Rodney Weinberg as documented under a loan agreement dated 12 June 2019 under which £102,599.50 of the loan shall be applied as a subscription for new shares on the same terms as the Advance Subscription Round,

which will result in 480,468 Ordinary Shares being allotted on Admission.

2.6 ADSL Warrant Agreement

The Company entered into a warrant instrument on 11 December 2019 under which, at Admission, it will issue to ADSL warrants to subscribe for 750,000 Ordinary Shares. The subscription price of the warrants is 50 pence per Ordinary Share. The warrants will have a duration of 5 years from the date of Admission.

2.7 Placing

The Company has undertaken a placing to complete immediately prior to Admission under which it will allot up to 370,000 new Ordinary Shares.

2.8 Polka Agreement

Within the Polka Agreement (defined below), the Recitals of the agreement set out that Polka has incurred expenses under the Previous Agreement and that it may issue an invoice to SFF in respect of these costs and that Polka may request that this invoice is satisfied through the issue of 1,000,000 shares.

2.9 Summary

As at 17 December 2019, the issued share capital of the Company, all of which was fully paid up was as follows:

	Issued and fully paid up share capital Number of Ordinary Shares of £0.02 each
At the date of this Admission Document	81,555,920
On Admission	84,789,093

2.10 Other than the restrictions described in paragraph 3 below, there are no restrictions on the transfer or Ordinary Shares.

2.11 The Ordinary Shares have attached to them full voting, dividend and capital distribution (including on winding up) rights and each Ordinary Share is entitled *pari passu* to participate in a distribution arising from a winding up of the Company.

2.12 July 2019 General Meeting – Authority to Allot

At a general meeting of the Company held on 22 July 2019, the Company's shareholders passed the following resolution as an ordinary resolution (numbered Resolution no 2) relating to a grant of authority to allot new shares in the Company:

That in accordance with Section 551 of the Companies Act 2006, the directors of the Company ("Directors") be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £244,667.76 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2020 or the date falling fifteen months after the passing of this Resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

The authority in this Resolution 2 is in substitution for all previous authorities conferred on the Directors in accordance with Section 551 of the Companies Act 2006, but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities

2.13 July 2019 General Meeting - Disapplication of pre-emption rights

At a general meeting of the Company held on 22 July 2019, the Company's shareholders passed the following resolution as a special resolution relating to a disapplication on shareholder pre-emption rights in respect of new issues of shares in the Company:

That, subject to Resolution 2 being passed, the Directors be generally empowered (in substitution for and to the exclusion of any other existing powers save to the extent that the same have been previously exercised) pursuant to Section 551 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) of the Company for cash pursuant to the authority conferred on them by Resolution 2 and to allot relevant securities as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that the disapplication of the statutory pre-emption rights shall:

(i) be limited to up to an aggregate nominal amount of £244,667.76; and

(ii) (unless previously revoked or varied by the Company in General Meeting) expire fifteen months after the date of the passing of this Resolution or at the conclusion of the Annual General Meeting of the Company to be held in 2020, whichever first occurs save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

2.14 Market Capitalisation

On Admission:

(a) The Company's market capitalisation will be £42,394,547; and

(b) 29.3 per cent. of the Company's issued share capital will be in public hands.

2.15 The Company has no shares which do not represent Capital nor any shares which are held by or on behalf of the Company itself or by subsidiaries of the Company.

3. SUMMARY OF THE ARTICLES OF ASSOCIATION

The Articles, which were adopted by a special resolution of the shareholders passed at a general meeting of the Company on 22 July 2019 conditional on and with effect from Admission, contain, amongst others, provisions to the following effect:

3.1 Limited liability

The liability of the Company's members is limited to the amount (if any) unpaid on the shares in the Company held by them.

3.2 Unrestricted objects

The objects of the Company are unrestricted.

3.3 Share rights

Rights of different classes of shares

Subject to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as the Company may by ordinary resolution determine or, in the absence of any such determination, as the Board may decide. Subject to any rights attached to any existing shares, the Company may also issue shares which are to be redeemed or which, at the option of the Company or the holder, are liable to be redeemed. The Board may decide the terms, conditions and manner of redemption of any redeemable shares which are issued.

Voting rights

Subject to any rights or restrictions as to voting attached to any shares and to any suspension or abrogation of voting rights pursuant to the Articles:

- (a) on a vote on a resolution on a show of hands, every member present (not being present by proxy) and entitled to vote on the resolution has one vote and every proxy present who has been duly appointed by a member entitled to vote on the resolution has one vote (save that a proxy who has been appointed by more than one member has one vote for and one vote against if he has been instructed to vote in different ways on the resolution); and
- (b) on a vote on a resolution on a poll, every member who is present in person or by proxy and entitled to vote on the resolution has one vote for every share of which he is the holder.

Unless the Board otherwise decides, no member is entitled in respect of any share held by him to vote on any resolution at a shareholders meeting, either in person or by proxy, if any call or other sum presently payable by him to the Company in respect of that share remains unpaid.

Variation of rights

If at any time the capital of the Company is divided into different classes of share, the rights attached to any class may be varied either with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class and may be so varied either while the Company is a going concern or during or in contemplation of a winding up. The quorum at any such separate meeting (other than an adjourned meeting) shall be not less than two persons entitled to vote and holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares).

Transfer of shares

A member may transfer all or any of his shares which are in certificated form by an instrument of transfer in any usual form or common form or in any other form approved by the Board. The instrument of transfer must be signed by or on behalf of the transferor and, if the share is not fully

paid up, by or on behalf of the transferee. A member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in accordance with the CREST Regulations.

The Board may refuse to register a transfer of a certificated share unless the instrument of transfer is:

- (a) it is for a share which is fully paid up;
- (b) it is for a share upon which the Company has no lien;
- (c) it is only for one class of share;
- (d) it is in favour of a single transferee or no more than four joint transferees;
- (e) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty (if this is required); and
- (f) it is delivered for registration to the Office (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or her or, if the transfer or renunciation is executed by some other person on his or her behalf, the authority of that person to do so.

The Board may refuse to register a transfer of an uncertificated share in the circumstances set out in the CREST Regulations.

Subject to the above and subject to the transfer restrictions summarised in the paragraph headed "Suspension of rights attaching to shares" below, the Articles contain no restrictions on the free transferability of fully paid shares.

Pre-emption rights

There are no pre-emption rights under the Articles in respect of transfers of issued shares or the allotment of new shares.

Section 561 of the Companies Act confers on holders of Ordinary Shares rights of pre-emption in respect of the allotment by the Company of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash. Under these statutory pre-emption rights, the Company is, subject to certain limited exceptions, required to offer to allot the equity securities concerned to holders of Ordinary Shares on a pro rata basis before allotting them to other persons. These statutory pre-emption rights have been disapplied to the extent set out in paragraph 2.13 of this Part IV above.

Suspension of rights attaching to shares

Under section 793 of the Companies Act, the Company may send out a notice (a "section 793 notice") to any person whom the Company knows or has reasonable cause to believe to be interested in its shares (or to have been so interested at any time during the preceding three years) asking for information concerning his interest in the shares and information concerning any other interest in the shares of which he is aware. Where a person receives a section 793 notice and fails to provide the information required by the notice within the time specified in it, the Company can apply to the court for an order directing that the relevant shares be subject to restrictions. The effect of a court order imposing restrictions is that (i) any transfer of the shares is void; (ii) no voting rights are exercisable in respect of the shares; (iii) no further shares may be issued in right of the shares or in pursuance of an offer made to the holder of them; and (iv) except in a liquidation, no payment may be made of sums due from the Company on the shares (whether in respect of capital or otherwise). The Articles also contain provisions for the imposition

of restrictions on shares in circumstances where a person fails to comply with a section 793 notice which are described below.

If a member, or any other person appearing to be interested in shares held by that member, has been served with a section 793 notice and has failed in relation to any shares (the "default shares" which expression includes any further shares issued in respect of those shares) to give the Company the information required by the notice for a period of 14 days from the date of its service, then (unless the Board otherwise determines) the following sanctions apply:

- (a) the shareholder shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (b) where the default shares represent at least 0.25% in nominal value of the issued shares of their class (calculated exclusive of any shares held as treasury shares):
 - i. any dividend or other money payable for such shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the shareholder shall not be entitled to elect to receive shares instead of that dividend; and
 - ii. no transfer, other than an excepted transfer, of any shares held by the shareholder shall be registered unless the shareholder himself or herself is not in default of supplying the required information and the shareholder proves to the satisfaction of the Board that no person in default of supplying such information is interested in any of the shares that are the subject of the transfer.

Where the sanctions described above apply, they cease to have effect (and any dividend or other money withheld becomes payable):

- (a) if the shares are transferred by means of an excepted transfer but only in respect of the shares transferred; or
- (b) at the end of the period of seven days (or such shorter period as the Board may determine) following receipt by the Company of the information required by the section 793 notice and the Board being fully satisfied that such information is full and complete.

For the purposes of the above, an "excepted transfer" means, in relation to any shares held by a shareholder: (i) a transfer by way of or pursuant to acceptance of a takeover offer for the Company (within the meaning of section 974 of the Companies Act 2006); or (ii) a transfer in consequence of a sale made through a recognised investment exchange (as defined in section 285 of the FSMA) or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded; or (iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

Dividends

Subject to the Companies Act 2006, the Company may, by ordinary resolution, declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board. Subject to the Companies Act 2006, the Board may declare and pay such interim dividends (including any dividend at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution.

Except as otherwise provided by the rights attaching to, or the terms of issue of, any shares, all dividends shall be declared and paid accordingly to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period

in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

Unless otherwise provided by the rights attaching to the share, no dividend payable in respect of a share shall bear interest as against the Company. The Board may deduct from any dividend payable to any person in respect of a share all such sums as may be due from that person to the Company on account of calls or otherwise in relation to shares in the Company.

Any unclaimed dividend, unclaimed for 12 months after having become payable, may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend which has remained unclaimed for a period of 12 years after it was declared or became due for payment shall, if the Board so resolves, be forfeited and shall cease to remain owing by the Company.

The Board may, with the prior authority of an ordinary resolution of the Company, offer holders of Ordinary Shares (excluding Ordinary Shares held as treasury shares) the right to elect to receive new Ordinary Shares, credited as fully paid, instead of cash in respect of all or any part of any dividend specified by the ordinary resolution. The ordinary resolution may specify a particular dividend or dividends (whether declared or not) or may specify all or any dividends declared within a specified period, but such period may not end later than the third anniversary of the date of the meeting at which the resolution is passed.

Distribution of assets on liquidation

If the Company is wound up, the liquidator may, with the authority of a special resolution and any other authority required by law, divide among the members in specie the whole or any part of the assets of the Company. This applies whether the assets shall consist of property of one kind or different kinds. For this purpose, the liquidator may set such value as the liquidator considers fair on any asset or assets and may determine how to divide it between the members or different classes of members. The liquidator may, with the authority of a special resolution and any other authority required by the law, transfer all or any part of the assets to trustees on such trusts for the benefit of members as the liquidator decides. Where the liquidator divides or transfers any assets under the articles, no member shall be required to accept any asset in respect of which there is a liability.

3.4 Shareholder meetings

Annual general meetings

In accordance with the requirements of the Companies Act, the Company must hold a general meeting as its annual general meeting in each six-month period following its accounting reference date.

Calling of general meetings

The Board may call a general meeting whenever it thinks fit. The Board must, on the requirement of members under the Companies Act, call a general meeting in accordance with the requirements of that Act.

Notice of general meetings

General meetings must be called by at least such minimum period of notice as is required under the Companies Act which, in the case of an annual general meeting, is 21 clear days' notice and, in the case of other general meetings, is 14 clear days' notice. Notice of the meeting must be given to the members (other than any members who, under the Articles or by virtue of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and to the auditors of the Company. The accidental omission to send notice of a general meeting to any person entitled to receive it does not invalidate the proceedings of the meeting.

Every notice of a general meeting must specify (i) the time, date and place of the meeting, (ii) (in the case of an annual general meeting) that the meeting is an annual general meeting, (iii) the

general nature of the business to be transacted at the meeting and (iv) any intention to propose a resolution as a special resolution. In addition, the notice must specify, with reasonable prominence, that a member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting, that a member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to different shares and that a proxy need not be a member.

Quorum

No business is to be transacted at any general meeting unless a quorum is present. The quorum for a general meeting is two members present in person or by proxy and entitled to vote on the business to be transacted at the meeting.

Method of voting

At any general meeting, a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is demanded in accordance with the Articles.

3.5 Directors

Number and appointment of Directors

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors shall be at least two but shall not be subject to any maximum number. Directors may be appointed by the Company by ordinary resolution or by the Board, in each case either to fill a vacancy or as an addition to the existing Board.

A Director is not required to hold any shares in the Company by way of qualification.

Retirement of Directors

At each annual general meeting, any Director:

- (a) who has been appointed by the Board since the preceding annual general meeting; or
- (b) for whom it is the third annual general meeting following the annual general meeting at which he or she was elected or last re-elected;

shall retire from office but shall be eligible for re-appointment.

Removal of a Director by resolution of the Company

In addition to any power of removal conferred by the Companies Act, the Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with section 312 of the Companies Act, remove a director before the expiry of his or her period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may (subject to the Articles) by ordinary resolution appoint another person who is willing to act to be a director in his or her place

Vacation of office

The Articles provide for the office of a Director to be vacated in the following circumstances:

- (a) the director resigns by notice in writing delivered to the Secretary at the Office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting;
- (b) the director offers to resign by notice in writing delivered to the Secretary at the Office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting and the Board resolves to accept such offer;

- (c) the Director is requested to resign by all of the other Directors by notice in writing addressed to him or her at his or her address as shown in the register of Directors (without prejudice to any claim for damages which the Director may have for breach of any contract between him or her and the Company);
- (d) the Director ceases to be a Director by virtue of any provision of the Companies Acts, is removed from office pursuant to the Articles or the Companies Act or becomes prohibited by law from being a Director;
- (e) the Director becomes bankrupt or makes an arrangement or composition with his or her creditors generally;
- (f) (a registered medical practitioner who is treating the Director gives a written opinion to the Company stating he or she has become physically or mentally incapable of acting as a director and may remain so for more than three months, or is or has been suffering from mental or physical ill health and the Board resolves that his or her office be vacated; or
- (g) the Director is absent (whether or not any alternate Director appointed by the Director attends), without the permission of the Board, from Board meetings for six consecutive months and a notice is served on the Director personally, or at his or her residential address provided to the Company under section 165 of the Companies Act signed by all the other Directors stating that he or she shall cease to be a Director with immediate effect (and such notice may consist of several copies each signed by one or more Directors).

Alternate directors

Any Director may appoint any person to be his alternate and may remove any alternate appointed by him. The appointment requires the approval of the Board unless the appointee is another Director.

Directors' remuneration and expenses

Each of the Directors may be paid a fee at such rate as may from time to time be determined by the Board. However, the aggregate of all fees payable to the Directors (other than amounts payable under any other provision of these Articles) must not exceed £250,000 a year or such higher amount as may from time to time be decided by ordinary resolution of the Company. Such fee shall be distinct from and additional to any salary, remuneration or other benefits which may be paid or provided to a Director under any other provision of the Articles.

If by arrangement with the Board any Director shall perform or render any special duties or services outside his or her ordinary duties as a Director and not in his or her capacity as a holder of employment or executive office, he or she may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with these Articles may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board, and may be in addition to or instead of any fee payable to him or her for serving as Director under the Articles.

Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as a Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or shareholder meetings.

Pensions and other benefits

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) to or for the benefit of, amongst other persons, any past or present

director of the Company or any of its subsidiary undertakings, members of his family and his dependents.

The Board may also exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings.

Borrowing powers

The Board may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (but, as regards subsidiary undertakings, only so far as by the exercise of such rights or powers of control, the Board can secure) that the aggregate principal amount outstanding at any time of all borrowings by the Group after deducting cash deposited shall not, save with the previous sanction of an ordinary resolution of the Company, exceed an amount equal to two times the adjusted capital and reserves (as defined in the Articles).

Proceedings of the Directors

Subject to the provisions of the Articles, the Board can decide when and where to have meetings and how they will be conducted. They may also adjourn meetings. The quorum necessary for the transaction of business may be determined by the Board and, unless so determined at any other number, shall be two. A duly convened meeting of the Board at which a quorum is present is competent to exercise all or any of the powers vested in or exercisable by the Board. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting has a second or casting vote.

A resolution in writing signed or confirmed electronically by all the Directors for the time being entitled to receive notice of a Board meeting and to vote on the resolution and not being less than a quorum (or by all the members of a committee of the Board for the time being entitled to receive notice of such committee meeting and to vote on the resolution and not being less than a quorum of that committee), shall be as valid and effective for all purposes as a resolution duly passed at a meeting of the Board (or committee, as the case may be).

Directors' conflicts of interest

The Board may authorise any situation or matter in which a Director (an "Interested Director") has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company and which would, if not so authorised, result in the Interested Director being in breach of his statutory duty to avoid conflicts of interest. An Interested Director seeking authorisation of a conflict of interest must declare to the Board the nature and extent of his interest giving rise to the conflict as soon as reasonably practicable. An Interested Director must not be counted in the quorum or vote in respect of any resolution of the Board giving such authorisation.

Where the Board authorises a situation or matter, it may impose on the Interested Director such terms for the purpose of dealing with the conflict of interest as the Board may determine.

Transactions or Other Arrangements with the Company

Subject to the Companies Act and provided he or she has declared the nature and extent of his or her interest in accordance with the requirements of the Companies Acts, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company may:

- (a) be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

- (b) act by himself or herself or through his or her firm in a professional capacity for the Company (otherwise than as auditor) and he or her, or his or her firm, shall be entitled to remuneration for professional services as if he or she were not a Director;
- (c) be or become a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (d) hold any office or place of profit with the Company (except as auditor) in conjunction with his or her office of Director for such period and upon such terms, including as to remuneration as the Board may decide.

Directors not liable to account

A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he or she derives from or in connection with a relationship involving a conflict of interest which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

Restrictions on voting by Directors

A Director cannot vote or be counted in the quorum on any resolution relating to any transaction or arrangement with the Company in which the Director has an interest and which may reasonably be regarded as likely to give rise to a conflict of interest but can vote (and be counted in the quorum) on the following:

- (e) any security, guarantee or indemnity for any money or any liability which the Director, or any other person, has lent or obligations the Director or any other person has undertaken at the request, or for the benefit, of the Company or any of its subsidiary undertakings;
- (f) any security, guarantee or indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings, to that other person if the Director has taken responsibility for some or all of that debt or obligation. The Director can take this responsibility by giving a guarantee, indemnity or security;
- (g) a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings, if the Director takes part because he or she is a holder of shares, debentures or other securities, or if he or she takes part in the underwriting or sub-underwriting of the offer;
- (h) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which only gives him or her benefits which are also generally given to employees to whom the arrangement relates;
- (i) any arrangement involving any other company if the Director (together with any person connected with the Director) has an interest of any kind in that company (including an interest by holding any position in that company or by being a shareholder of that company). This does not apply if he or she knows that he has a Relevant Interest.
- (j) a contract relating to insurance which the Company can buy or renew for the benefit of the Directors or a group of people which includes Directors; and
- (k) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the Director benefits which are also generally given to the employees to whom the scheme relates.

A Director must not vote on (or be counted in the quorum in relation to) any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested.

Indemnification of Directors

Subject to the Companies Act, every Director is entitled to be indemnified out of the Company's assets against all relevant loss and in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act), including any liability incurred by the officer in defending any civil or criminal proceedings, in which judgment is given in the officer's favour or in which the officer is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on the officer's part or in connection with any application in which the court grants the officer, in his or her capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs.

Subject to the Companies Act, the Company may provide a Director with funding to meet his expenditure in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust in relation to the Company or any associated company.

The above is a summary only of certain provisions of the Articles. The full provisions of the Articles are available on the Company's website at <https://sulnoxgroup.com>.

4. DIRECTORS' SHAREHOLDINGS & INTERESTS

4.1 The interest of the Directors, their immediate families and any persons connect with them (within the meaning of section 252 of the Act) (all of which, unless otherwise stated, are beneficial) in the Issued Share Capital as at the date of this Document and as they are expected to be prior to and immediately following Admission are/will be as follows:

Director Name	Number of issued Ordinary Shares	Percentage of Entire Issued Share Capital on Admission
Stephen Bamford	9,125,000	10.76%
Nicholas Nelson	270,000	0.32%
Majken Petersen	200,000	0.24%
Simon Retter*	84,380	0.10%
Graham Lyon	40,000	0.05%

*these shares are held in Jarvis Investment Management Nominees Limited

4.2 Director Options

Two directors have been awarded unapproved options with the Company as set out in the following agreements:

- an agreement with Stonedale Management and Investments Ltd (a company wholly owned by Simon Retter) dated 31 March 2019 granting an option over 500,000 shares at an exercise price of £0.02 per share, of which 250,000 options vested on signing of the agreement and 250,000 options will vest upon Admission; and
- an agreement with Nicholas Nelson dated 14 May 2019 granting an option over 1,000,000 shares at an exercise price of £0.02 per share, of which 350,000 options vested on signing of the agreement, 325,000 options will vest upon Admission and 325,000 options will vest upon the first revenue from any product sold by the Group.

4.3 Director Facility Agreement

On 16 August 2019, the Company (as borrower) and Stephen Bamford (as lender) entered into a facility agreement to provide for an unsecured loan facility in a total principal amount of up to £300,000. Under the facility, loans are available to be drawdown by the Company for its general working capital requirements at any time during the term of one year. Any loans drawn under the facility will be interest free. All loans drawn by the Company under the facility will be repayable by the Company in full at the end of the one-year term, or immediately repayable if the Company suffers an insolvency event.

4.4 Director Facility Agreement

On 11 December 2019, the Company (as borrower) and Graham Lyon (as lender) entered into a facility agreement to provide for an unsecured loan facility in a total principal amount of up to £50,000. Under the facility, loans are available to be drawdown by the Company for its general working capital requirements at any time during the term of one year. Any loans drawn under the facility will be interest free. All loans drawn by the Company under the facility will be repayable by the Company in full at the end of the one-year term, or immediately repayable if the Company suffers an insolvency event.

5. FORMER DIRECTORS LOANS

As a means of providing working capital for the Company, during the year commencing 30 June 2018, two former Directors (who have recently resigned as directors but remain shareholders) have loaned in total £228,550 to the Company. This debt is documented in two loan agreements, which include commitments to allot new shares as follows:

- a loan of £113,775 from Gary Bostock as documented under a loan agreement dated 12 June 2019 under which £101,599.50 of the loan shall be applied as a subscription for new shares on the same terms as the Advance Subscription Round. The remaining outstanding loan of £12,175.50 shall be repayable on demand and no later than 31 December 2019; and
- a loan of £114,775 from Rodney Weinberg as documented under a loan agreement dated 12 June 2019 under which £102,599.50 of the loan shall be applied as a subscription for new shares on the same terms as the Advance Subscription Round. The remaining outstanding loan of £12,175.50 shall be repayable on demand and no later than 31 December 2019.

6. DIRECTORS' SERVICE AGREEMENTS & LETTERS OF APPOINTMENT

6.1 The following agreements have been entered into between the Directors and the Company:

- (a) Under a Service Agreement dated 22 July 2019, between the Company (1) and Nicholas Christian Paul Nelson ("**Mr Nelson**"), Mr Nelson has been appointed as Chief Executive Officer with effect from Admission, such agreement to continue indefinitely subject to termination by either party giving the other party six months' notice in writing. The Company will pay to Mr Nelson salary at the rate of £78,000 per annum with effect from Admission, which will increase to £90,000 per annum on the commencement of sales of Berol® 6446 and Berol® 6430.
- (b) Under a Service Agreement dated 22 July 2019, between the Company (1) and Simon James Retter ("**Mr Retter**"), Mr Retter has been appointed as Finance Director, such agreement to continue indefinitely subject to termination by either party giving the other party three months' notice in writing. The Company will pay to Mr Retter salary at the rate of £36,000 per annum with effect from Admission
- (c) By a letter of appointment dated 29 November 2019 between the Company (1) and Stephen James Bamford ("**Mr Bamford**"), Mr Bamford has been appointed as a non-executive director with an expectation that he will serve an initial three-year term. The Company will pay to Mr Bamford fees at the rate of £3,000 per month.
- (d) By a letter of appointment dated 23 May 2019 between the Company (1) and Ingeborg Majken Korsgård Petersen ("**Ms Petersen**"), Ms Petersen has been appointed as a non-

executive director for an initial term of three years commencing on 14 November 2018. The Company will pay to Ms Petersen fees at the rate of £24,000 per annum.

- (e) By an agreement for provision of non-executive director/chairman services between the Company and dated 28 November 2019 between the Company (1) and Soncer Limited (2), Graham Victor Lyon (“Mr Lyon”) has been appointed as a non-executive director in the role of Chairman with an expectation that he will serve an initial three-year term. The Company will pay fees relating to Mr Lyon’s appointment fees at the rate of £3,000 per month plus VAT.

6.2 Save as set out in this paragraph 6, there are no existing or proposed service agreements, consultancy agreements or letters of appointment between any of the Directors and any member of the Group.

6.3 There are no arrangements under which any Director has agreed to waive future emoluments nor have there been any waivers of such emoluments during the financial year immediately preceding the date of this Document.

6.4 No remuneration was paid or benefits in kind granted to the Directors in the financial year ended 31 March 2019. It is estimated that, under the agreements in force at the date of this Document, the aggregate remuneration payable and benefits in kind to be granted to the Directors in the financial year ending 31 March 2020 will be up to £115,500.

7. ADDITIONAL INFORMATION ON THE BOARD

7.1 Details of the Directors and their functions in the Company are set out in paragraph 8 of Part I of this Document under the heading “The Management Team”.

7.2 In addition to directorships of the Company, the Directors hold or have held the following directorships (including directorships of companies registered outside England and Wales) or have been partners in the following partnerships within the five years prior to the date of this Document:

Director	Current Directorships /Partnerships	Past Directorships /Partnerships
Graham Lyon	Clarion Petroleum Limited Cleve Cross Court Management Co. Limited Kwark Energy Limited Sealion Power UK Limited Sealion Power (PVT) Limited (Sri Lanka) Soncer Bel BVBA (Belgium) Soncer CYP Limited (Cyprus) Soncer Limited SulNOx Group Plc Tate Petroleum Limited	Campion Close Freeholders Limited Hawkey Oil & Gas Limited Infrastrata Plc Mena Hydrocarbons Plc Parkland Management Co. Limited Petro-Canada Energy North Sea Ltd. Range Resources Limited Suncor Energy Intl Trading Limited Suncor Energy UK Holdings Limited Suncor Energy UK Limited Tarbagatay Munay LLP The Exchange RTM Limited
Nicholas Nelson	SulNOx Group Plc SulNOx Fuel Fusions Limited SulNOx Research & Development Ltd	Agana Holdings Plc Equatorial Mine & Exp Limited Desert Rock Exploration (Nigeria) Ltd Rustington Inc (Dissolved) Equatorial Mining & Exploration Plc Ducat Ventures Plc Matthews Flower Group Plc Amasya Resources Limited Anwen Seychelles Ltd (Dissolved)

		Adams Plc Nerys Seychells Ltd (Dissolved) Optibiotix Health Plc
Simon Retter	CTFR Holdings Ltd Equatorial Mining & Exploration Plc Horizonte Minerals PLC Horizonte Exploration Limited HRC World Plc I-Med Aesthetics Ltd I-Med Clinics Ltd I-Med Group International Ltd I-Med Treasury Ltd Meso Diamonds(PTY) LTD Rustington Inc Stonedale Management & Investments Ltd SulNOx Group plc SulNOx Fuel Fusions Ltd Tipton Ltd Upham Holdings plc Vertu Capital Limited Zaim Credit Systems Plc Zaim International Limited	Amasya Resources Ltd Africa Rock Resources Ltd African Sports Association Botle Diamonds Pty Ltd Gemstones of Africa Ltd I-Med Animal Healthcare Ltd I-Med Sport Ltd I-Med Medical Therapy System Ltd International Diamond Consultants Ltd LAN Greenfield Limited LAN Group Plc Mamo Jos Limited MDMS Online Ltd Meso Diamonds Mauritius Ltd Mindex Ltd Obtala Ltd Paragon Diamonds Mauritius Ltd Paragon Diamonds Ltd Sierra Leone Hard Rock Ltd Skinside UK Ltd TriSkin Ltd Uragold Ltd Vale International Group Ltd Woodbois Services Limited
Stephen Bamford	SulNOx Group Plc SFF Nominees Limited	IDC Advisory Limited (in liquidation) International Water Services Plc SulNOx Bioclear Ltd XOG Limited X E Solutions Ltd Ximax Environmental Ltd
Majken Petersen	SulNOx Group Plc Danders & More Advokatpartnerselskab DM Komplementar Advokatanpartsselskab E Foqus Danmark A/S E Foqus Holding ApS E Foqus International A/S Glomaris A/S Noer & Kofod Wines A/S Resources Denmark ApS	Danders & More Advokatfirma I/S Appartsselskabet af 22.11.2011 Logio Consulting A/S NPI A/S Front Fuel A/S ManCoFi A/S

7.3 The following table sets out details of any administrations, receiverships or insolvent liquidations (including company or partnership voluntary arrangements) of a company or partnership where a Director was a director or partner at the relevant time or during the twelve months preceding such events:

Director Name	Company or Partnership Name and details
Nicholas Nelson	<p><i>Mmultimedia Factory (U.K.) Ltd</i></p> <p>In 1997, Nicholas Nelson was a director in Mmultimedia Factory (U.K.) Ltd (also known as Multimedia Factory (UK) Ltd) that was subject to a winding up order due to the deficiency towards creditors amounting to GBP 44,014.00. As the amounts due were mainly loans and expenses of directors, no further action was taken and the winding up process was closed.</p>
Stephen Bamford	<p><i>IDC Advisory Limited</i></p> <p>On 21 December 2005, the court issued a resolution ordering the subject company to be wound-up under the provisions of the Insolvency Act of 1986. This resolution came as a resolute of a petition filed by the creditors King & Shaxson Capital Limited presented on 29 June 2005. The Practitioner handling this case is the Official Receiver of London. As of the date of completion of this report, no further developments have been reported.</p> <p><i>International Water Services Plc</i></p> <p>This company has had three insolvency cases. The first instance took place on 5 July 2013, by which the company was placed under administration. At the time the practitioners handling the case were Stephen John Evans and William Antony Batty. The Company's Administration ended on 3 July 2014.</p> <p>The second insolvency case started on 14 November 2013 when the company entered in a corporate voluntary arrangement (CVA). William Antony Batty was the appointed Practitioner of this CVA. The same ended on 22 December 2014.</p> <p>Lastly, during a general meeting of the members of the subject company dated 4 February 2019, the subject company passed a resolution stating that the company should be voluntarily wound up. The members agreed to appoint James Edmund Patchett and Martin Charles Armstrong as Joint Liquidators of the company. The Liquidators Fees were fixed at the amount of GBP 12,500 plus taxes. The company is still in the process of winding up and is yet to be dissolved.</p> <p><i>X E Solutions Ltd.</i></p> <p>During a general meeting dated 28 January 2016, this company passed a resolution stating that the company could not, by reason of its liabilities, continue its business operations, and was advised to voluntarily wind up.</p> <p>As a result of this resolution, William Antony Batty was appointed by the Members and Creditors as Liquidator of the subject company. The company is still in the process of winding up, and the latest status report for the year 2018 was filed on 27 January 2019. The next progress report is due on January 2020.</p> <p><i>Open Golf Centres Limited</i></p> <p>The company has had two insolvency cases. The first was an order to place the company under administration on 23 April 2001, whereby an administrator receiver was appointed on 25 November 2002.</p> <p>The second instance took place on 20 February 2003 following a court resolution ordering to company to be wound up under the provisions of the Insolvency Act of 1986. The resolution came after a creditor presented a petition on 10 January 2003 seeking from the court to declare the company insolvent. The company was ultimately dissolved under the provisions of the Insolvency Act</p> <p><i>SJB Ventures Limited</i></p> <p>On 2 August 2006, Nigel Danhash and another creditor filed a petition before the court to declare the company insolvent. On 1 November 2006 the court ordered the subject company to be wound up under the provisions of the Insolvency Act of 1986. The court ordered the costs of this lawsuit to be paid out of the assets of</p>

	<p>the subject company. On 20 July 2007, Kuldip Chima, on behalf of the Official Receiver & Liquidator, gave notice that the winding-up of the company was completed. As a result, on 30 July 2007 the company was deemed to be dissolved in accordance with Section 201(2), Section 202(5) or Section 205(2) of the Insolvency Act of 1986.</p> <p>Remote Data Systems Limited</p> <p>During an extraordinary general meeting dated 5 November 2001, the subject company passed a resolution stating that the company could not, by reason of its liabilities, continue its business operations, and was advised to voluntarily wind up.</p> <p>As a result of this resolution, Andrew Stoneman and Paul Clark of Menzies Corporate Restructuring were appointed Joint Liquidators of the subject company. On 25 June 2004 the company was ultimately dissolved.</p> <p>Eastmax Ltd</p> <p>During an extraordinary general meeting dated 12 January 2007, the subject company passed a resolution stating that the company could not, by reason of its liabilities, continue its business operations, and was advised to voluntarily wind up.</p> <p>As a result of this resolution, Michael Sutcliffe, a Licensed Insolvency Practitioner, was appointed Liquidator of the subject company. On 11 March 2008 the company was ultimately dissolved.</p>
Simon Retter	<p>Gemstones of Africa Limited</p> <p>On 11 June 2018, under creditor's voluntary liquidation, the winding up proceeding of Gemstones of Africa Limited commenced. Anthony Davidson and Andre McTear were appointed liquidators of the company.</p> <p>The company is due to be dissolved on 25 June 2019.</p> <p>Uragold Ltd</p> <p>On 11 June 2018, under creditor's voluntary liquidation, the winding up proceeding of Uragold LTD Anthony Davidson and Andre McTear were appointed liquidators of the company.</p> <p>The company is due to be dissolved on 25 June 2019</p>

7.4 Save as disclosed in paragraph 7.3 above, as at the date of this Document, no Director:

7.4.1 has any unspent convictions in relation to indictable offences;

7.4.2 has been declared bankrupt or been subject to any individual voluntary arrangement;

7.4.3 has been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which has entered into a company voluntary arrangement or a composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

7.4.4 has been a partner in any partnership which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.4.5 has had any asset belonging to him or her placed in receivership or has been a partner in any partnership which had an asset placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.4.6 has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body); or

7.4.7 has been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

8. MAJOR SHAREHOLDERS

8.1 In addition to the Directors' interests set out in paragraph 4.1, the Company is aware of the following holdings which represent more than 3 per cent. of the Ordinary Shares in issue or voting rights of the Company, immediately following Admission:

Name	Number of issued Ordinary Shares	Percentage of Entire Issued Share Capital at Admission
Nistad Gruppen AS	12,500,000	14.7%
Sungold Escrow Nominees Ltd	4,077,735	4.8%
James Redman Jnr	7,500,000	8.8%
Richard Leggatt	7,170,000	8.5%
Rodney Weinberg	6,597,661	7.8%
Gary Bostock	5,054,058	6.0%
Beverley Shortt	2,875,000	3.4%

9. CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business), have been entered into by the Company in the two years preceding the date of this Document and are, or may be, material.

9.1 Lock-in Agreements

Each of the Directors has entered into a lock-in agreement with the Company and undertaken not to dispose of any Ordinary Shares in which they become interested in for a period of 12 months following Admission. They have also undertaken to use reasonable endeavours to ensure that their Associates also adhere to such lock-in terms.

One of the Company's majority shareholder, Nistad Gruppen AS, which on Admission, will hold 12,500,000 Ordinary Shares, equivalent to an aggregate of approximately 15.3 per cent. in the Entire Issued Share Capital has agreed to enter into similar lock-in arrangements.

Nistad Gruppen AS is the family office of the Nistad family, the former owners of the Norwegian-based low-cost Mekka store chain.

One of the Company's majority shareholder, Sungold Escrow Nominees Ltd, which on Admission, will hold 4,079,335 Ordinary Shares, equivalent to an aggregate of approximately 5.0 per cent. in the Entire Issued Share Capital has agreed to enter into similar lock-in arrangements.

Sungold Escrow Nominees Ltd is the holding company for the business interests of the Bravo family and associates. The Bravo family and related parties hold direct interests in SuINOx Group Plc amounting to a further 1,996,000 shares or 2.4% of the issued share capital at the Admission date.

In addition, each of the following shareholders have agreed to enter into similar lock-in arrangements:

- (a) Gary Bostock who on Admission, will hold 5,054,058 Ordinary Shares, equivalent to an aggregate of approximately 6.0 per cent. in the Entire Issued Share Capital;
- (b) Beverley Shortt who on Admission, will hold 2,875,000 Ordinary Shares, equivalent to an aggregate of approximately 3.4 per cent. in the Entire Issued Share Capital;
- (c) Rodney Weinberg who on Admission, will hold 6,597,661 Ordinary Shares, equivalent to an aggregate of approximately 7.8 per cent. in the Entire Issued Share Capital;
- (d) Julie Graham who on Admission, will hold 1,100,000 Ordinary Shares, equivalent to an aggregate of approximately 1.3 per cent. in the Entire Issued Share Capital;
- (e) James Redman who on Admission, will hold 737,500 Ordinary Shares, equivalent to an aggregate of approximately 0.9 per cent. in the Entire Issued Share Capital;
- (f) James Redman Jnr who on Admission, will hold 7,500,000 Ordinary Shares, equivalent to an aggregate of approximately 8.8 per cent. in the Entire Issued Share Capital;
- (g) Angela Bravo who on Admission, will hold 701,000 Ordinary Shares, equivalent to an aggregate of approximately 0.8 per cent. in the Entire Issued Share Capital; and
- (h) Richard Leggatt who on Admission, will hold 7,170,000 Ordinary Shares, equivalent to an aggregate of approximately 8.5 per cent. in the Entire Issued Share Capital.

Other than the Directors' interests set out in paragraph 4 of Part IV for this Document, none of the Directors hold any Ordinary Shares at the date of this Document.

9.2 Corporate Adviser Agreement/Engagement Letter

Under the terms of a corporate adviser agreement (documented in an engagement letter from ADSL to the Company dated 20 March 2019) between the Company and ADSL, the Company appointed ADSL as its corporate adviser in connection with Admission and the issue of the Ordinary Shares. Under the terms of the letter of engagement the Company agreed to pay ADSL an engagement fee of £15,000 and, a success fee of £50,000 payable upon the admission to NEX Exchange Growth Market, selling commission fee of five per cent of gross proceeds received by the Company from investors introduced by ADSL, one per cent selling commission of gross proceeds received by the Company from third party investors. An annual retainer fee of £2,000 per month is payable quarterly in advance upon admission to NEX Exchange Growth Market.

9.3 ADSL Warrant Instrument

The Company entered into a warrant instrument on 11 December 2019 under which, at Admission, it will issue to ADSL warrants to subscribe for 750,000 Ordinary Shares. The subscription price of the warrants is 50 pence per Ordinary Share. The warrants will have a duration of 5 years from the date of Admission.

9.4 Nouryon Technology License Agreement

The Company has entered into a Technology License Agreement with Nouryon with effective date on 31 August 2018. The agreement shall remain in force for a period of two years from the Effective Date, provided that the Nouryon Agency Agreement (described below) between the parties will be effective for the duration of the Technology License Agreement. Thereafter it may, upon prior written agreement between the parties, continue for an indefinite period. If no agreement on prolongation is made, the Technology License Agreement will terminate automatically after the initial term of two years. If the Technology License Agreement is prolonged for an indefinite term, either party may terminate the agreement by giving twelve months prior written notice. The license granted to Nouryon under the Technology License Agreement is exclusive and worldwide. The license is for the Company's Licensed Know How to manufacture, have manufactured and sell its licenced products (which are the products to be sold as BeroI® 6446 Emulsifier and BeroI® 6430 Conditioner and any other products licensed in the future) under Nouryon's own trademark worldwide together with the right to, under certain conditions, grant sublicenses to others.

SulNOx may not itself exploit the Licensed Know-How or grant others the right to do so during the term of the Technology License Agreement. As compensation for the license, Nouryon shall pay a royalty to SulNOx based on the per kg of the Licensed Product sold to customers and for which Nouryon has received payment.

9.5 Nouryon Agency Agreement

SFF has entered into an Agency Agreement with Nouryon with effective date 31 August 2018. The Agency Agreement shall remain in force for a period of two years from the effective date, provided that the Technology License Agreement between the parties is in force for the duration of the agreement. Thereafter it may, upon prior written agreement between the parties, continue for an indefinite period. The Agency Agreement will, even if it is renewed, expire automatically five years after the Effective Date.

If no agreement on prolongation is made, the Agency Agreement will terminate automatically after the initial term of two years. If the Technology Agreement is terminated or expires, the agreement will terminate simultaneously. If the agreement is prolonged for an indefinite term, either party may terminate the agreement by giving twelve months prior written notice.

According to the Agency Agreement, Nouryon appoints SFF to promote and solicit orders for the Products (Berol® 6446 (emulsifier) and Berol® 6430 (conditioner)) on behalf of Nouryon in the Industry (which means for Berol® 6446, the fuel emulsion industry with oil as the continuous phase and water as the dispersed phase and for Berol® 6430, the power generation industry using liquid hydrocarbon fuel or fuel emulsion (defined as oil as the continuous phase and water as the dispersed phase)) in the Territory, which is worldwide.

SFF may not solicit orders from distributors, dealers or resellers of the Products. Nouryon shall not appoint third parties to promote or solicit orders for the Products on behalf of Nouryon from customers in the Industry in the Territory and shall not directly promote or solicit such orders. Nouryon may discontinue manufacturing/sale of any Product and in such case such Product will be removed from the Agency Agreement without any liability of any of the parties. If all Products are removed from the agreement, the agreement shall terminate automatically without any liability of any of the parties. The agreement further contains minimum order targets, to be met by SFF each contract year. If the targets are not met, Nouryon shall be entitled, at its sole discretion, to directly promote or solicit orders for the Products from customers in the Territory or terminate the agreement with immediate effect.

For each Product, Nouryon shall pay to SulNOx Fuel Fusions Limited an amount equal to the commission rates set out in the agreement times the Net Sales (in short defined as the gross amount actually received by Nouryon from customers in payment for Products purchased pursuant to orders transmitted to Nouryon by SFF, minus any of the following: any reductions in the price, refunds, returns, VAT, other taxes, duties and transportation costs) during each month. The compensation shall be paid in Euros after deduction of any taxes, levies, assessment, duties and other governmental charges. SFF may not, during the term of the Agency Agreement and for two years thereafter, manufacture, advertise, promote, market, distribute, sell or solicit orders (whether as principal or agent for any third party) for any goods which compete with the Products.

Any sales of the Product under the Agency Agreement must be made on Nouryon's terms and conditions of sale, which can be altered unilaterally by Nouryon in its absolute discretion (including in respect of price).

9.6 Nouryon Purchase Order

On 12 June 2019, SulNOx Fuel Fusions Limited, agreed to purchase 20,000 litres of Berol® 6430 fuel conditioner from Nouryon, for a consideration of one hundred and fifty-nine thousand euros (€159,000). The transaction was completed on 31 August 2019.

9.7 Polka Agreement

On 20 June 2019, the Company, SFF, R&D and Polka Asfalt Ürünleri Sanayi Ve Ticaret Limited Şirketi (**Polka**) entered into an agreement under which SFF appointed Polka as its sole customer and seller for the sale of SulNOx products in Georgia and Ukraine (**Territory**) and the termination of a previous agreement between Group, R&D and Polka dated 16 June 2017 (**Previous Agreement**). Prices are to be agreed on an annual basis (or more frequently if required). An initial term of two years, following which the agreement shall continue indefinitely in effect unless either party notifies the other of its intention to terminate this Agreement by giving at least 12

months written notice. 12 months' notice of termination can be given by either party at the end of the initial term. There is an obligation on SFF to repurchase all of the unsold stock held by Polka on termination of the agreement by either party. The Recitals set out that Polka has incurred expenses under the Previous Agreement and that it may issue an invoice to SFF in respect of these costs and that Polka may request that this invoice is satisfied through the issue of 1,000,000 shares.

9.8 Director Facility Agreement

On 16 August 2019, the Company (as borrower) and Stephen Bamford (as lender) entered into a facility agreement to provide for an unsecured loan facility in a total principal amount of up to £300,000. Under the facility, loans are available to be drawn down by the Company for its general working capital requirements at any time during the term of one year. Any loans drawn under the facility will be interest free. All loans drawn by the Company under the facility will be repayable by the Company in full at the end of the one-year term, or immediately repayable if the Company suffers an insolvency event.

10. LITIGATION & ARBITRATION

The Company is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the 12 months preceding the date of this Admission Document which may have or have in such period had a significant effect on the financial position or prospects of the Company.

11. United Kingdom taxation

11.1 General

11.1.1 The following paragraphs are intended as a general guide only and (save where expressly stated to apply to non-UK resident Shareholders) apply only to certain Shareholders who are resident (and, in the case of individuals, domiciled) solely in the UK. The statements relate only to certain limited aspects of the UK tax treatment of holding and disposing of New Ordinary Shares. The statements are not applicable to all categories of Shareholders, and in particular are not addressed to any of the following: (i) Shareholders who do not hold their New Ordinary Shares as capital assets or investments or who are not the absolute beneficial owners of those shares or dividends in respect of those shares, (ii) special classes of Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies, (iii) Shareholders who hold New Ordinary Shares as part of hedging or commercial transactions, (iv) Shareholders who hold New Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or permanent establishment or otherwise), (v) Shareholders who hold New Ordinary Shares acquired by reason of their employment, (vi) Shareholders who hold New Ordinary Shares in an individual savings account or a self-invested personal pension, (vii) (save where expressly stated to apply to non-UK resident Shareholders) Shareholders who are subject to UK taxation on a remittance basis, or (viii) Shareholders who are not resident in the UK for tax purposes.

11.1.2 The following paragraphs are based on current UK tax law and HM Revenue & Customs published practice as at the date of this Document, which is subject to change, possibly with retrospective effect.

11.1.3 The information in these paragraphs is intended as a general summary of the UK tax position. It does not purport to be a complete analysis or listing of all the potential tax consequences of acquiring, holding or disposing of New Ordinary Shares and it should not be construed as constituting tax advice.

11.1.4 Any person who is in any doubt about their tax position or who is subject to taxation in a jurisdiction other than the UK should consult their own professional adviser.

11.2 Taxation of dividends

Withholding tax

- 11.1.5 The Company is not required to withhold UK tax when paying a dividend. This applies regardless of whether the Shareholder is resident for tax purposes in the UK.

Individual Shareholders

- 11.1.6 For the tax year 6 April 2018 to 5 April 2019, UK resident individuals are entitled to a tax-free dividend allowance of £2,000. Dividends received from the Company (when aggregated with taxable dividends and other distributions received from any other source in the same tax year) up to the amount of the dividend allowance will not be subject to UK income tax for UK resident individual Shareholders. Dividends within the dividend allowance which would otherwise have fallen within the basic or higher rate bands will still use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.
- 11.1.7 To the extent that dividends from the Company received in a tax year (taking account of taxable dividends and other distributions received from any other source in the same tax year) exceed the dividend allowance, they will be subject to UK income tax at the basic, higher or additional dividend income rates. For the tax year 6 April 2018 to 5 April 2019, those rates are 7.5 per cent., 32.5 per cent. and 38.1 per cent. respectively. When calculating a UK resident individual Shareholder's overall UK income tax liability, including when determining into which tax band any dividend income falls, dividends are treated as the top slice of the Shareholder's income.

Corporate Shareholders

- 11.1.8 Shareholders who are within the charge to UK corporation tax in respect of dividends received from the Company will be subject to UK corporation tax at 19 per cent. (falling to 17 per cent. from 1 April 2020) on the dividends received, unless the dividends fall within an exempt class or certain other conditions are met. Whether an exemption applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that dividends paid by the Company would normally be exempt.

11.3 Taxation of chargeable gains

- 11.1.9 If a Shareholder disposes (or is treated for UK tax purposes as disposing) of all or some of their New Ordinary Shares, a liability to UK tax on chargeable gains may, depending on their circumstances and subject to any available exemptions or reliefs, arise. A chargeable gain or allowable loss is generally calculated by reference to the consideration received (or treated for UK tax purposes as having been received) for the disposal less the allowable cost to the Shareholder of acquiring the New Ordinary Shares.

Individual Shareholders

- 11.1.10 Subject to the availability of any exemptions, reliefs or allowable losses, a gain realised on a disposal of New Ordinary Shares by a UK resident individual Shareholder will generally be subject to UK capital gains tax at the current rates of 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers). Each individual has a UK capital gains tax annual exemption each tax year (£11,700 for the tax year 6 April 2018 to 5 April 2019): chargeable gains realised by a UK resident individual Shareholder up to that amount are not subject to UK capital gains tax.
- 11.1.11 An individual Shareholder who disposes of New Ordinary Shares whilst temporarily non-resident in the UK for UK tax purposes may be liable to UK capital gains tax on any chargeable gain realised on the disposal on their return to the UK.

Corporate Shareholders

- 11.1.12 Subject to the availability of any exemptions, reliefs or allowable losses, a gain realised on a disposal of New Ordinary Shares by a Shareholder within the charge to UK corporation tax in

respect of its New Ordinary Shares will generally be subject to UK corporation tax at the current rate of 19 per cent. (falling to 17 per cent. from 1 April 2020).

11.3 Stamp Duty and Stamp Duty Reserve Tax

11.1.13 The following paragraphs are intended only as a general and non-exhaustive guide to the UK stamp duty and stamp duty reserve tax ("SDRT") position in relation to New Ordinary Shares under current UK law. They apply in relation to New Ordinary Shares irrespective of the residence or domicile of the relevant Shareholder or prospective Shareholder. They do not apply in relation to any issue or transfer of New Ordinary Shares to, or to a nominee or agent for, a depository receipt issuer or clearance service operator, or to persons such as market makers, brokers, dealers or intermediaries.

11.1.14 The issue of the New Ordinary Shares by the Company will not be subject to UK stamp duty or SDRT.

11.1.15 Transactions in shares such as the New Ordinary Shares are exempt from UK stamp duty and SDRT where those shares are admitted to trading on a Recognised Growth Market, but they are not listed on a Recognised Stock Exchange. NEX is a Recognised Growth Market. As a result, it is expected that purchases of New Ordinary Shares should not be subject to either UK stamp duty or SDRT if and for so long as the shares are admitted to trading on NEX, but they are not listed on any Recognised Stock Exchange and NEX continues to be a Recognised Growth Market.

11.1.16 Should this growth market exemption not be available, the following would apply:

11.1.17 Transfers on sale of New Ordinary Shares in certificated form will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer, rounded up if necessary, to the nearest multiple of £5.00. The purchaser generally pays the UK stamp duty. An exemption from UK stamp duty will be available on an instrument transferring New Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

11.1.18 An unconditional agreement to transfer New Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. However, if a duly stamped or exempt transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is generally the liability of the purchaser.

11.1.19 Agreements to transfer New Ordinary Shares within the CREST system will generally be liable to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of New Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration in money or money's worth.

12. SIGNIFICANT CHANGE

12.1 There has been no significant change in the financial or trading position of the Company from 31 March 2019, being the date of the financial statements set out in Part III, to the date of this Document

13. RELATED PARTY TRANSACTIONS

None save the following transactions:

- (a) The Former Director Loan agreements with each of Rodney Weinberg and Gary Bostock summarised in paragraph 5 of Part IV of this Document;

- (b) the Lock-in Agreements described in paragraph 9.1 of Part IV of this Document;
- (c) the Directors' service contracts summarised at paragraph 6.1 of Part IV of this Document;
and
- (d) the director share option agreements summarised in paragraph 4.2 of Part IV of this Document.

14. GENERAL

- 14.1** No financial information contained in this Document is intended by the Company to represent nor constitute a forecast of profits by the Company nor constitute publication of accounts by it.
- 14.2** The total costs and expenses in relation to Admission payable by the Company are estimated to amount to approximately £235,000 (excluding VAT).
- 14.3** On Admission, the Company will have cash resources of approximately £104,000 after expenses. The current funds are sufficient to fund the proposed uses stated in Paragraph 14 of Part I of this Document.
- 14.4** On 16 August 2019, the Company (as borrower) and Stephen Bamford (as lender) entered into a facility agreement to provide for an unsecured loan facility in a total principal amount of up to £300,000. Under the facility, loans are available to be drawdown by the Company for its general working capital requirements at any time during the term of one year. Any loans drawn under the facility will be interest free. All loans drawn by the Company under the facility will be repayable by the Company in full at the end of the one-year term, or immediately repayable if the Company suffers an insolvency event.
- 14.5** The Company's accounting reference date is 31 March.

15. WORKING CAPITAL

- 15.1** The Board is of the opinion that, having made due and careful consideration, the working capital available to the Company will be sufficient for its requirements that is for at least the next 12 months from the date of Admission.

16. AVAILABILITY OF DOCUMENTS

- 16.1** This Document is available to view on the Company's website at <https://sulnoxgroup.com>. In addition, hard copies of this document may be collected from the Company's registered office and the offices of ADSL.

Dated: 12 December 2019