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25 August 2022

SulNOx Group Plc (the "Company" or "SulNOx")

Final Results and Audited Annual Report and Accounts for the Year to 31 March 2022

Notice of Annual General Meeting

(Aquis Stock Exchange: SNOX)

Final Results

The Board of Directors of SulNOx is pleased to announce the publication of the audited annual report and accounts for the year to 31 March 2022 (the "**Annual Report**").

The Annual Report will be published on the Company's website in compliance with its articles of association and the electronic communications provisions of the Companies Act 2006. A copy of the Annual Report can also be accessed through the link below.

[Annual Report](#)

Key extracts from the Annual Report can also be viewed below.

Ben Richardson, CEO, commented, "You will see from the below statements that SulNOx is at an inflexion point – revenues are developing rapidly as sales cycles complete or shorten dramatically and new sales organisations make their first orders following impressive evaluation results. Whereas we supplied product free of charge for evaluations at the start of the financial year, most are now paid for and expanding across multiple industries and geographies.

Having talked to prospective clients and reviewed the marketplace over the last 12 months, it is clear that there is no other viable energy transition stock which can make such immediate impacts on fuel consumption and emissions reductions. There are no other products with the full gambit of mechanisms, no others which have the green credentials to satiate the demand for ESG and Green solutions by the world's largest consumers of fossil fuels.

Every day we now have incoming enquires, sales are made on Amazon or directly on our website and we fully expect SulNOx sales to continue to build rapidly and be monthly cash-flow positive by the end of next year, knowing that in reality only 1 meaningful order from the >1,000 prospective clients in the pipeline could achieve this and more at any time before then."

Notice of Annual General Meeting

The Company's Annual General Meeting for the year ending 31 March 2022 will be held at 12 noon on 20 September 2022 at the Groucho Club, 45 Dean Street, Soho, London W1D 4QB (the "**AGM**"). The notice of the AGM will be posted to shareholders today and a copy will be added to the Company's website, <https://sulnoxgroup.com/investors/>.

Any shareholders who wish to attend should RSVP to accounts@sulnoxgroup.com at least 48 hours in advance as the venue requires details of attendees.

In keeping with the Company's green ethos, and in accordance with the provisions of the Company's articles of association, this year we are sending only the required "NOTICE OF ANNUAL GENERAL MEETING" by post, whilst the annual report and audited financial statements will be posted on the SulNOx website (<https://sulnoxgroup.com/investors/>).

Modified Audit Report and Quarterly Management Statement

Extract from the Independent Auditor's Report - Conclusions relating to going concern

"We draw your attention to page 6 of the financial statements which indicates that the Group's ability to continue as a going concern is reliant on meeting its forecast sales and if these are not met, are dependent on raising additional finance. As stated in page 6, these conditions, along with other matters set out in note page 6 indicate a material uncertainty exists that may cast significant doubt on the group and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We identified going concern as a key audit matter based on our assessment of the significance of the risk and effect on our audit strategy."

In accordance with AQSE Apex Rule 4.3, the Company provides the following Quarterly Management Statement:

- A Trading Update covering the quarter to 30 June 2022, was announced on 30 June 2022 and can be viewed on the Company's website;
- As stated in Note 29 of the Annual Report, there were no significant balance sheet events in the quarter to 30 June 2022; and
- Group cash balances as at 30 June 2022 were £603,904.

- Ends -

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Chairman's Statement

2022 has been in many ways an extraordinary year. The war in Ukraine, the slowdown of the pandemic (not the end) and sky-rocketing energy prices which have led to inflationary pressure not

seen in over 40 years. While these combined events have added challenges to SulNOx's business plans, they have not deterred us from achieving our 2022 full year plan.

As non-executive Chair of your board, I am acutely aware of the surrounding business challenges and together with the board, remain confident that the plans that we set out to accomplish have for the most part been achieved. Our priorities were and remain, weathering the issues we inherited from the former management team and placing the Company into a position where it can convert contacts into sales. Specifically, putting together a tightly knit management team, the implementation of proper corporate governance, initiation of product trials with qualified clients and redefining the company's positioning and product targeting industry and the general public was from the outset our main goal. The entire board was unanimous in its support of this action plan which I believe has now clearly established a solid footing for us to capitalize and convert sales from the multiple evaluations now underway.

The energy squeeze in Europe and the recent, extraordinary passage of carbon tax legislation in the United States also provide a tremendous opportunity for SulNOx as companies, government and institutions reconsider all options to reduce their carbon footprint, improve fuel efficiency and blunt the impact of rising energy costs for households on all seven continents across the globe. We have the right product, an expanding network of potential customers and with the current management team to execute our plan, SulNOx is gaining momentum.

Having now sold product in 17 countries worldwide and to around 90 clients in the first 4 months of 2023, I believe we are at the "knee of the revenue curve". New evaluations are now paid for by clients and several are ongoing with major global companies, reassured by certification from Bureau Veritas, Lloyds Register and Hochschule Wismar University, to name a few. Rising sales from an expanding worldwide ISO (Independent Sales Organisation) and introducer base of c. 60 demonstrate our commitment to becoming a significant and successful part of the energy transition from fossil fuel to a reduced carbon emission world and we are proud of our current positioning within this fast paced and critical sector.

That being said, it will likely take time and potential additional investment to bridge the gap between the final stages of client product evaluations and ultimate sales, but we remain focused and committed to converting our current and growing pipeline into revenue and ultimately shareholder value. To underscore our commitment, we have recently made significant budget cuts to reflect the delayed projected sales target, however, we have not compromised the effectiveness of the team nor its ability to execute our plan.

There remains still much hard work ahead as we enter the next phases of our project development, but we move forward encouraged and emboldened by the feedback from our clients, the market and industry experts and by our progress and shareholder support to date. This journey will still require patience and we are confident that over time, SulNOx will be a more valuable company for its shareholders and bring a wider benefit to the society that we live in.

I would like to thank the executive team Ben Richardson, Steven Cowin, the entire SulNOx board for their leadership and the hard work throughout this difficult year and I am grateful for the continued support from the shareholders who are acutely aware of the steps that we have taken to ensure SulNOx's success moving forward.

I look forward to working together in 2023.

Radu Florescu – Chairman

Extract from Strategic Report

Business review

The Statement of Comprehensive Income and Statement of Financial Position for the year are set out on pages 21 and 22 respectively. A review of developments affecting the Company during the year and of its prospects for the future appear in the Chairman's Statement on page 2.

Whilst the Group is now selling regularly to retail and corporate customers, at the time of this report sales were largely limited to small volumes for client evaluations, therefore has low revenues to report for the current year. During the year ended 31 March 2022, the net increase in cash in the period was £1,023,117 (2021 decrease: £45,463) resulting in cash and cash equivalents as at 31 March 2022 of £1,065,388 (2021: £42,271).

Key performance indicators

The Key Performance Indicators (“KPIs”) for the Company are listed as follows:

| | 2022 | 2021 £ |
|---------------------------|--------------|--------------|
| Earnings/(loss) per share | (2.16) pence | (0.96) pence |

During 2022, the Company matured significantly. Whilst sales nearly doubled from £17.9k in 2021 to £33.5K, 2021 was predominantly about putting the pieces in place for significant growth in 2023. Some of the key highlights included:

- The Board was shuffled with the move of Radu Florescu from CEO to Non-Executive Chairman and Ben Richardson from COO to CEO and strengthened with key hires of Steven Cowin (CFO) and Lord Nicholas Fairfax as Non-Executive Director and head of marine business;
- SulNOx met the criteria and was appointed to the Apex, Top Tier of the Aquis Growth Market;
- Patent approvals were sought in c.80 countries;
- A PR firm was hired and we have now achieved reader reach of >50million over the last 12 months;
- The number of ISOs and introducers has gone from being negligible to >50, including a number in the USA;
- The number of prospective clients is now >1,000 with significant household names recently announced and regular sales now being experienced;
- Certification of the SulNOx Eco™ products have included fuel standards for both petrol and diesel in the USA and for Very Low Sulphur Fuel Oil (VLSFO) and Marine Gas and Diesel oil by Lloyds Register.

Future developments

Whilst The Chairman’s Statement provides high level information on the outlook for the Company, more specifically SulNOx will focus on the following in the next 12 months:

1. Industry Sectors:
 - a. Shipping: With the price of fuel at unprecedented levels and looking set to continue due to the prolonged Russian/Ukrainian conflict and the advent of new shipping regulation, shipping remains a top industry focus for SulNOx. Our declared 25 shipping trials expected to commence in the next 6-9 months points to significant revenues in the evaluation alone, before full scale fleet adoption. Our German ISO has already purchased >2,000 litres of SulNOx but the expectation is for at least 9,000 more by year end, and an estimate of c. £3million of revenue per annum should a fleet of 30 typical tankers adopt SulNOx. The advent of the Carbon Intensity Indicator (CII) regulation from January 2023 will also play an increasing role in shipping adoption of the SulNOx product. CII is a measure of how efficiently a ship transports goods or passengers and is given in grams of CO₂ emitted per cargo-carrying capacity and nautical mile – SulNOx improves both fuel consumption and reductions of Green Houses Gases,
 - b. Construction and Mining: Clients and their procurement departments are increasingly demanding greener construction. With demonstrable improvements in the air quality from generator trials and reduced consumption of c.10% in loaders, 8% in trucks and 6.5% in Vans, the construction industry enables quick and cumulatively significant revenue opportunities. Direct sales now materialising from SulNOx.com
 - c. Power Generation: There is a focus on particulate matter reduction in large burners in powerplants that consume vast quantities of residual fuels, representing significant revenue potential.

- d. Transportation and logistics: New evaluations emerging within rail and significant orders expected in public transportation following successful and expanding trials across the globe
2. Geographical Expansions:
- a. Further expansion in North America following on from the historic \$369 billion climate, clean energy legislation, where SulNOx can have an immediate impact on environmental justice for disadvantaged communities and by promoting clean vehicles and power sources electricity generation. Multiple evaluations with significant fuel consumers in train.
 - b. Further buildout in Europe: Expected significant revenues from Germany and Switzerland and growth in UK, Spain, France and various Eastern European countries with evaluations now underway.
 - c. Significant enlargement of African footprint: SulNOx is going viral amongst everyday drivers in Ghana due to immediate fuel consumption improvements and improved engine performance. Successes also continue in South Africa and new distributor discussions are ongoing in DRC, Namibia, Mozambique, Botswana, Cote d'Ivoire, Uganda, Tanzania, Senegal, Ethiopia, Kenya, Zambia, Zimbabwe, and Nigeria.
 - d. Continued growth in Asia and Oceania: Revenues materialising from initial orders, expected to grow quickly following from impressive evaluation results including with biofuels. New introducers emerging in India, Australia, Indonesia, The Philippines, Malaysia, and South Korea,
3. R&D: Continued product and patent development
- a. Oil Reclamation: First orders emerging with quotations sent. A seemingly inexhaustible demand with limitations of scale to store and process waste oil from engines and cargo in ports globally.
 - b. Pyrolysis: Increasing demand from emerging technologies with both process and product being enhanced by SulNOx.
 - c. Paraffinic fuels: Liquid fuels synthetically created from feedstocks such as natural gas (GTL), biomass (BTL) or coal (CTL); or through hydro-treatment of vegetable oils or animal fats (HVO).
 - d. New University partnerships following on from shipping success with Hochschule Wismar.
 - e. Carbon Credits: An 8% fuel saving from using SulNOx achieves an estimated 160x carbon reduction and scope 3 reporting benefits, Discussions ongoing to create carbon credits and an End-to-End carbon lifecycle analysis underway – an increasing requirement for large businesses to adopt SulNOx.
4. Further partnerships:

SulNOx can deliver on the common goals of cost and emissions reductions whilst providing favourable ESG PR to users, itself enabling increased and improved new business generation from our green credentials. SulNOx is looking to partner with various AI/Machine Learning and blockchain technologies to demonstrate and report the effectiveness of our products. We are also in discussion with emission monitoring technologies which will assist in the aforementioned carbon credit and shipping industry ambitions.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2022

| | Note | 2022 £ | 2021 £ |
|---------------|----------|-----------|-----------|
| Turnover | 433,522 | 17,896 | |
| Cost of sales | (55,671) | (12,380) | |

| | | |
|---|---------------------|-----------|
| Gross (loss)/profit | (22,149) | 5,516 |
| Administrative expenses | (1,953,742) | (861,218) |
| Operating loss | 5(1,975,891) | (855,702) |
| Interest payable and similar expenses | 8(2,085) | – |
| Loss before taxation | (1,977,976) | (855,702) |
| Tax on loss | 92,237 | 32,462 |
| Loss for the financial year and total comprehensive income | (1,975,739) | (823,240) |

All the activities of the group are from continuing operations.

| | | |
|--------------------------------|--------------|--------------|
| Loss in pence per share | 10 | |
| Basic | (2.16 pence) | (0.96 pence) |
| Diluted | (2.16 pence) | (0.96 pence) |

Consolidated Statement of Financial Position

31 March 2022

| | Note | 2022 £ | 2021 £ |
|---|-----------|------------------|-------------|
| Fixed assets | | | |
| Intangible assets | 11 | 7,879,788 | 8,280,334 |
| Tangible assets | 12 | 24,061 | 3,528 |
| | | 7,903,849 | 8,283,862 |
| Current assets | | | |
| Stocks | 14164,467 | | 119,501 |
| Debtors | 1578,051 | | 36,332 |
| Cash at bank and in hand | 1,065,388 | | 42,271 |
| | 1,307,906 | | 198,104 |
| Creditors: amounts falling due within one year | 16259,197 | | 271,154 |
| Net current assets/(liabilities) | | 1,048,709 | (73,050) |
| Total assets less current liabilities | | 8,952,558 | 8,210,812 |
| Net assets | | 8,952,558 | 8,210,812 |
| Capital and reserves | | | |
| Called up share capital | 18 | 1,882,657 | 1,710,057 |
| Share premium account | 19 | 13,322,915 | 11,049,435 |
| Other reserves, including the fair value reserve | 19 | 578,844 | 307,439 |
| Profit and loss account | 19 | (6,831,858) | (4,856,119) |
| Shareholders funds | | 8,952,558 | 8,210,812 |

Consolidated Statement of Cash Flows

Year ended 31 March 2022

| | 2022 £ | 2021 £ |
|---|------------------|-----------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (1,975,739) | (823,240) |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible assets | 3,194 | 1,176 |
| Amortisation of intangible assets | 400,546 | 400,547 |
| Interest payable and similar expenses | 2,085 | – |
| Equity-settled share-based payments | 271,405 | – |
| Tax on loss | (2,237) | (32,462) |
| <i>Changes in:</i> | | |
| Stocks | (44,966) | (8,063) |
| Trade and other debtors | (41,719) | 15,270 |
| Trade and other creditors | (9,720) | 122,072 |
| Cash generated from operations | (1,397,151) | (324,700) |
| Interest paid | (2,085) | – |
| Tax received | | – 42,217 |
| Net cash used in operating activities | (1,399,236) | (282,483) |
| Cash flows from investing activities | | |
| Purchase of tangible assets | (23,727) | – |
| Net cash used in investing activities | (23,727) | – |
| Cash flows from financing activities | | |
| Proceeds from issue of ordinary shares | 2,446,080 | 282,020 |
| Proceeds from borrowings | | – (45,000) |
| Net cash from financing activities | 2,446,080 | 237,020 |
| Net increase/(decrease) in cash and cash equivalents | 1,023,117 | (45,463) |
| Cash and cash equivalents at beginning of year | 42,271 | 87,734 |
| Cash and cash equivalents at end of year | 1,065,388 | 42,271 |