

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF REGULATION 11 OF THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2019/310

28 October 2022

**SulNOx Group Plc (the "Company" or "SulNOx")
Financial Results for the Six Months to 30 September 2022**

(Aquis Stock Exchange: SNOX)

The board of the directors of the Company (the "Board") is pleased to announce its financial results for the six months to 30 September 2022. A copy of these results has been published on the Company's website.

Chairman's Statement

As reported at the AGM, The Company is beginning to see significant traction in the sales of its SulNOxEco™ Fuel Conditioner product and continues to discuss an order for its Berol 6446 product for use in oil reclamation, a huge market opportunity. Over the last 6 months, we have continued to dramatically increase the SulNOx footprint across the globe, achieving multiple successful evaluations across a wide variety of industries. For the first time we have seen sizeable and repeat orders including from Africa, France, Germany, Greece, Spain and the UK and we will continue to drive conversion of these opportunities to larger, meaningful, and sustainable revenues in the months ahead:

- Revenue in the period was £74.8k, more than double the £33.5k total for the previous financial year, and three times the £24.5k for the same period in the prior year. A further £31.5k of sales that were expected before end of Q2 slipped into Q3.
- Looking forward, the revenue pipeline is strong and diversified by geography and industry. Exciting opportunities look set to materialise from shipping evaluations underway or due to start imminently in Azerbaijan, France, Germany, Monaco, Norway, Singapore, and the USA.
- Revenues from evaluations alone can cover SulNOx operating costs, with any subsequent fleet adoptions being significant financial events.
- Additional sales to distributors are expected during the second half of the financial year in Angola, Costa Rica, Morocco, The Philippines, Scotland, South Africa, and the USA. Other sizeable quotations have been recently provided for Bolivia and the Democratic Republic of the Congo, following a successful evaluation.
- On-going and progressing opportunities with Governments, Petrochemical and Power companies also provide "game changing" possibilities.

Whilst revenues demonstrate a "hockey-stick" curve, SulNOx has also significantly reduced run-rate expenses in the last quarter:

- Cash balance was £311k as at 30 September 2022 vs £604k as at 30 June 2022.
- Q2 cash reduction of £297k (c.£100k burn per month) vs Q1 £451k (c.£150k burn per month) demonstrates the expense reduction initiatives executed in the period.

The energy crisis resulting from the Russian invasion of Ukraine has been affecting all countries. Coal and oil-fired power stations are being revived as the UN Framework Convention on Climate Change is stating that climate change mitigation is "not going far enough, fast enough" and "nowhere near the scale of reductions required to put us on track to 1.5C". SulNOx offers green solutions to the world we live in today, where fossil fuels are still very much in demand and will remain so for many years to come, especially in Emerging Markets. The rising cost of fuel and the reduction in OEM investment on internal combustion engines (ICEs) means that the SulNOx products are needed more than ever. Other items of importance include:

- SulNOx has been nominated for the innovation prize at the prestigious Logistics Leadership Awards, demonstrating that SulNOx adopters, and those who encourage SulNOx's use in their supply chains, are

enhancing their green credentials, an increasingly important question when winning new business or indeed retaining existing clients.

- SulNOx is now registered with the EPA in the USA per 40 CFR 79.23 Regulation which further assists with our penetration into the US market.
- SulNOx has also recently developed an online calculator and added it to the website - www.sulnoxgroup.com - to help motorists, fleet managers and other industries, including construction, mining, rail, and shipping clients calculate how much they could potentially save by using SulNOx as well as estimating the positive impact on their carbon footprint.
- SulNOx continues to demonstrate its effectiveness with biofuels and other alternative fuels such as GTL where SulNOx distributor Swiss Fuel Services has demonstrated a fuel consumption improvement of 14.9% over a 3,288 KM evaluation.

KPMG has recently outlined a series of recommendations, including companies shifting from a narrative-driven approach and making better use of data to drive change and provide evidence of action. The stated aim of Cop 27 is also to move “from negotiation to implementation” and be “where words are translated into actions”. With The FCA also proposing new rules around “greenwashing”, the practical and immediate SulNOx green solutions for decarbonisation become more compelling by the day.

Radu Florescu
Chairman.

Enquiries:

SulNOx Group Plc

Steven Cowin, Chief Financial Officer
steven.cowin@sulnoxgroup.com

AQSE Corporate Adviser:

Allenby Capital Limited

Nick Harriss
020 3328 5656

The directors take responsibility for this announcement.

SulNOx Group Plc

Consolidated Statement of Comprehensive income for the 6 months ended 30 September 2022

	Unaudited 6 months to 30-Sep-22 £	Audited year ended 31-Mar-22 £	Unaudited 6 months to 30-Sep-21 £
Revenue	74,805	33,522	24,486
Cost of sales	<u>(64,438)</u>	<u>(55,671)</u>	<u>(24,889)</u>
Gross profit/(loss)	10,367	(22,149)	(403)
Distribution costs	-	-	-
Administrative expenses	<u>(975,069)</u>	<u>(1,953,742)</u>	<u>(723,718)</u>
Operating loss	(964,702)	(1,975,891)	(724,121)
Interest payable and similar expenses	-	(2,085)	-
Loss before taxation	(964,702)	(1,977,976)	(724,121)
Tax on Loss	-	<u>2,237</u>	-
Loss for the financial period and total comprehensive income	<u>(964,702)</u>	<u>(1,975,739)</u>	<u>(724,121)</u>
Earnings per share (pence)	(1.02)	(2.16)	(0.83)

SulNOx Group Plc

Consolidated Statement of Financial Position as at 30 September 2022

	Unaudited 30-Sep-22 £	Audited 31-Mar-22 £	Unaudited 30-Sep-21 £
Non-current assets			
Intangible assets	7,679,545	7,879,788	8,080,061
Property, plant and equipment	21,047	24,061	7,035
	<u>7,700,592</u>	<u>7,903,849</u>	<u>8,087,096</u>
Current assets			
Inventory	143,343	164,467	101,211
Debtors	81,632	78,051	87,156
Cash at bank and in hand	311,109	1,065,388	1,889,399
	<u>536,084</u>	<u>1,307,906</u>	<u>2,077,766</u>
Creditors: amounts falling due within one year	(248,819)	(259,196)	(151,185)
Net current assets	287,265	1,048,710	1,926,581
Total assets less current liabilities	7,987,857	8,952,559	10,013,677
	<u>7,987,857</u>	<u>8,952,559</u>	<u>10,013,677</u>
Net assets	<u>7,987,857</u>	<u>8,952,559</u>	<u>10,013,677</u>
Capital and reserves			
Called up share capital	1,882,657	1,882,657	1,882,657
Share premium account	13,322,916	13,322,916	13,322,916
Share based compensation reserve	578,844	578,844	388,344
Profit and loss account	(7,796,560)	(6,831,858)	(5,580,240)
Shareholders' funds	<u>7,987,857</u>	<u>8,952,559</u>	<u>10,013,677</u>

SulNOx Group Plc

Consolidated Statement of Changes in Equity for the 6 months ended 30 September 2022

	Called Up Share Capital £	Share Premium Account £	Share Based Compensation Reserve £	Retained Earnings £	Total £
Balance at 1 April 2021	1,710,057	11,049,436	307,439	(4,856,119)	8,210,813
Loss of total comprehensive income for the period	-	-	-	(724,121)	(724,121)
Issue of share capital	172,600	2,273,480	-	-	2,446,080
Movement on reserve	-	-	80,905	-	80,905
Balance at 30 September 2021	1,882,657	13,322,916	388,344	(5,580,240)	10,013,677
Loss of total comprehensive income for the period	-	-	-	(1,251,618)	(1,251,618)
Movement on reserve	-	-	190,500	-	190,500
Balance at 31 March 2022	1,882,657	13,322,916	578,844	(6,831,858)	8,952,559
Loss of total comprehensive income for the period	-	-	-	(964,702)	(964,702)
Issue of share capital	-	-	-	-	-
Balance at 30 September 2022	1,882,657	13,322,916	578,844	(7,796,560)	7,987,857

SulNOx Group Plc

Consolidated Cash Flows for the 6 months ended 30 September 2022

	Unaudited 6 months to 30-Sep-22 £	Audited year ended 31-Mar-22 £	Unaudited 6 months to 30-Sep-21 £
Cash flows from operating activities			
Loss for the year after tax	(964,702)	(1,975,739)	(724,121)
Adjustments for:			
Taxation charge	-	(2,237)	-
Amortisation and impairment of intangible assets	200,243	400,546	200,273
Depreciation and impairment of property, plant and equip	3,014	3,194	613
Tax refunded	-	-	-
Share based equity payment	-	271,405	80,905
Movement in working Capital			
Purchase of property, plant and equipment	-	(23,727)	(4,120)
Decrease/(increase) in inventories	21,124	(44,966)	18,290
(Decrease)/increase in trade and other receivables	(3,581)	(41,719)	(50,824)
(Decrease)/increase in trade and other payables	(10,377)	(9,720)	(119,968)
Cash generated from operations	(754,279)	(1,422,963)	(598,952)
Net cash from operating activities	(754,279)	(1,422,963)	(598,952)
Cash flows from financing activities			
Proceeds from issue of shares	-	2,589,000	2,589,000
Share issue costs	-	(142,920)	(142,920)
Repayment of borrowings	-	-	-
Net cash from financing activities	-	2,446,080	2,446,080
Net (decrease)/increase in cash and cash equivalents	(754,279)	1,023,117	1,847,128
Cash and cash equivalents at beginning of year	1,065,388	42,271	42,271
Cash and cash equivalents at end of year	311,109	1,065,388	1,889,399

SulNOx Group Plc

Notes to the Interim Financial Statements

1. General Information

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

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

2. Basis of Preparation

The interim financial statements of the Company and its subsidiaries for the six months ended 30 September 2022, which are unaudited, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the full preceding statutory reporting period is based on the statutory accounts for the year ended 31 March 2022. Those accounts, upon which the auditors, Jeffrey's Henry LLP, issued a report which was unqualified, have been delivered to the Registrar of Companies.

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

The interim financial statements are presented in sterling.

3. Loss per share

Basic loss per share is 1.02p. The basic loss per ordinary share is calculated by dividing the loss of £964,702 by 94,132,843, the weighted average number of shares in issue during this period.

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