



**SulNOx**

# Annual General Meeting Corporate Update

September 2023

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**Purpose of the document:** This document has been written at the request of shareholders to understand the strategy behind the need to attract new equity investment from existing and new investors. The document should be read in combination with “The Strategic Report” included with the materials for the Annual General Meeting.

## Executive Summary:

### **SulNOx initial projections have not materialized due to several factors:**

- Slower results than expected from scientific data, industry certification, OEM approvals, client uptake and testimonials
- Continued scepticism and weariness of additive products, reluctance to be the ‘first’ user – especially evident in shipping & marine
- Reliance upon 3rd party distributors & introducers to sell on our behalf
- Capacity and capability of staff engaged in sales & marketing

### **SulNOx now needs to expand the team (currently 2 FTE) to take advantage of market demand for our products and deliver larger, consistent revenues quicker**

Critical hires for the next phase of company development include experienced industry specialists:

1. Chief Commercial Officer to manage 5x pillar heads (Fuel-storage & distribution, Transportation, Shipping & Marine, Mining & Construction, Waste & Recycling) and to source new, financially committed distributors, manage existing sellers and drive direct sales
2. Board strength –industry experts to introduce contacts and support sales efforts across the pillars
3. Head of Marketing – co-ordinate events, conferences, awards, investor events etc. and structure media presence
4. Technical Head to manage 2x Mechanical Engineers to support the technical sale and analysis - especially in Shipping & Marine
5. COO/CFO – Operations management, special projects, IT, policy & governance discipline and management information

**Research & Development / Product Expansion:** Funding is required for completing Patents and product testing in new markets (details slide 6)

**Timelines:** Raise process expected to commence in October with hires expected to begin in Q1/2-2024

# Need for additional funding

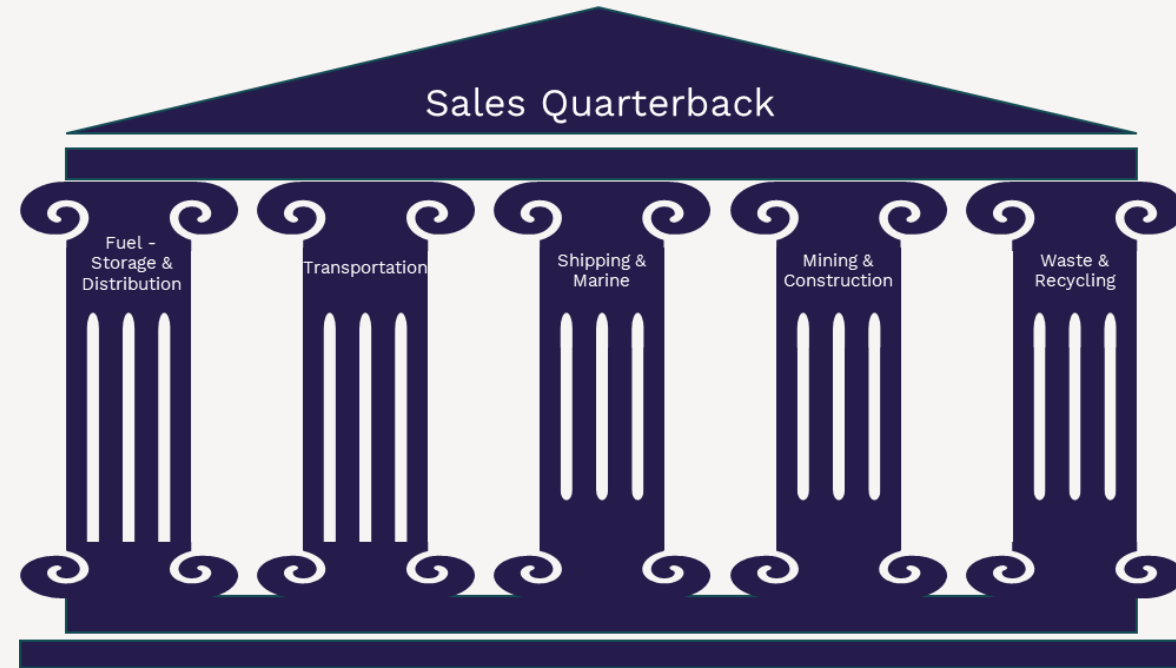
In order to drive growth and sales, a strategic change is essential to take the company from “pre-revenue” to “performing in line with potential”

Costs have been cut significantly, however, PLC requirements (Accountants, Lawyers, Exchanges etc.) demand a minimal level of professional staffing. Small scale distributors and introducers with limited sales forces are unable to guarantee repeat incomes and expand our client network

The previous structure may have been appropriate for an embryonic company, however, SulNOx now has accumulated the science, the client testimonials and a global market demanding immediate green solutions to reduce fuel costs and emissions

Whilst the SulNOx client pipeline today points to larger, repeat revenues, especially with the Strategic introductions from Tergeo, the scale of the market opportunities across the 5 pillars (shown on the right) remains largely untapped – we need to expand from a skeleton team - Board of NEDs, 2 FTEs and 2 consultants to deliver consistent, repeatable revenues and more client focus

By hiring industry specialist salespeople and further technical staff to support, SulNOx can systematically seek out both direct and indirect revenue growth, demonstrate that the sales cycle length can be reduced significantly, and prove that the company is truly at an inflexion point



# Use of Proceeds – to achieve faster & sustainable revenue growth

**Key Hires** to commence post raise with joiners starting Q1-Q2 2024

1. Chief Commercial Officer to manage 5x pillar heads (Fuel-storage & distribution, Transportation, Shipping & Marine, Mining & Construction, Waste & Recycling) to source new, financially committed distributors, manage existing sellers and drive direct sales
2. Board strength – industry experts to introduce contacts and support sales efforts across the pillars
3. Technical Head to manage 2x chemical/mechanical engineers to support the technical sales and data analysis - especially in Shipping & Marine
4. COO/CFO – Operations management, special projects, IT, policy & governance discipline and management information

**Research & Development / Product Expansion** - in response to client demands – to commence post raise Q1-Q2 2024

- Fuel stability studies – key for North America, military and fuel distribution companies
- HVO, Biofuels, Power station and Aviation fuel studies in response to specific client ask
- Carbon Credits - footprint analysis complete – currently seeking methodology and standard approval to generate carbon credits from SulNOx's emission reduction potential. Significant, additional repeat revenues and investor interest if successful
- Patent applications – finalization for existing products & submissions for any new product developments – ongoing expense

**Capital Expenditure** – timing based on client demand

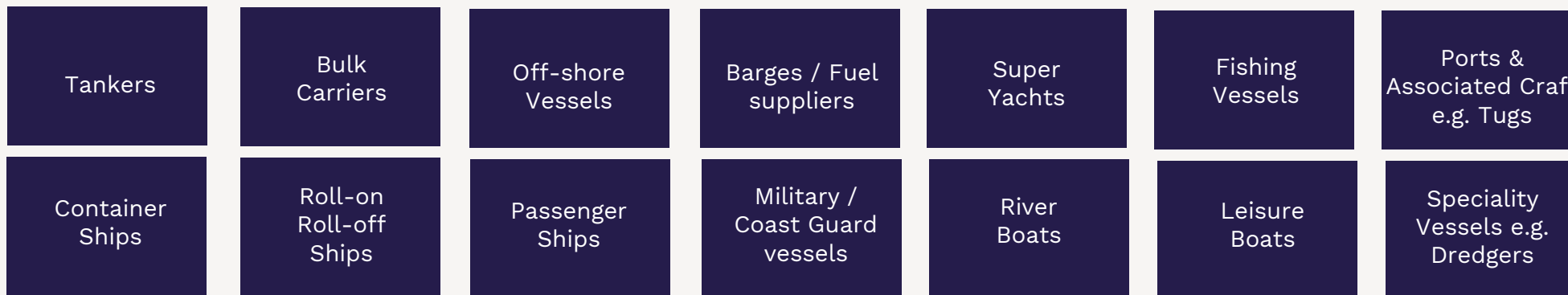
- Emissions monitoring & ultrasonic equipment – reduce evaluation timeline and offer the service direct vs. reliance on 3<sup>rd</sup> party timings
- Dosing system roll-out – trucking, shipping & loaders already under discussion with clients and OEMs
- Increase stock level – minimal stock held currently – new order to be placed imminently

**Marketing, Public Relations and Lobbyists** – to commence post raise Q1-Q2 2024

- Co-ordinate events, conferences, awards, investor communications, industry publications, social media, sponsorships, trade shows etc.

# Sales Focus – 5 Pillars / industry sectors

1. **Fuel - storage and distribution:** Recent hire of David Haughie. The aim of 2024 will be to partner with one or more fuel traders or major oil producers with the idea to **replace their existing additive packages with SulNOx**. Global opportunities ongoing
2. **Transportation:** Aim to **partner with telematics companies** to ensure easy comparisons around not only fuel consumption but also engine efficiencies and where possible emissions reductions. Continued expansion in Europe and Africa and new markets in North America
3. **Shipping & Marine: The key sector for 2024 given shipping fuel consumption and regulations** are already driving considerable interest in SulNOx and successful and meaningful evaluation results now emerging
  - 14 identified sub-sectors to target globally – per below – see AGM “Strategic Report” for more details



4. **Mining & construction:** A very large fossil fuel users with little opportunity to reduce consumption, often due to remote locations and equipment involved unable to be electrified, but facing **increasing shareholder and customer demands to improve ESG credentials**. Continued European growth and expansion in Africa, Australia and North America
5. **Waste & Recycling: Seek new partnerships** with ports and environmental service companies who process “ship slops”, with planned rollout program to all the major ports in South Africa over the coming year, and further around the African, Middle Eastern and Indian coasts over the next 3 to 5 years

# Strategy Execution:

## **Resolution at AGM to issue up to 30m new shares & disapply pre-emption rights**

- Up to 30m shares requested in order to provide capital to achieve growth goals and secure the future of SulNOx
- SulNOx cannot secure debt funding at our current position of maturity – material recurring sales are required to secure
- Should expected sales and conversion of opportunities materialize prior to a raise, then it is expected that <30m shares will be issued in order to limit dilution

## **Target amount**

- To be calculated by the Directors and executive management team, taking into consideration any imminent sales
- The Board and strategic advisors will ensure that adequate funds are raised to allow necessary investment to be made in order to secure the future of SulNOx

## **Timing of fund raise**

- Expected to commence in October and be completed by the end of the calendar year