

COMPANY REGISTRATION NUMBER: 08449586

SulNOx Group PLC
Annual Report and Financial Statements
31 March 2024

SulNOx Group PLC
Annual Report and Financial Statements
Year ended 31 March 2024

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SulNOx Group PLC

Officers and Professional Advisers

| | |
|-------------------------------|---|
| The board of directors | Lord N Fairfax Mr R Florescu Ms K Robinson Mr A Albertini |
| Secretary | Ms K Robinson |
| Registered office | 10 Orange Street Haymarket London United Kingdom WC2H 7DQ |
| Auditor | Gravita Audit Limited Aldgate Tower 2 Lemn Street London E1 8FA |
| Registrar | Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR |
| Bankers | HSBC City of London Branch 60 Queen Victoria Street London EC4N 4TR |
| Nominated advisor | Allenby Capital 5 St Helen's Place London EC3A 6AB |
| Solicitors | Bracher Rawlins LLP 16 High Holborn London WC1V 6BX |
| Company website | https://sulnoxgroup.com |

SulNOx Group PLC

Chairman's Statement

Year ended 31 March 2024

On behalf of the SulNOx Board I am delighted to present the Group's results for the 12-month period ended 31 March 2024.

During the period under review, SulNOx recorded turnover of £544.1k, representing a 167.9% increase from the £203.1k reported for the prior year. Loss from operations was £1,882.5k, compared to £1,907.5k in the prior year.

The reassuring business momentum in the second half of the year was sustained in the first quarter of 2024. The Group's financial performance in the second half was satisfactory and we are further encouraged by sales which have continued to be strong in the first quarter of 2024. Overall, the business in the past 12 months met expectations, while the company has benefited from added momentum in increasing its shipping evaluations across the globe, combined with expanding and repeat sales in Africa and the UK.

Business Review

For the 12 months ended 31 March 2024, marine evaluations increased to total 34 companies which are either evaluate or committed to evaluate, with fleets totalling c.4,000 vessels. This new business generated currently represents c.60% of total turnover and remains a primary focus for future sales opportunities. We believe that the recent addition of product storage facilities in Singapore and Houston will accelerate additional sales, given the importance of these locations in the maritime industry. The Group continues to expand to other global locations for additional storage facilities. While several evaluations are still underway, results from previous evaluations and further results to date underscore our products' benefits in terms of savings on fuel consumption, lower maintenance costs and, of course, significant emission reductions.

Whilst demand for fossil fuels in the West is arguably stagnant, there is increased focus on emission reducing energy transition solutions, which SulNOx products instantly facilitate. We also believe there is a very considerable opportunity for SulNOx products in land-based settings beyond their early adoption in shipping, including in Asia, Africa and the US. The recent uptick from SulNOx's business in Africa continues to follow a positive trend, one we strongly believe will contribute significantly to the bottom line in the current financial year. Specifically, our Ghana business is now on a solid footing and SulNOx has also now attracted orders from neighbouring countries such as Nigeria. This progress has encouraged SulNOx to commit to investing the necessary resources to accelerate business development in the region.

To address SulNOx's expanding portfolio of clients, the company has embarked on strengthening the team by adding several experienced shipping executives, sales and technical support staff. The new team members will be charged with improving our contact network and sales focus, providing technical support and supervision for new and ongoing evaluations, and coordination of logistics to ensure that product supply across the globe is smooth and efficient. Most recently, the company hired a senior consultant based in Houston to assist in the expansion of the US market.

I am also delighted to report the addition of several new shareholders and the increased investment of existing shareholders over the past year. In June 2023, SulNOx welcomed Constantine Logothetis as a new shareholder who later increased his holding and, as of May 2024, has a shareholding in SulNOx of 24.10% making him the largest individual shareholder. Meanwhile Nistad Group, an existing substantial shareholder, increased its shareholding to 14.55%. Additionally, in February 2024, we welcomed Alex Albertini as a new non-executive member of the Board of Directors. As the CEO of Marfin Management, a Monaco based shipping company, Alex brings with him a wealth of experience in the marine sector and his contribution to the Board has already had a major, positive impact. Alex also represents 2.10% of SulNOx shares and, with the added investment by Mr. Logothetis and the Nistad Group, this further underpins the confidence of the marine sector's interest in our products' potential.

SulNOx Group PLC
Chairman's Statement *(continued)*
Year ended 31 March 2024

Prospects

The global economy moved steadily ahead in the second half of 2023, though falling short of a significant upswing. The African market and Asian Marine market, which remain an important focus for SulNOx, are expected to be the key drivers for our business in the second half of 2024. The US and Asian markets share common ground as both are important bases of potential growth in both shipping and land-based consumption of our product. In both markets SulNOx enjoys considerable potential for growth. US customers are known for being innovative and we anticipate that our new US representative can grow market share using his chemical technical background to access markets in areas where SulNOx previously did not have any exposure.

Europe's economy is back on an even keel and is expected to demonstrate slow and steady growth ahead. Accordingly, the Group has invested more manpower resources in the region, on the basis that a stronger European economy is positive for the Group's business development there.

Conclusion

We believe we have the right business strategy in place to address the Group's upcoming opportunities and this will continue to yield further financial rewards. In the process of developing the business over the past few years, SulNOx has continued to enhance resources in sales, operations and logistics, which are geared towards meeting the stringent requirements of future customers. We will continue to extend our business into the geographical areas of the globe where we can access low hanging fruit, and we are confident that our sales strategy will continue to generate increasing revenues. We remain committed to delivering long term value for our shareholders and partners, and will maintain a strategic focus on optimising our current team and resources, whilst continuing with the development of new SulNOx products that underscore our ability to meet the challenges posed by climate change and the need to address global energy demand.

Acknowledgement

On behalf of the Board, I would like to sincerely thank our shareholders, the SulNOx team, business partners and distributors for their hard work and support during this year. We remain committed to developing our business, maintaining its agility and momentum to ensure that we capitalise on the potential of the SulNOx brand and products moving forward.

Radu Florescu – Chairman

Dated

SulNOx Group PLC

Strategic Report

Year ended 31 March 2024

Principal activities

SulNOx Group plc is a greentech innovation company helping industry reduce emissions, lower fuel costs and meet sustainability targets. The company is quoted on the Aquis Stock Exchange (“AQSE”) APEX Growth Market. Its shares were admitted to trading on AQSE on 17 December 2019.

The Company’s principal activity is the invention and development of fuel emulsifier technologies to enable users to significantly reduce fossil fuel consumption, harmful greenhouse gas and particulate matter emissions and to help industry and consumers towards their net zero and other ESG (Environmental, Social and Governance) objectives. SulNOx is an energy transition environmental proposition that quickly delivers significant and evidencable results for customers. The SulNOx products are effective on all liquid hydrocarbon fuels (e.g. gasoline/petrol, diesel) and biofuels and the global sales strategy focuses on five sectors that are heavy polluters and looking to reduce emissions and fossil fuel consumption:

1. Fuel storage and distribution
2. Land Transportation (haulage, logistics, public transport, rail, etc.)
3. Shipping & Marine (commercial and leisure)
4. Mining & Construction (generators and heavy plant)
5. Waste & Recycling, including oil reclamation

Business review

The Statement of Comprehensive Income and Statement of Financial Position for the year are set out on pages 22 and 23 respectively. A review of developments affecting the Group during the year and of its prospects for the future appear in the Chairman’s Statement on page 2.

Full year revenues to 31 March 2024 were £544.1k representing a 167.9% increase from the £203.1k reported for the prior year, with the last two quarters both achieving record levels.

During the year ended 31 March 2024, the net increase in cash in the period was £1,623.9k (2023 decrease: £542.5k) resulting in cash and cash equivalents as at 31 March 2024 of £2,146.7k (2023: £522.9k).

Key performance indicator

The Key Performance Indicator (“KPI”) for the Company are listed as follows:

| | 2024 | 2023 |
|--------------------------|--------------|--------------|
| Earning/(Loss) per share | (1.66) pence | (1.99) pence |

During financial year to March 2024, the Company continued to demonstrate product effectiveness, growing both brand and market presence across the globe. SulNOx also secured the further backing from existing shareholder Nistad Gruppen AS who have increased their shareholding to 14.55%, and also the purchase of ordinary shares by Constantine Logothetis / Tergeo Limited who’s shareholding is 24.10%. The cash injections have enabled additional inventory stock to be purchased and stored in new global locations, important for shipping, including Singapore, Houston and Rotterdam. Mr Logothetis also continues to make significant introductions to new customers and partners, generating an extensive client pipeline and revenue potential for 2024.

Key business highlights from the year include:

- Shipping successes and expansion:
 - Spring Marine adopts SulNOx in its Fleet
 - Chemical Tanker - Verified fuel savings of over 5% for seagoing vessel with two-stroke engine
 - Successful results with Heavy Sulphur Fuel Oil (HSFO) onboard large vessels reducing fuel consumption by more than 3% - facilitating access to up to 28% of global shipping fuel consumption by 2030, according to SPG Global

SulNOx Group PLC

Strategic Report *(continued)*

Year ended 31 March 2024

- SulNOx has also begun its first evaluations for a container ship burning >100 tonnes of fuel per day
- First evaluations underway on a cruise ship – already demonstrating meaningful fuel savings in a sector where a typical vessel can burn between 30 and 50 metric tons of fuel per hour, or an average daily consumption of around 200 to 300 metric tons
- Marfin Management of Monaco - shipping trial demonstrates fuel consumption reductions of up to 6.4%
- Nasdaq listed Seenergy partners with SulNOx to reduce emissions
- New Markets, Growth and Distributor expansion:
 - Africa - first Nigerian distributor
 - Worldoils – first Singaporean distributor, now holding stock and seeking to expand in Fujairah and Indonesia
 - Caribbean – new opportunities from island power generation companies
 - Ghana – Further revenue and future commitments following significant customer progress
 - First rail evaluations underway in a market where approximately 55% of the fuel is still diesel
- R&D successes:
 - In general, SulNOx has continued to demonstrate fuel savings between 5-15% from multiple industry sectors across the globe
 - In a recent, independently monitored generator evaluation, SulNOx demonstrated fuel savings of 14.5% with use of SulNOx EcoConditioner along with PM (2.5 and 10) emissions reductions of 95%, CO₂ reduction of 27%, SO_x reduction of 63% and NO_x reduction of 14%
- Patents:
 - Eurasia Patent Granted
 - China, South Africa and Georgia Patents Granted
 - Indonesia patent granted
- Strengthening the team:
 - Appointment of Non-executive Director - Alex Albertini
 - New Senior Advisor appointment – Brendan Daley
 - New Senior Advisor appointment – David Haughie
 - Hiring of a Head of Technical - Marine
 - US-based technical sales consultant
- Strengthening the Investor Base:
 - In December 2023, the company's largest shareholder, Constantine Logothetis, led a new funding round along with second largest shareholder, Nistadgruppen AS (Nistad) raising £1.8m of new funds to be used for additional R&D, new key hires and meeting global demand for SulNOx products
 - As at the end of May 2024, Constantine Logothetis had a shareholding of 24.10% and Nistad had a shareholding of 14.55%
- Other noteworthy achievements:
 - SulNOx has engaged investor relations firm Capital Access Group (CAG) to work alongside public relations firm Hydra Strategy to target investors who can invest in Aquis stocks. CAG will also write research notes and conduct investor roadshows, webinars and regular communication with investors

SulNOx Group PLC

Strategic Report *(continued)*

Year ended 31 March 2024

- SulNOx has also engaged a carbon market consultancy to investigate how SulNOx and SulNOx products can benefit from carbon credits

SulNOx will focus on the following in the next 12 months:

Industry Sectors / company pillars:

1. Fuel Storage and Distribution

A primary focus for 2024. The strategy remains to partner with one or more fuel suppliers or major oil producers with the aim of enhancing refinery processes and either replace existing additive packages with SulNOx or develop new greener fuels. SulNOx has already seen encouraging partnerships with fuel providers in Africa and aims to expand in both Africa and wider global markets servicing both retail and commercial clients.

SulNOx would need to supply approximately 250 service stations with 200 litres of SulNOx at the pumps in order to become cash flow positive – the current pipeline includes >1,000 service stations in West Africa alone.

2. Land Transportation

SulNOx has encouraged its global distributor network to focus on this sector with a market of some c.345 million trucks and c.3 million buses. In Europe, several household names have conducted successful evaluations, and in Africa we now have several large truck and fuel tanker fleets with recurring monthly orders.

3. Shipping & Marine

- Comprising approximately 60% of SulNOx revenues to date, shipping remains the key sector for 2024 given successful evaluations on several vessel and fuel types. Shipping regulations such as the International Maritime Organization's (IMO's) Carbon Intensity Indicator (CII) came into effect on January 1, 2024. CII aims to reduce CO₂ emissions from ships - at least a 40% reduction from 2008 levels - by 2030 and a 50% reduction by 2050
- By reducing fuel consumption, SulNOx provides a zero capex, immediate solution to improve the CII ratings given to vessels and reduces the need for ship owners to purchase EU Emissions Trading System (EU ETS) on the carbon market
- In addition to the CII, the FuelEU regulation aims to reduce the greenhouse gas (GHG) intensity of energy used on board ships. Reduction targets start at 2% in 2025 and progressively increase to 80% by 2050 against a 2020 reference value, driving the adoption of low-carbon fuel technologies like SulNOx. Of particular interest is SulNOx's ability to improve fuel stability and reduce consumption of biofuels, expected to grow in popularity and use to reduce the "well to wake" average GHG intensity of the energy used on board
- The SulNOx shipping pipeline continues to expand rapidly in both quality and quantity. As at the end of June 2024, the pipeline included 36 shipping companies with a total fleet of c.4,500 who are either already evaluating or who have agreed to evaluate SulNOx in one or more vessels. A further 46 shipping companies have proposed evaluations on fleets totalling c. 4,500 additional vessels.
- SulNOx would need an estimated 40 large ships adopting its fuel conditioners to become cashflow positive

4. Mining & Construction (including generators)

Along with heavy plant and machinery associated with Mining and Construction, the scale of the generator market cannot be overstated. Generators are essential for reliable power supply across diverse sectors, safeguarding critical functions and services. According to Allied Market Research, the global generator market was valued at \$45.9 billion in 2022 and is projected to reach \$74.1 billion by 2032

SulNOx Group PLC

Strategic Report *(continued)*

Year ended 31 March 2024

- In addition to mining and construction and power generation for many island states, generators are ubiquitous for commercial buildings, data centres, events and transportation infrastructure (airports, train stations, and bus terminals). There are also many residential applications especially in developing countries due to power security issues
- With impressive generator results, this market will be another key focus in 2024 across the globe and SulNOx will expand its sales personnel to specifically target this market.
- SulNOx will also seek to partner with generator providers who will either pre-mix SulNOx in provided fuel or introduce and sell SulNOx to their customers

5. Waste & Recycling

- The global demulsifier (separating water from crude and other waste oil) market size is projected to grow from USD 2.53 billion in 2024 to USD 3.45 billion by 2032 according to Fortune Business Insights
- The desire to increase efficiency and sustainability in the oil industry especially in North America is driving demand and SulNOx's ability to split out water to <2% in a green, timely and cost-effective manner gives the Group a significant competitive advantage
- SulNOx will continue to progress the oil reclamation patent across the globe and seek new partnerships with ports and environmental service companies who process 'ship slops'

Geographical Strategy:

- **Americas:** A strategic hire has been made in Houston to grow the North American distributor footprint and provide technical support. SulNOx now has two distributors in Canada, two in the USA, and is in discussion with one in Mexico.
- **Europe:** Encouraging progress is being made in the Greek shipping market and the focus here will continue in 2024 along with growth in Northern Europe, which is also a key market for initial generator sales expansion.
- **Africa:** A key target for 2024 with marked growth of sales expected. Country footprint development in West and South Africa to continue.
- **Asia:** Significant sales expected from the shipping sector in Singapore and both shipping and mining revenues expected to expand in Indonesia. Japan continues to promise longer-term growth potential.
- **Oceania:** Australia continues to offer significant opportunities from transportation of goods by road and rail in 2024, while mining represents a key industry in the region. SulNOx expects the distributor network to further expand in 2024.

Research & Development (R&D): Ongoing projects and expected evolution of SulNOx products:

- R&D projects at SulNOx are designed and targeted at converting prospects into revenue for both direct sales and support for the Group's distributors.
- SulNOx will continue to focus on patent approvals for Oil Reclamation as well as for the remaining Berol® 6446 Heavy Fuel Oils (HSFO) emulsifiers and SulNOxEco™ Fuel Conditioners which enhance all diesel, petrol/gasoline and biofuels, Very and Ultra Low Sulphur Fuel Oils (VLSFO/ULSFO) and other lighter marine fuels

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Strategic Report *(continued)*

Year ended 31 March 2024

- Specific R&D to include:
 - Further generator tests are planned with modern second-generation Biofuels (HVO) and also fully synthetic fuels
 - A collaboration is underway with a world leading fuel supplier to look at the long-term stability (and longevity) of VLSFO and biofuels, which could lead to new product development specifically within the patent designed to work with Biofuels
 - As above, further development of the oil reclamation (aka 'ships slops') programme is planned in the UK. SulNOx has now purchased a new ultrasound unit to assist with this. In tandem with this, the patent is progressing through the various stages and we are hoping to have approval by the end of 2024

Principal risks and uncertainties

The Company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The Board is responsible for approving the Company's strategy and determining the appropriate level of risk. The key risks which the Company faces are formally reviewed quarterly and detailed as follows:

Business and sales performance risk

Business performance risk is the risk that the Company may not perform as expected either due to internal factors or due to competitive pressures in the markets in which it operates. The Company seeks product sales to companies and Government agencies with increasing needs to reduce their costs and emissions.

The Directors determine the marketing and sales strategy and the SulNOx subsidiaries manage direct sales opportunities, Distributors, and introducers in accordance with policy and procedures. By their nature, smaller businesses, whether quoted or unquoted, are more volatile than larger, more established businesses and less robust to withstand economic pressures. SulNOx takes actions to keep the cost base low and secure revenue streams. Distributors and introducers continue to grow in number, geography and maturity with regular, active monitoring of creditor and cash forecasts via the Board.

The risk is that the Company's sales strategies may encounter circumstances that result in a loss of value which could in turn damage the Company's share price.

The Board is of the view that obtaining timely information on the position of its Distributors' sales initiatives is the most effective management tool and to reduce this risk has put in place monitoring reports on the performance of, and regular dialogue with, the Distributors contracted to it. SulNOx mitigates contractual risk through agreements drafted by its solicitors.

Market conditions

Market conditions, particularly in the context of the continuing Russia/Ukraine war, may continue to have a negative impact on the Company's ability to enter new markets on a global scale, thereby not generating acceptable returns. This risk is mitigated by pre-selection of more open markets and economies, and the establishment of local Distributors and Introducers to service businesses locally, and regionally. Also, to partner with global organisations which offer existing infrastructure in the markets we intend to operate in. The risk that SulNOx's manufacturer, Nouryon, cannot supply product is limited by the manufacturer's global network and written guarantees to supply product are in place.

Russia/Ukraine War

Russia's invasion of Ukraine in February 2022 continues to present significant challenges and inflationary pressures on the global economy. Whilst the Russian market afforded opportunities for SulNOx, the continued relatively high oil price and cost of fuel to consumers represents significant opportunities for our products.

Brexit

The UK's withdrawal from the European Union continues to have knock-on impacts around administration and taxation, and potentially increased market volatility which could make it more difficult to transact business in Europe. The Company continues to monitor the situation closely and has set up facilities in the Netherlands which now fulfil European orders.

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Strategic Report *(continued)*

Year ended 31 March 2024

Funding Risk

Recent fund raises have left the group with a healthy cash balance. The Board will seek approval for a further issue of Ordinary Shares to provide growth and working capital if required.

Licensing and title risk

SulNOx technologies are patented in multiple countries. There is always a risk that Distributors, although, independent, may misrepresent the Company during the sales process. This is mitigated by legal and insurance liability cover.

Promotion of the Company for the benefit of the members as a whole

The Directors believe that they have acted in the manner most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interest of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others;
- Consider the impact of the Company's operations on the community and the environment.

During the period to 31 March 2024 the Company has sought to act in a way that upholds these principles. The Directors believe that the application of S172 requirements continues to be demonstrated including in this strategic report. The Company is also committed to the ten principles of corporate governance as practices by the AQSE market. The Company is a quoted, early-stage company, and its members will be fully aware, through various announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions. The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds. The Company promotes the concept of ESG (Environment, Sustainability, Governance) to its employees, shareholders and suppliers. SulNOx products and ethos provide an opportunity to impact on the community and the environment.

This report was approved by the board of directors on and signed on behalf of the board by:

Mr B Richardson
CEO SulNOx Limited

Registered office:
10 Orange Street
Haymarket
London
United Kingdom
WC2H 7DQ

SulNOx Group PLC

Directors' Report

Year ended 31 March 2024

The directors present their report and the financial statements of the group for the year ended 31 March 2024.

Directors

The directors who served the company during the year were as follows:

Mr R Florescu
Ms K Robinson
Lord N Fairfax
Mr A Albertini (Appointed 6 February 2024)

Radu Florescu

Non-Executive Chairman and Independent Non-Executive Director (appointed 4 December 2020 as CEO and 28 May 2021 as Chairman)

An experienced CEO of International companies. American - French, Boston College School of Business graduate, has founded, developed and capitalised multiple successful companies and charities in America and Europe. Decades of international experience in trading, account executive, business development and management in the fields of manufacturing, marketing, power generation and fuels.

Kiesha Robinson

Independent Non-Executive Director & Company Secretary (appointed 4 December 2020)

Commercial legal consultant with experience across sectors, contract negotiation specialist with extensive knowledge of the media and tech industries, intellectual property, banking practice and regulation, International Trade, the oil and gas markets and associated exchanges.

Nicholas Fairfax

Non-Executive Director (appointed 7 September 2021)

Nicholas qualified as a barrister in 1977 and since then has worked continually in the shipping markets, particularly in the specialist area of Protection & Indemnity (P&I) insurance for shipowners. He also served for 15 years until 2020 as a senior executive with SCF Group, one of the world's largest tanker shipping companies. As a result, he has a wide understanding of the many issues faced by the global shipping industry.

Alexandre Albertini

Independent Non-Executive Director (appointed 6 February 2024)

Alex has worked in the shipping industry for 25 years, holding a variety of leadership roles in the maritime sector. He is currently Chief Executive Officer of Marfin Management, a Monaco based specialist in management of dry bulk carriers and is the Managing Director of Factor8 Shipping, a Monaco based manager and operator of dry bulk carriers. He also holds board member roles in specialist areas of protection and indemnity insurance and shipping agencies within the maritime world.

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Directors' Report *(continued)*

Year ended 31 March 2024

Dividends

The Directors do not recommend payment of a dividend for the year ended 31 March 2024 (2023: £nil).

Going concern

As at 31 March 2024, the Group had a cash balance of £2,146,718.

As the Group sales pipeline continues to strengthen, with significant evaluations underway, it is expected that conversion of material sales may now be imminent, which would contribute significantly to our working capital.

While the Directors remain confident in the conversion of the sales pipeline, until material sales are confirmed, some cashflow risk remains. In order to mitigate some of the risk to the cashflow, the Directors will be seeking approval at the Annual General Meeting to issue new Ordinary Shares in order to provide additional working capital, should it be required.

The Directors are of the opinion that the Group and Company has adequate financial resources to enable it to continue in operation for the foreseeable future. However, due to the uncertainties described above, the Board considers this risk to pose a material uncertainty in respect of future cash flows in the Group and Company, which may cast significant doubt about the Group's, and in turn the Company's, ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern. Refer to note 3 for further details.

Other matters

The total remuneration of the Directors for the year was as follows:

| | Salary / Fee £ | Employer Pension £ | Share Based Payments £ | 2024 TOTAL £ | 2023 TOTAL £ |
|---------------------|-------------------|--------------------------|---------------------------------|-----------------|-----------------|
| Radu Florescu | 41,498 | - | 2,017 | 43,515 | 40,781 |
| Kiesha Robinson | 31,250 | 350 | - | 31,600 | 30,000 |
| Nicholas Fairfax | 31,250 | - | 2,360 | 33,610 | 30,517 |
| Alexandre Albertini | 5,833 | - | - | 5,833 | - |
| Ben Richardson* | - | - | - | - | 137,349 |
| Steven Cowin** | - | - | - | - | 136,230 |
| TOTAL | 109,831 | 350 | 4,377 | 114,558 | 374,877 |

*Mr. Richardson resigned as a Director of the company on 23 March 2023

**Mr. Cowin resigned as a Director of the company on 31 March 2023

Of these fees, £5,833 (2023: £63,666) to Alexandre Albertini remains unpaid at the year end.

Pensions

The Company had a defined contribution pension scheme in place during the period, with only one Director being a member.

Directors' interests

The following current Directors had interests in the shares of the Company at the end of the year.

| | |
|---------------------|------------------|
| Radu Florescu | 265,600 shares |
| Nicholas Fairfax | 239,757 shares |
| Alexandre Albertini | 2,608,696 shares |

SulNOx Group PLC

Directors' Report *(continued)*

Year ended 31 March 2024

Share Option Scheme

The Company adopted both an Approved and an Unapproved Share Option Scheme in the year and made a grant of options to Directors and other key staff. A summary of the option granted to each director is shown below. See note 20 for further details on the options.

Unapproved Share Option Scheme:

| Date of Grant | Name | Number of options | Price of options in pence |
|------------------|------------------|-------------------|------------------------------|
| 10 February 2022 | Radu Florescu | 250,000 | 0.36 |
| 16 February 2022 | Nicholas Fairfax | 166,666 | 0.36 |
| 15 January 2024 | Radu Florescu | 200,000 | 0.36 |
| 15 January 2024 | Nicholas Fairfax | 283,334 | 0.36 |

Remuneration policies

The remuneration policies were introduced from 1 January 2021 and it is intended that these policies will be continued for the next and subsequent years subject to any acquisition. The Directors' Remuneration Report for the period ended 31 March 2024 and the Directors' Remuneration Policy are to be approved by the shareholders at the Annual General Meeting to be held on 30 September 2024.

The remuneration policy is designed to attract, retain and motivate executive Directors and senior management with a view to encouraging commitment to the development of the Group and for long term enhancement of shareholder value. Remuneration packages take into account individual performance and the remuneration for similar roles in comparable companies, where such companies can be identified. This would also be taken into account on appointment of any new Directors. The Board believes that share ownership by executive Directors and senior staff strengthens the link between their personal interests and those of shareholders. The Board have implemented a long-term staff share option scheme that has challenging performance conditions and has been designed to align the interests of all SulNOx employees to those of its shareholders.

The level of Director remuneration will be reviewed annually, and will cover base salaries, bonuses and share based incentives.

Substantial shareholdings

As of 31st July 2024, and based on Directors' knowledge, the following shareholders hold 3% or more of the issued share capital of the Company. Their shareholdings as of 31st March 2024 are also provided for comparative purposes:

| Shareholder | As at 31.07.24 | | As at 31.03.24 | |
|---------------------|---|---------------------------------|---|---------------------------------|
| | Number of ordinary shares of £0.02 each | % Issued Share Capital | Number of ordinary shares of £0.02 each | % Issued Share Capital |
| Tergeo Limited | 29,287,819 | 24.10% | 28,652,353 | 23.61% |
| Nistad Group AS | 17,611,111 | 14.49% | 17,611,111 | 14.51% |
| James Redman Jnr | 8,659,200 | 7.13% | 8,271,700 | 6.82% |
| Richard Leggatt | 6,807,500 | 5.60% | 5,807,500 | 4.79% |
| Unicorn AIM VCT PLC | 6,536,565 | 5.38% | 6,536,565 | 5.39% |
| Angela Bravo | 5,719,010 | 4.71% | 6,619,035 | 5.45% |

SulNOx Group PLC

Directors' Report *(continued)*

Year ended 31 March 2024

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors Report, and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards (IFRS).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the financial performance and cash flows of the Company for that year.

The financial statements are required by law, and UK adopted international accounting standards, to give a true and fair view of the state of affairs of the Company.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether in preparation of the financial statements the Company has complied with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SulNOx Group PLC
Directors' Report *(continued)*
Year ended 31 March 2024

Auditor

Each Director in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he / she ought to have taken as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to re-appoint Gravita Audit Limited as the Company's Auditor will be proposed at the Annual General Meeting.

This report was approved by the board of directors on and signed on behalf of the board by:

Lord Nicholas Fairfax
Director

Registered office:
10 Orange Street
Haymarket
London
United Kingdom
WC2H 7DQ

SulNOx Group PLC

Independent Auditor's Report to the Members of SulNOx Group PLC

Year ended 31 March 2024

Opinion

We have audited the financial statements of SulNOx Group PLC (the 'parent company') and its subsidiaries ('the group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards (IFRS) and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards (IFRS);
- the parent company financial statements have been prepared in accordance with IFRSs and as applied in accordance of the provisions of the Companies Act 2006; and,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw your attention to note 3 ("Going Concern") in the financial statements. The group incurred a loss of £1.9m and had net cash outflows from operating activities of £1.6m for the year ended 31 March 2024.

These facts along with the other factors in note 3 in the financial statements, which highlights that management believe that their forecasts show that future sales should enable them to significantly improve working capital. Management do note that in case these sales do not materialize, they intend to seek approval at the Annual General Meeting to issue new Ordinary Shares in order to provide working capital. If this motion is unsuccessful, and further noted within note 3, the Group notes the potential mitigating actions which can be taken to safeguard the Group's cash position. These include working capital controls and reductions in discretionary spending and have a cost cutting plan such as cost deferral, scaling back activities and further cost cutting exercises.

SulNOx Group PLC

Independent Auditor's Report to the Members of SulNOx Group PLC *(continued)*

Year ended 31 March 2024

These events or conditions, along with further information as set forth in note 3 regarding "Going Concern" of the financial statements indicate the existence of a material uncertainty which may cast significant doubt over the Group and 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 auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors assessment of the Group and the Parent Company's ability to continue to adopt the following going concern basis of accounting and our audit procedures in response to this key audit matter included the following:

- we compared recent sales information to the Directors' forecast to assess the reasonableness of price and volume assumptions, and we compared forecast operating costs to current run rates.
- detailed review of management's forecasts and cash flow analysis, and their going concern assessment;
- assessment of the reliability of forecasts to date by agreeing historical actuals to budgets, and challenging the current forecasts;
- tested the clerical accuracy of management's forecast;
- challenged management's forecast assumptions, and inputs including reviewing the forecast revenue and corroborated the assumptions over the conversion of new contracts and the levels of costs that are forecast.
- we reviewed the latest management accounts to gauge the financial position;
- we performed sensitivity analysis on the cash flow forecasts prepared by the directors;
- considered the Group's historic ability to raise funds; and
- considered the appropriateness of the Company's disclosures in relation to going concern in the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, along with our assessment of the use of the going concern basis of preparation noted in the "material uncertainty relating to going concern" section of our report, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the material uncertainty in relation to going concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>Impairment of development costs</p> <p>The Group acquired the exclusive rights to a suite of Emulsion Technologies, from Technologies & Systems, developed over 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 (Group) assumed unencumbered ownership of the Emulsification Technologies. Consequently, the group carried intangible assets of £7,079,545 (2023: £7,479,545) at the year-end relating to intellectual property and development costs.</p> <p>The risk is that the useful economic life of the intangible assets may be different to the management assumptions or technological advancements may render its market value below its carrying value.</p> <p>Earnings per share (EPS) which is considered by management to be a key metric and is included as a KPI in the strategic report, is directly impacted by the amount of impairment to the capitalised cost.</p> | <p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • confirmed existence of the intangibles at yearend by reviewing the underlying patent information document • performed a recalculation of amortisation charge for year; • reviewed the group policy to ensure that amortisation was correctly calculated, policy adopted was in accordance with IFRS and appropriate for the type of asset; • reviewed the latest management accounts to assess post year end cashflows due to the patents held; • reviewed cash flow forecasts for the foreseeable future to assess the potential future economic benefit from ownership of the intangible assets; and • reviewed the net present value of future cashflows arising from the future revenue generating activities. <p>Based on the audit work performed we are satisfied, that although there are inherent uncertainties associated with the forecast and estimation of useful economic life of intangible assets, the directors have made reasonable assumptions about the valuation and useful economic life of intangible assets. We are also satisfied that all necessary disclosures have been made in the consolidated financial statements.</p> |
| <p>Valuation of investments in and recoverability of amounts due from subsidiaries</p> <p>The parent company also had amounts owed by subsidiary undertakings of £575,752 (2023: £1,038,635) at the year end.</p> <p>Management's assessment of the recoverable amounts from investments in and loans to subsidiary requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the amounts recoverable from the subsidiary and resulting impairment charges.</p> <p>The directors have assessed the recoverability of intercompany balances and have concluded that they are recoverable.</p> <p>There is a risk around the impairment in the fair value of investments.</p> | <p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • reviewed management's assessment of future operating cashflows and indicators of impairment; • assessed the methodology used by management to estimate the future profitability of the group and fair value of the investment to ensure that the method used is appropriate; • confirmed that any adverse changes in key assumptions would not materially increase the impairment loss; • challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at the expected revenues for the foreseeable future; • assessed the appropriateness and applicability of discount rate applied to the current business performance; • assessed the reasonability of cash outflows, including contracted costs, research expenditure and expected capital expenditure; and • reviewed the latest management accounts for all entities in the group to confirm reasonability of assumption used in the cashflow forecast. <p>Based on the audit work performed we are satisfied that</p> |

| | |
|--|--|
| | the management have made reasonable assumptions in arriving at the value of the companies in the group based on net present value of future cashflow and the amounts are disclosed in accordance with the reporting framework, and that this supports the conclusion that an impairment loss relating to the investment and inter-company receivable from Sulnox Research and Development Limited should be recognised in the parent company financial statements. |
|--|--|

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

| | Group Financial statements | Company Financial Statements |
|---------------------------------|---|--|
| Overall materiality | £86,000 (2023: £94,000). | £85,000 (2023: £93,000). |
| How we determined it | Based on 5% of net loss (2023: based on 5% of net loss). | Based on 1% of Gross assets capped in reference to group materiality (2023: based on 1% of Gross assets capped in reference to group materiality). |
| Rationale for benchmark applied | We believe that net loss is the primary measure used by shareholders in assessing the financial position of the group and is a generally accepted auditing benchmark. | We believe that Gross Assets are a primary measure used by shareholders in assessing the financial position of the company and is a generally accepted auditing benchmark. |

We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the group was set at £64,500 and £63,750 for the company.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit for the Group above £4,300 and for the Company above £4,250 as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of three reporting units, comprising the Group's operating businesses and parent company.

We performed audits of the complete financial information for Sulnox Group Plc, Sulnox Limited and Sulnox Research and Development Limited, reporting units, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units).

The Group engagement team performed all audit procedures.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SulNOx Group PLC

Independent Auditor's Report to the Members of SulNOx Group PLC *(continued)*

Year ended 31 March 2024

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

The objectives of our audit, in respect to fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the group and management.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and the parent through discussions with directors and other management, and from our knowledge and experience of the group's activities.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and the parent, including Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and reviewing legal expenditure; and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims
- reviewing correspondence with HMRC and the company's legal advisor.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance-ethics/auditors-responsibilities-for-the-audit>

This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

[*Signature*]

Jan Charlesworth (Senior Statutory Auditor)
For and on behalf of Gravita Audit Limited, Statutory Auditor

2 Leman Street
London
E1 8FA
[*Date*]

SulNOx Group PLC

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

| | Note | 2024 £ | 2023 £ |
|---|-----------|---------------------------|---------------------------|
| Turnover | 4 | 544,120 | 203,076 |
| Cost of sales | | <u>(373,651)</u> | <u>(138,090)</u> |
| Gross profit | | 170,469 | 64,986 |
| Administrative expenses | | <u>(2,052,948)</u> | <u>(1,972,502)</u> |
| Operating loss | 5 | (1,882,479) | (1,907,516) |
| Interest receivable and similar income | 8 | 25,878 | - |
| Interest payable and similar expenses | 8 | <u>(3,098)</u> | <u>-</u> |
| Loss before taxation | | (1,859,699) | (1,907,516) |
| Tax on loss | 9 | - | <u>3,903</u> |
| Loss for the financial year and total comprehensive loss | | <u>(1,859,699)</u> | <u>(1,903,613)</u> |
| All the activities of the group are from continuing operations. | | | |
| Loss per share (in pence) | 10 | | |
| Basic | | (1.66 pence) | (1.99 pence) |
| Diluted | | (1.66 pence) | (1.99 pence) |

SulNOx Group PLC

Consolidated Statement of Financial Position

As at 31 March 2024

| | Note | 2024 £ | 2023 £ |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 7,079,545 | 7,479,545 |
| Tangible assets | 12 | 42,995 | 15,914 |
| | | <u>7,122,540</u> | <u>7,495,459</u> |
| Current assets | | | |
| Stocks | 14 | 171,103 | 79,072 |
| Debtors | 15 | 229,263 | 47,594 |
| Cash at bank and in hand | | 2,146,718 | 522,868 |
| | | <u>2,547,084</u> | <u>649,534</u> |
| Creditors: amounts falling due within one year | 16 | <u>(425,722)</u> | <u>(360,683)</u> |
| Net current assets | | <u>2,121,362</u> | <u>288,851</u> |
| Total assets less current liabilities | | <u>9,243,902</u> | <u>7,784,310</u> |
| Net assets | | <u>9,243,902</u> | <u>7,784,310</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 2,426,936 | 2,018,831 |
| Share premium account | 19 | 16,717,035 | 13,911,991 |
| Share option reserve | 20 | 387,662 | 588,959 |
| Profit and loss account | 19 | (10,287,731) | (8,735,471) |
| Shareholders' funds | | <u>9,243,902</u> | <u>7,784,310</u> |

These financial statements were approved by the board of directors and authorised for issue on, and are signed on behalf of the board by:

Radu Florescu
Director

Company registration number: 08449586

SulNOx Group PLC

Company Statement of Financial Position

As at 31 March 2024

| | Note | 2024 £ | 2023 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 7,079,545 | 7,479,545 |
| Tangible assets | 12 | 2,501 | 442 |
| Investments | 13 | 2 | 408,150 |
| | | <u>7,082,048</u> | <u>7,888,137</u> |
| Current assets | | | |
| Debtors | 15 | 636,024 | 1,060,174 |
| Cash at bank and in hand | | 2,119,384 | 516,995 |
| | | <u>2,755,408</u> | <u>1,577,169</u> |
| Creditors: amounts falling due within one year | 16 | <u>(189,312)</u> | <u>(255,503)</u> |
| Net current assets | | <u>2,566,096</u> | <u>1,321,666</u> |
| Total assets less current liabilities | | <u>9,648,144</u> | <u>9,209,803</u> |
| Net assets | | <u>9,648,144</u> | <u>9,209,803</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 2,426,936 | 2,018,831 |
| Share premium account | 19 | 16,717,035 | 13,911,992 |
| Share option reserve | 19 | 387,662 | 588,959 |
| Profit and loss account | | <u>(9,883,489)</u> | <u>(7,309,979)</u> |
| Shareholders' funds | | <u>9,648,144</u> | <u>9,209,803</u> |

The loss for the financial year of the parent company was £2,880,950 (2023: £1,705,090).

These financial statements were approved by the board of directors and authorised for issue on and are signed on behalf of the board by:

Radu Florescu
Director

Company registration number: 08449586

SulNOx Group PLC

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

| | Called up share capital £ | Share premium account £ | Share option reserve £ | Profit and loss account £ | Total £ |
|---|---------------------------------|----------------------------------|------------------------------|---------------------------------|-------------------------|
| At 1 April 2022 | 1,882,657 | 13,322,915 | 578,844 | (6,831,858) | 8,952,558 |
| Loss for the year | | | | (1,903,613) | (1,903,613) |
| Total comprehensive expenditure for the year | – | – | – | (1,903,613) | (1,903,613) |
| Issue of shares | 136,174 | 589,076 | – | – | 725,250 |
| Share based payment expense | – | – | 10,115 | – | 10,115 |
| Total investments by and distributions to owners | 136,174 | 589,076 | 10,115 | - | 735,365 |
| At 31 March 2023 | <u>2,018,831</u> | <u>13,911,991</u> | <u>588,959</u> | <u>(8,735,471)</u> | <u>7,784,310</u> |
| Loss for the year | | | | (1,859,699) | (1,859,699) |
| Total comprehensive expenditure for the year | – | – | – | (1,859,699) | (1,859,699) |
| Issue of shares | 408,105 | 2,805,044 | – | – | 3,213,149 |
| Share based payment (credit) /expense | – | – | (201,297) | 307,439 | 106,142 |
| Total investments by and distributions to owners | 408,105 | 2,805,044 | (201,297) | 307,439 | 3,319,291 |
| At 31 March 2024 | <u>2,426,936</u> | <u>16,717,035</u> | <u>387,662</u> | <u>(10,287,731)</u> | <u>9,243,902</u> |

SulNOx Group PLC

Company Statement of Changes in Equity

For the year ended 31 March 2024

| | Called up share capital £ | Share premium account £ | Share option reserve £ | Profit and loss account £ | Total £ |
|---|------------------------------------|----------------------------------|---------------------------------|------------------------------------|--------------------|
| At 1 April 2022 | 1,882,657 | 13,322,916 | 578,844 | (5,604,889) | 10,179,528 |
| Loss for the year | | | | (1,705,090) | (1,705,090) |
| Total comprehensive loss for the year | – | – | – | (1,705,090) | (1,705,089) |
| Issue of shares | 136,174 | 589,076 | – | – | 725,250 |
| Share based payment expense | – | – | 10,115 | – | 10,115 |
| Total investments by and distributions to owners | 136,174 | 589,076 | 10,115 | – | 735,365 |
| At 31 March 2023 | <u>2,018,831</u> | <u>13,911,992</u> | <u>588,959</u> | <u>(7,309,979)</u> | <u>9,209,803</u> |
| Loss for the year | | | | (2,880,950) | (2,880,950) |
| Total comprehensive loss for the year | – | – | – | (2,880,950) | (2,880,950) |
| Issue of shares | 408,105 | 2,805,043 | – | – | 3,213,148 |
| Share based payment (credit)/expense | – | – | (201,297) | 307,439 | 106,142 |
| Total investments by and distributions to owners | 408,105 | 2,805,043 | (201,297) | 307,439 | 3,319,290 |
| At 31 March 2024 | <u>2,426,936</u> | <u>16,717,035</u> | <u>387,662</u> | <u>(9,883,489)</u> | <u>9,648,144</u> |

SulNOx Group PLC
Consolidated Statement of Cash Flows
For the year ended 31 March 2024

| | 2024 £ | 2023 £ |
|---|-------------------------|-----------------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (1,859,699) | (1,903,613) |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible assets | 4,358 | 5,956 |
| Amortisation of intangible assets | 400,000 | 400,243 |
| Loss on disposal of fixed assets | - | 2,192 |
| Interest payable | 3,098 | - |
| Interest receivable | (25,878) | - |
| Equity-settled share-based payments | 106,142 | 10,115 |
| Tax on loss | - | (3,903) |
| <i>Changes in:</i> | | |
| Stocks | (92,031) | 85,395 |
| Trade and other debtors | (181,669) | (157,435) |
| Trade and other creditors | 65,039 | 289,377 |
| Cash flow from operations | <u>(1,580,640)</u> | <u>(1,271,673)</u> |
| Interest paid | (3,098) | - |
| Interest received | 25,878 | - |
| Tax received | - | 3,903 |
| Net cash used in operating activities | <u>(1,557,860)</u> | <u>(1,267,770)</u> |
| Cash flows from investing activities | | |
| Purchase of tangible assets | (31,439) | - |
| Net cash used in investing activities | <u>(31,439)</u> | <u>-</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of ordinary shares | 3,213,149 | 725,250 |
| Net cash from financing activities | <u>3,213,149</u> | <u>725,250</u> |
| Net increase/(decrease) in cash and cash equivalents | 1,623,850 | (542,520) |
| Cash and cash equivalents at beginning of year | 522,868 | 1,065,388 |
| Cash and cash equivalents at end of year | <u>2,146,718</u> | <u>522,868</u> |

SulNOx Group PLC
Company Statement of Cash Flows
For the year ended 31 March 2024

| | 2024 £ | 2023 £ |
|---|-------------------------|-----------------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (2,880,950) | (1,705,090) |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible assets | 211 | 798 |
| Amortisation of intangible assets | 400,000 | 400,000 |
| Loss on disposal of fixed assets | – | 2,192 |
| Impairment of investment | 408,149 | – |
| Interest payable | 3,098 | – |
| Interest receivable | (25,878) | – |
| Equity-settled share-based payments | 106,142 | 10,115 |
| <i>Changes in:</i> | | |
| Trade and other debtors | 424,150 | (166,373) |
| Trade and other creditors | (66,193) | 186,266 |
| Cash flow from operations | <u>(1,631,270)</u> | <u>(1,272,092)</u> |
| Interest paid | (3,098) | – |
| Tax received | 25,878 | – |
| Net cash used in operating activities | <u>(1,608,490)</u> | <u>(1,272,092)</u> |
| Cash flows from investing activities | | |
| Purchase of tangible assets | (2,270) | – |
| Net cash used in investing activities | <u>(2,270)</u> | <u>–</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of ordinary shares | 3,213,149 | 725,250 |
| Net cash from financing activities | <u>3,213,149</u> | <u>725,250</u> |
| Net increase/(decrease) in cash and cash equivalents | 1,602,389 | (546,842) |
| Cash and cash equivalents at beginning of year | 516,995 | 1,063,837 |
| Cash and cash equivalents at end of year | <u>2,119,384</u> | <u>516,995</u> |

SulNOx Group PLC

Notes to the Financial Statements

Year ended 31 March 2024

1. General information

SulNOx Group PLC is a public Company limited by shares, domiciled and incorporated in England and Wales. The registered office is 10-12 Orange Street, London, UK, WC2H 7DQ. The Group currently operates under a full working from home policy and therefore there is no formal trading address. The Group's principal activities and nature of its operations are disclosed in the strategic report and the Directors report.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group consists of SulNOx Group PLC and its subsidiaries:

SulNOx Research and Development Limited
SulNOx Limited

2. Statement of compliance

The financial statements have been prepared in accordance with UK adopted international accounting standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

3. Accounting policies

Basis of preparation

The consolidated Group financial statements consist of the financial statements of the parent Company SulNOx Group PLC together with all entities controlled by the parent Company (its subsidiaries).

All financial statements are made up to 31 March 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

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.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Parent Company Income Statement

The Parent Company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual Income Statement.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Going concern

The financial statements have been prepared on the going concern basis, which assumes the company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

As at 31 March 2024, the Company and the Group had a cash balance of £2,119,384 and £2,146,718 respectively.

As the Group sales pipeline continues to strengthen, with significant evaluations underway, it is expected that conversion of material sales may now be imminent, which would contribute significantly to our working capital.

While the Directors are confident in the conversion of the sales pipeline, there remains some cash flow risk until material sales are confirmed. To mitigate this risk, a motion will be proposed at the Annual General Meeting scheduled for 30 September 2024 to approve the issuance of new ordinary shares, aimed at providing additional working capital if needed. Should the motion be unsuccessful, the Directors have plans to manage working capital by reducing discretionary spending and implementing a cost-cutting strategy. This includes deferring costs, scaling back activities, and undertaking further cost reduction measures.

However, due to the uncertainties described above, the Board considers this risk to pose a material uncertainty in respect of future cash flows in the Company and the Group, which may cast significant doubt about the Group's, and in turn the Company's, ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company and Group was unable to continue as a going concern.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

New standards, amendments and interpretations

New and amended IFRS Standards that are effective for the current year:

During the current year, the Company adopted all new and revised standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee and that are endorsed by the UK that are effective for annual accounting periods beginning on or after 1 January 2023. None of them had a material impact on the financial statements.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Definition of Accounting Estimates (Amendments to IAS 8)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

- Deferred Tax Relating to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

IAS 12 specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions.

New and revised IFRS Standards in issue but not yet effective:

The following relevant IFRSs and amendments have been issued by the IASB but are not effective until a future period.

- IAS 1 Presentation of Financial Statements (Amendments to Classification of Liabilities as Current or Non-current) (Effective from the year ending 31 March 2025)

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

- IAS 1 Presentation of Financial Statements (Amendment to Non-current liabilities with covenants). (Effective from the year ending 31 March 2025)

The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

- On 9 April 2024 the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', which is expected to be effective for Manolete for the year ending 31 March 2028, subject to UK endorsement.

IFRS 18 sets out requirements for the presentation and disclosure of information in general purpose financial statements and replaces IAS 1 'Presentation of Financial Statements'.

The Board are currently assessing the impact of these new amendments on the company's financial reporting for future periods. However, the board does not expect any of the above to have a material impact on future results.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stocks or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Revenue recognition

Revenue for the sale of products is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer.

The Group recognises revenue from the following major sources:

- Sale of stock
- Sale of emissions monitoring equipment

The nature, timing of satisfaction of performance obligations and significant payment terms of the Group's major sources of revenue are as follows:

Sale of stock

Sale of stock represents the sale of units of either BEROL 6446 or SulNOxEco Conditioner. Performance obligations are met when the customer receives the product. The terms of payment are upon receipt of the units or within 14 days of date of invoice.

Sale of emissions monitoring equipment

Sale of emissions monitoring equipment represents the sale of equipment purchased from a supplier and onwards sold to customers to effectively monitor the reduction of emissions following the application of our products. Performance obligations are met when the customer receives the equipment.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis. The Group does not have any intangible assets with indefinite lives.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)* Amortisation

Amortisation is 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:

| | |
|---------------------------------|-------------------|
| Development cost | 4% straight line |
| Patents, trademarks, & licenses | 25% straight line |

Tangible assets

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

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:

| | |
|---------------------|------------------------|
| Plant and machinery | - 25% reducing balance |
| Computer Equipment | - 25% reducing balance |

Investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Parent Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of tangible and intangible assets fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

Financial assets at fair value through profit or loss

The fair values of other financial assets at FVTPL are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. debtors). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

In determining whether financial assets are impaired the Group considers the following:

- significant financial difficulty of the counterparty- default or delinquency in interest or principal payments- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments or observable changes in national to local economic conditions that correlate with default on receivables.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Financial liabilities

The Group recognises financial debt when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, creditors and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Parent Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the Company.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using both the Black-Scholes and Monte Carlo model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification.

Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

In the case of options granted, fair value is measured by both the Black-Scholes and Monte Carlo pricing models.

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 revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Impairment of intangible assets

Management have considered various indicators that may suggest that the carrying amount of the intangible assets, may be impaired. The recoverable amount of the intangible asset has been determined to be the value in use based on the cash flows generated from the continuing operations of the entity. In performing this assessment, management has applied the following assumptions and estimates:

- cash flows have been projected over a period of five years from 31 March 2024, which management considers appropriate due to the long-term nature of the target market and related returns;
- cash inflow projections reflect the following key assumptions:
 - development of key sales pillars for expansion in B2B markets;

• SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

- revenues in the short to medium term are based on actual sales, high probability pipeline of potential clients, evaluations that are currently underway, evaluations proposed and orders placed;
- for financial modelling purposes, it has been assumed that total revenue increases to approximately £14.0m per annum in the year to March 2029;
- gross margin is expected to be 59%;
- cash outflows, including costs such as staff costs, product evaluations, marketing, public relations and legal and compliance are expected to be approximately £2.0m during the year to March 2025. Thereafter, costs are assumed to increase by 10% per annum due to business expansion.
- Cash flow projections are most sensitive to the assumptions regarding:
 - total revenue from various resources, mainly the Distributors;
 - fluctuations in gross margins; and
 - changes in discount rates.

At 31 March 2024, there is limited headroom in respect of the carrying value of the intangible assets. Should any of the future events and cash flow assumptions upon which management has based its value in use calculation not occur or change adversely, an impairment of the intangible assets may be necessary.

Useful Economic Life of the asset

Intangible assets are depreciated on a straight-line basis over their useful economic lives. This requires the estimation of how long these assets will be in use by the business before they are either disposed of, and if necessary, required to be replaced. The appropriateness of assets' useful economic lives and any changes could affect prospective amortization rates and asset carrying values are reviewed at least annually.

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes or Monte Carlo model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. The judgments made and the model used are further specified in note 20.

4. Turnover

Turnover arises from:

| | 2024 | 2023 |
|---------------|-----------------------|----------------|
| | £ | £ |
| Sale of goods | <u>544,120</u> | <u>203,076</u> |

Revenue analysed by geographical market:

| | 2024 | 2023 |
|----------------|-----------------------|----------------|
| | £ | £ |
| United Kingdom | 114,091 | 15,186 |
| Rest of World | <u>430,029</u> | <u>183,161</u> |

The whole of the turnover is attributable to the principal activity of the group.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

5. Operating loss

Operating loss is stated after charging:

| | 2024 | 2023 |
|-----------------------------------|-------------------|-------------------|
| | £ | £ |
| Amortisation of intangible assets | 400,000 | 400,243 |
| Depreciation of tangible assets | 4,358 | 5,956 |
| Loss on disposal of fixed assets | – | 2,192 |
| Foreign exchange differences | 7,432 | 3,836 |
| Auditor's remuneration | 48,000 | 36,250 |
| Share based payment expense | 106,142 | 10,115 |
| | <u> </u> | <u> </u> |

6. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

| | 2024 | 2023 |
|--|-------------------|-------------------|
| | No. | No. |
| | 5 | 6 |
| | <u> </u> | <u> </u> |

The aggregate payroll costs incurred during the year were:

| | 2024 | 2023 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 450,636 | 509,985 |
| Social security costs | 39,169 | 50,519 |
| Other pension costs | 19,928 | 12,799 |
| | <u>509,733</u> | <u>573,303</u> |

The total payroll costs incurred for key management personnel is as follows:

| | 2024 | 2023 |
|----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 270,000 | 260,000 |
| Social security cost | 34,245 | 33,079 |
| Other pension costs | 10,800 | 10,400 |
| | <u>315,045</u> | <u>303,479</u> |

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

| | 2024 | 2023 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration | 114,208 | 365,690 |
| Company contributions to defined contribution pension plans | 350 | 9,187 |
| | <u>114,558</u> | <u>374,877</u> |

In the year, there were four directors employed, a decrease from the five directors in the previous year.

The Company had a defined contribution pension scheme in place during the period, with only one Director being a member.

The highest paid director's remuneration amounted to £43,515 (2023: £134,680).

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

8. Interest

| | 2024 £ | 2023 £ |
|--|---------------|-----------|
| Other interest payable and similar charges | <u>3,098</u> | <u>-</u> |
| Interest receivable and similar income | <u>25,878</u> | <u>-</u> |

9. Tax on loss

Major components of tax income

| | 2024 £ | 2023 £ |
|---|-----------|----------------|
| Current tax: | | |
| UK current tax income | - | - |
| Adjustments in respect of prior periods | - | (3,903) |
| Total current tax | <u>-</u> | <u>(3,903)</u> |
| Tax on loss | <u>-</u> | <u>(3,903)</u> |

The group has unused tax losses of £8,039,972 (2023: £6,668,832). A deferred tax asset has not been recognised in respect of these losses because it is not yet probable that the losses will be utilised in future periods. Therefore, the company has an unrecognised deferred tax asset of £2,009,993 (2023: £1,667,208).

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 25% (2023: 19%).

| | 2024 £ | 2023 £ |
|--|--------------------|--------------------|
| Loss on ordinary activities before taxation | <u>(1,859,699)</u> | <u>(1,907,516)</u> |
| Loss on ordinary activities by rate of tax | (464,925) | (362,428) |
| Adjustment to tax charge in respect of prior periods | - | (3,903) |
| Effect of expenses not deductible for tax purposes | (28,875) | (3,412) |
| Effect of capital allowances and depreciation | 93,230 | 77,132 |
| Unused tax losses | 342,785 | 288,708 |
| Tax on loss | <u>-</u> | <u>(3,903)</u> |

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

10. Loss per share

| | 2024 £ | 2023 £ |
|---|--------------------|--------------------|
| Number of shares | | |
| Weighted average number of ordinary shares for basic loss per share | 112,130,696 | 95,835,050 |
| Loss (attributable to equity shareholders of the company) | | |
| Continuing operations | | |
| Loss for the period from continued operations | <u>(1,859,699)</u> | <u>(1,903,613)</u> |
| Loss per share for continuing operations | | |
| Basic and diluted loss per share | (1.66 pence) | (1.99 pence) |
| Basic and diluted loss per share | | |
| From continuing operations | (1.66 pence) | (1.99 pence) |

The loss attributable to equity holders (holders of ordinary shares) of the Company for the purpose of 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 under the terms of IAS33 'Earnings per Share'.

11. Intangible assets

| Group | Development costs £ | Patents, trademarks and licences £ | Intangible asset £ | Total £ |
|--|------------------------|---|--------------------------|-------------------|
| Cost | | | | |
| At 1 April 2023 and 31 March 2024 | <u>10,000,000</u> | <u>2,185</u> | <u>45,984</u> | <u>10,048,169</u> |
| Amortisation | | | | |
| At 1 April 2023 | 2,520,455 | 2,185 | 45,984 | 2,568,624 |
| Charge for the year | 400,000 | -- | - | 400,000 |
| At 31 March 2024 | <u>2,920,455</u> | <u>2,185</u> | <u>45,984</u> | <u>2,968,624</u> |
| Carrying amount | | | | |
| At 31 March 2024 | <u>7,079,545</u> | - | - | 7,079,545 |
| At 31 March 2023 | <u>7,479,545</u> | - | - | <u>7,479,545</u> |
| | | | | |
| | Development costs £ | Patents, trademarks and licences £ | Intangible asset £ | Total £ |
| Cost | | | | |
| At 1 April 2022 and 31 March 2023 | <u>10,000,000</u> | <u>2,185</u> | <u>45,984</u> | <u>10,048,169</u> |
| Amortisation | | | | |
| At 1 April 2022 | 2,120,455 | 1,942 | 45,984 | 2,168,381 |
| Charge for the year | 400,000 | 243 | - | 400,243 |
| At 31 March 2023 | <u>2,520,455</u> | <u>2,185</u> | <u>45,984</u> | <u>2,568,624</u> |
| Carrying amount | | | | |
| At 31 March 2023 | <u>7,479,545</u> | - | - | 7,479,545 |
| At 31 March 2022 | <u>7,879,545</u> | 243 | - | <u>7,879,788</u> |

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

11. Intangible assets (continued)

| Company | Development costs £ |
|-----------------------------------|--------------------------|
| Cost | |
| At 1 April 2023 and 31 March 2024 | <u>10,000,000</u> |
| Amortisation | |
| At 1 April 2023 | 2,520,455 |
| Charge for the year | 400,000 |
| At 31 March 2024 | <u>2,920,455</u> |
| Carrying amount | |
| At 31 March 2024 | <u>7,079,545</u> |
| At 31 March 2023 | <u>7,479,545</u> |
| | Development costs |
| | £ |
| Cost | |
| At 1 April 2022 and 31 March 2023 | <u>10,000,000</u> |
| Amortisation | |
| At 1 April 2022 | 2,120,455 |
| Charge for the year | 400,000 |
| At 31 March 2023 | <u>2,520,455</u> |
| Carrying amount | |
| At 31 March 2023 | <u>7,479,545</u> |
| At 31 March 2022 | <u>7,879,545</u> |

Previously, the Company (and therefore Group) 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 18th October 2013, the outstanding consideration was satisfied by the placement of shares at value of £1.50 each and the Company (Group) assumed unencumbered ownership of the Emulsification Technologies.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

12. Tangible assets

| Group | Plant and machinery £ | Computer Equipment £ | Total £ |
|---|--------------------------------------|-------------------------------------|--------------------|
| Cost | | | |
| At 1 April 2023 | 19,608 | 9,045 | 28,653 |
| Additions | 29,170 | 2,269 | 31,439 |
| At 31 March 2024 | 48,778 | 11,314 | 60,092 |
| Depreciation | | | |
| At 1 April 2023 | 6,121 | 6,618 | 12,739 |
| Charge for the year | 3,651 | 707 | 4,358 |
| At 31 March 2024 | 9,772 | 7,325 | 17,097 |
| Carrying amount At 31 March 2024 | 39,006 | 3,989 | 42,995 |
| At 31 March 2023 | 13,487 | 2,427 | 15,914 |
| | | | |
| Group | Plant and machinery £ | Computer Equipment £ | Total £ |
| Cost | | | |
| At 1 April 2022 | 19,608 | 12,456 | 32,064 |
| Disposals | - | (3,411) | (3,411) |
| At 31 March 2023 | 19,608 | 9,045 | 28,653 |
| Depreciation | | | |
| At 1 April 2022 | 1,625 | 6,378 | 8,003 |
| Charge for the year | 4,496 | 1,460 | 5,956 |
| Disposals | - | (1,220) | (1,220) |
| At 31 March 2023 | 6,121 | 6,618 | 12,739 |
| Carrying amount At 31 March 2023 | 13,487 | 2,427 | 15,914 |
| At 31 March 2022 | 17,983 | 6,078 | 24,061 |

SuINOX Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

| Company | Computer Equipment £ | Total £ |
|---|----------------------------|---------------------|
| Cost | | |
| At 1 April 2023 | 707 | 707 |
| Additions | 2,270 | 2,270 |
| At 31 March 2024 | <u>2,977</u> | <u>2,977</u> |
| Depreciation | | |
| At 1 April 2023 | 265 | 265 |
| Charge for the year | 211 | 211 |
| At 31 March 2024 | <u>476</u> | <u>476</u> |
| Carrying amount At 31 March 2024 | 2,501 | 2,501 |
| At 31 March 2023 | <u>442</u> | <u>442</u> |

| Company | Computer Equipment £ | Total £ |
|---|----------------------------|---------------------|
| Cost | | |
| At 1 April 2022 | 4,119 | 4,119 |
| Disposals | (3,412) | (3,412) |
| At 31 March 2023 | <u>707</u> | <u>707</u> |
| Depreciation | | |
| At 1 April 2022 | 687 | 687 |
| Charge for the year | 798 | 798 |
| Disposals | (1,220) | (1,220) |
| At 31 March 2023 | <u>265</u> | <u>265</u> |
| Carrying amount At 31 March 2023 | 442 | 442 |
| At 31 March 2022 | <u>3,432</u> | <u>3,432</u> |

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

13. Investments

The group has no investments.

| Company | Shares in group undertakings £ |
|-----------------------------------|---|
| Cost | |
| At 1 April 2023 and 31 March 2024 | <u>408,150</u> |
| Impairment | |
| At 31 March 2024 | <u>(408,148)</u> |
| Carrying amount | |
| At 31 March 2024 | <u>2</u> |
| At 31 March 2023 | <u>408,150</u> |

The company has impaired the investment in SulNOx Research & Development Limited for the current year. This decision is based on the fact that the subsidiary does not generate any third-party income and is unlikely to do so in the future. Any potential income will be derived solely from intercompany transactions.

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 | Ordinary | 100 |
| SulNOx Limited | Ordinary | 100 |

Details of the Company's subsidiaries at 31 March 2024 are as follows:

SulNOx Limited registered office address is 10 Orange Street, Haymarket, London, WC2H 7DQ. Their principal activity is fuel emulsifier products. SulNOx Group Plc holds ordinary shares which hold 100% voting rights.

SulNOx Research and Development Limited registered office address is 10 Orange Street, Haymarket, London, WC2H 7DQ. Their principal activity is fuel emulsifier products. SulNOx Group Plc holds ordinary shares which hold 100% voting rights.

14. Stocks

| | Group | | Company | |
|-------------------------------|----------------|---------------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| | £ | £ | £ | £ |
| Raw materials and consumables | <u>171,103</u> | <u>79,072</u> | <u>-</u> | <u>-</u> |

The cost of stocks recognised as an expense in the period was £164,316 (2023: £84,998).

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

15. Debtors

| | Group | | Company | |
|------------------------------------|----------------|---------------|----------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £ | £ | £ | £ |
| Trade debtors | 168,990 | 25,422 | – | – |
| Amounts owed by group undertakings | – | – | 575,751 | 1,038,635 |
| Prepayments and accrued income | 15,218 | 8,850 | 15,218 | 8,850 |
| Other debtors | 45,055 | 13,322 | 45,055 | 12,689 |
| | <u>229,263</u> | <u>47,594</u> | <u>636,024</u> | <u>1,060,174</u> |

16. Creditors: amounts falling due within one year

| | Group | | Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £ | £ | £ | £ |
| Trade creditors | 258,746 | 152,851 | 84,187 | 70,102 |
| Accruals and deferred income | 141,888 | 199,727 | 88,934 | 177,296 |
| Social security and other taxes | 16,191 | 8,105 | 16,191 | 8,105 |
| Other creditors | 8,897 | – | – | – |
| | <u>425,722</u> | <u>360,683</u> | <u>189,312</u> | <u>255,503</u> |

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £19,928 (2023: £12,799).

18. Called up share capital

Issued, called up and fully paid

| | 2024 | | 2023 | |
|-------------------------------|--------------------|------------------|--------------------|------------------|
| | No. | £ | No. | £ |
| Ordinary shares of £0.02 each | <u>121,346,819</u> | <u>2,426,936</u> | <u>100,941,539</u> | <u>2,018,831</u> |

Reconciliation of movements during the year:

| | Number |
|----------------------------|--------------------|
| At 1 April 2023 | 100,941,539 |
| Issue of fully paid shares | <u>20,405,280</u> |
| As 31 March 2024 | <u>121,346,819</u> |

Throughout the year, the company issued 20,405,280 ordinary shares as follows:

- 13,741,753 ordinary shares by way of subscription;
- 1,498,227 ordinary shares as consideration for Consulting Services;
- 5,165,300 ordinary shares due to the exercise of share options.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

19. Reserves

Share premium account Group and company

| | 2024 | 2023 |
|------------------------------|--------------------------|-------------------|
| | £ | £ |
| At the beginning of the year | 13,911,991 | 13,322,915 |
| Issue of new shares | 2,974,692 | 627,826 |
| Share issue expenses | (169,648) | (38,750) |
| At the end of the year | <u>16,717,035</u> | <u>13,911,991</u> |

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.

20. Share based payment transactions – Group and company

The Group has an equity settled share based payment plan for certain consultants, employees and directors.

The table below summarises the options granted and exercised during the year.

| | Number of share options | | Weighted average exercise price | |
|------------------------------|-------------------------|------------------|---------------------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| | | | £ | £ |
| Outstanding at 1 April 2023 | 4,549,999 | 4,749,999 | 0.28 | 0.27 |
| Granted in the period | 6,181,967 | - | 0.22 | - |
| Exercised in the period | (5,165,300) | (200,000) | 0.08 | 0.02 |
| Outstanding at 31 March 2024 | 5,566,666 | 4,549,999 | 0.40 | 0.28 |
| Exercisable at 31 March 2024 | <u>2,900,000</u> | <u>3,800,000</u> | <u>0.44</u> | <u>0.27</u> |

The options outstanding at 31 March 2024 had a weighted average exercise price of £0.40 per share and a weighted average remaining contractual life of 8.82 years.

The weighted average fair value of the options granted on the measurement date was £0.15. The weighted average fair values of the options on the measurement date was £387,662 (2023: £588,959). Fair value was measured using the Black-Scholes option pricing model for options which vested immediately upon grant, and the Monte Carlo option pricing model for options with vesting conditions attached.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

Inputs were as follows for the Black Scholes model:

| | 2024 | 2023 |
|---------------------------------|-------|-------|
| Weighted average share price | 0.19 | 0.16 |
| Weighted average exercise price | 0.40 | 0.28 |
| Expected life | 8.82 | 8.85 |
| Annualised volatility rate | 52% | - |
| Risk free rate | 3.87% | 1.94% |

Inputs were as follows for the Monte Carlo model:

| | 2024 | 2023 |
|---------------------------------|-------|------|
| Weighted average share price | 0.19 | - |
| Weighted average exercise price | 0.40 | - |
| Expected life | 9.80 | - |
| Annualised volatility rate | 52% | - |
| Risk free rate | 3.87% | - |

The share-based payment expense for the year was £106,142 (2023: £10,115).

21. Analysis of changes in net debt

| Group | At 1 Apr 2023 | Cash flows | At 31 Mar 2024 |
|--------------------------|----------------|------------------|-------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 522,868 | 1,623,850 | 2,146,718 |
| | <u>522,868</u> | <u>1,623,850</u> | <u>2,146,718</u> |
| Company | £ | £ | £ |
| Cash at bank and in hand | 516,995 | 1,602,389 | 2,119,384 |
| | <u>516,995</u> | <u>1,602,389</u> | <u>2,119,384</u> |

22. Related party transactions

During the year, the company paid £11,342 (2023: £2,554) in fees to Centrade Integrated SRL, a company which Radu Florescu is a Director, for IT support services.

During the year, the company paid £134,500 (2023: £nil) to entities controlled by Constantine Logothesis, a significant shareholder.

Marfin Management SAM, a company which Alexandre Albertini is a shareholder of, purchased product in the value of £25,729 (2023: £10,958).

At the year end, there was an amount of £5,000 (2013: £nil) owed to key management personnel for business travel expenses.

23. Controlling party

In the opinion of the directors there is no ultimate controlling party by virtue of a majority shareholding.

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

24. Trade receivables - credit risk

Fair value of trade receivables

The Directors consider that the carrying amount of trade and other receivables for both the Group and Company, is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

25. Liquidity risk

The Group seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs.

26. Fair value of financial liabilities - Group and Company

The Directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements are approximate to their fair values.

| | Note | 2024 | 2023 |
|---|------|-----------|---------|
| | | £ | £ |
| Current financial assets | | | |
| At amortised cost - Trade and other receivables | 15 | 168,990 | 425,422 |
| At amortised cost - Cash and cash equivalents | | 2,146,718 | 522,868 |
| Total financial assets | | 2,315,708 | 948,290 |
| Current financial liabilities | | | |
| At amortised cost – Trade and other payables | 16 | 400,634 | 352,578 |
| Total financial liabilities | | 400,634 | 352,578 |

27. Market risk

Market risk management

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

| | Liabilities | |
|-------------------|--------------------|--------|
| | 2024 | 2023 |
| | £ | £ |
| Trade Payables | 53,357 | 45,491 |
| | Assets | |
| | 2024 | 2023 |
| | £ | £ |
| Trade Receivables | 152,518 | 18,897 |

SulNOx Group PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

Foreign exchange risk sensitivity analysis

Whilst the Group takes steps to minimise its exposure to foreign exchange risk, changes in foreign exchange rates will have an impact on profit.

The Group's foreign exchange risk is dependent on the movement in the US Dollar and Euro to Sterling exchange rate. The effect of a 5% strengthening in the US Dollar and Euro against Sterling at the reporting date on the US Dollar and Euro denominated receivables would, all other variables being held constant, have resulted in a decrease in the post-tax losses for the year of £7,626. A 5% weakening in the exchange rate would, on the same basis, have increased post-tax losses by £7,626.

28. Capital commitments

At 31 March 2024 the Group and Company had no capital commitments.

29. Events after the reporting date

Since the end of the financial year there have been no significant events.