COMPANY REGISTRATION NUMBER: 08449586

# SulNOx Group PLC

# Annual Report and Financial Statements

## 31 March 2023

# SulNOx Group PLC

## Annual Report and Financial Statements

## Year ended 31 March 2023

**Contents**

# SulNOx Group PLC

## Officers and Professional Advisers

| | |
|---|---|
| **The board of directors** | Lord N Fairfax<br>Mr R Florescu<br>Ms K Robinson |
| **Secretary** | Ms K Robinson |
| **Registered office** | 10 Orange Street<br>Haymarket<br>London<br>United Kingdom<br>WC2H 7DQ |
| **Auditor** | Jeffreys Henry LLP<br>Chartered accountants & statutory auditor<br>Finsgate<br>5-7 Cranwood Street<br>London<br>EC1V 9EE |
| **Registrar** | Share Registrars Limited<br>The Courtyard<br>17 West Street<br>Farnham<br>Surrey<br>GU9 7DR |
| **Bankers** | HSBC<br>City of London Branch<br>60 Queen Victoria Street<br>London<br>EC4N 4TR |
| **Nominated advisor** | Allenby Capital<br>5 St Helen's Place<br>London<br>EC3A 6AB |
| **Solicitors** | Bracher Rawlins LLP<br>77 Kingsway<br>Holborn<br>London<br>WC2B 6SR |
| **Company website** | https://sulnoxgroup.com |

# SulNOx Group PLC

## Chairman's Statement

## Year ended 31 March 2023

Overall, the financial year to 31 March 2023 has proven to be a challenging year for SulNOx. As the global economy transitioned toward the endemic phase and economic activities continue to normalize, oil prices stabilized and the ongoing war in Ukraine provided a sense of uneasiness in terms of economic forecasts. Nevertheless, despite delayed testing results, an uncertain business landscape, and a reshuffling of the management team, we managed to increase sales by £169,554 / 505.8% and successfully attracted new strategic investors. The Board believes this will now help to bring about increased visibility of the SulNOx product, expand our strategic partnerships and finally, leverage the successful trial data; this should persuade hesitant clients about the carbon emission impact and fuel savings that SulNOx brings to the table which in turn will lead to significant revenue generation.

The Group remains resilient in its goal to deliver value to shareholders, despite the challenges that remain. The management will continue to strengthen the existing sales force by overhauling the current business structure, continue to exercise financial prudence and tighten operating costs to maximize shareholder value through four (4) strategic growth drivers i.e., strategic diversification in our sales strategy, driving product usage technology & innovation, cost and organizational effectiveness and leveraging carbon emission sustainability as a new growth area.

Moving forward, we will continue to seek opportunities to drive our business with a diversified range of products and services by leveraging on our product's strong data track record and capabilities that we now can say has finally been substantiated from real life trials in both shipping and trucking that will ensure the viability of the business. We will continue to pursue value creation, business sustainability, and growth strategies on all business segments.

Recent 2022 emissions data published has suggested that operators in the EU will begin to feel the pinch in the bloc's emission trading system (ETS) which will come into effect in 2024. We remain confident that ETS requirements will provide a tremendous opportunity for SulNOx to leverage sales by saving fuel costs and lowering the carbon imprint.

SulNOx continued to win awards for its leadership in sustainability and fuel savings technology to creating long-term value for stakeholders. Accolades include the Logistics Leaders Network innovation award, and SulNOx distributor, ElimiNOX, also won UK Ports Association Greentech Environmental Award.

The awards are a reflection of SulNOx's commitment to increase corporate value by actively engaging with our investors and stakeholders through our transparent and comprehensive integrated report.

We continue to operate to the highest standards of corporate governance and business ethics across our businesses and subsidiaries in order to safeguard the interests of our stakeholders and to ensure long-term shareholders' value creation.

In this regard, the Group is reviewing to diversify the board and senior management to attract and retain the right talent to manage and drive the Company's long-term objectives successfully. The Board will continually articulate, implement, and review the adequacy and effectiveness of the Group's risk management and internal control system in line with Aquis Exchange's corporate governance requirements to best manage our risks and opportunities and promote meaningful engagement with our stakeholders.

On behalf of the Board, I would like to express my sincere appreciation to all our shareholders, customers, business associates, partners, and contractors for their continued support, patience and confidence in the company.

I would also like to express my appreciation to the management and team for their contributions, dedication, and hard work, in working together for the Group business sustainability. I remain confident that with the combined continuing commitment, perseverance, right attitude and teamwork, SulNOx will finally be able to reach its long awaited objectives.

Radu Florescu – Chairman

Dated ………………………

# SulNOx Group PLC

## Strategic Report

## Year ended 31 March 2023

**Principal activities**
SulNOx Group plc is an Environmental Science and Technology company 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 consumers to towards their net zero and other ESG (Environmental, Social and Governance) objectives. SulNOx is an ‘energy transition environmental stock’ that quickly delivers significant and evidencable results. The SulNOx products are effective on all liquid hydrocarbon fuels (e.g. gasoline/petrol, diesel) and biofuels and the global sales strategy focuses on 5 pillars, sectors that are heavy polluters and looking to reduce emissions and fossil fuel consumption:

1. Fuel - storage and distribution
2. Transportation (Haulage, logistics, public transport 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 21 and 22 respectively. A review of developments affecting the Company during the year and of its prospects for the future appear in the Chairman’s Statement on page 2.

Full year revenues to 31 March 2023 were £203,076, >5x revenues for the previous year (£33,522), with all four quarters demonstrating growth and increasing and repeat revenues across Germany, Ghana, Greece, Monaco, South Africa and UK.

During the year ended 31 March 2023, the net decrease in cash in the period was £542,520 (2022 increase: £1,023,117) resulting in cash and cash equivalents as at 31 March 2023 of £522,868 (2022: £1,065,388).

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

| | **2023** | **2022** |
|---|---|---|
| Earnings/(loss) per share | (1.98) pence | (2.16) pence |

During financial year 2023, the Company continued its evolution, gaining more successful results and testimonials in multiple sectors and geographies. SulNOx also secured the further backing of existing institutional and retail investors and additional new investors including strategic investors with interests in energy and shipping with a raise of £760,000, followed by the purchase of 17,569,854 Ordinary Shares, equivalent to 16.31% of the Ordinary Shares by Constantine Logothetis / Tergeo Limited in the first financial quarter of 2024. This significant event has provided SulNOx with a springboard for further, accelerated revenues and associated profitability.

Some of the key business highlights for the year included:

- **US and European patents secured** for our Berol® 6446 Heavy Fuel Oils (HFO) emulsifiers and SulNOxEco™ Fuel Conditioners which enhance all diesel, petrol and biofuels, Very and Ultra Low Sulphur Fuel Oils (VLSFO/ULSFO) and other lighter marine fuels. The patent provides protection for the USA and 38 member states of the European Patent Organisation. Patent approvals continue to progress worldwide including for the patent pending “oil reclamation” products detailed below.

- Oil reclamation - **first revenues in multi-billion dollar demulsification market**. SulNOx reduces the processing time and efficiency of recovering valuable oil from what is otherwise a toxic waste, with a lot of challenges and costs for disposal. This reduction in the time it takes to separate the water and oil offers huge environmental benefits and significant opportunities for operators in the ports around the world in a fast-growing global market already worth $2.1Bn pa in 2021.

• **Awards:** SulNOx won the Logistics Leaders Network innovation award and SulNOx distributor, ElimiNOX, also won UK Ports Association Greentech Environmental Award.

• **SulNOx Distributors:** The number of Independent Sales Organisations (ISOs) and introducers has continued to grow to now c.90 with sales in 26 countries.

• **R&D success** continued with:

1. Hochschule Wismar University - SulNOxEco™ tested on a MAN 6L 23/30 shipping research engine and confirmed a) the SulNOx additive package did not have any negative effects in terms of operating behaviour and b) SulNOx **lowered peak combustion pressures** in the engine's cylinders, demonstrating SulNOx's benefit to engine health.
2. Wear Scar Testing shows **improved Lubricity**: 10 samples of Distillate fuels from various ports concluded that " SulNOxEco™ additive can effectively improve the lubricity of all selected samples as evidenced by the **average reduction of 17.2%**.
3. **Certification with Mazut oil**, confirming SulNOxEco™ can be used in power stations & burners as it does not take fuel out of specifications.
4. **Certification for South Africa fuels** - confirming SulNOxEco™ does not take diesel or petroleum fuel out of the SANS 342 and SANS 1598 regulatory specifications.

• **End-to-End carbon lifecycle analysis completed:** demonstrating the carbon footprint of SulNOx, essential for winning new business with large companies and as part of any carbon credit application.

• **Sponsorship of "Legends Racing"**: With worldwide viewership of as many as 1.5 million across platforms including Amazon, SulNOx was pre-mixed in fuel for the entire season. Along with less carbon build-up on pistons, drivers reported improved pick-up, reliability, and less visible smoke from exhausts.

**Future developments**

Significant Regulatory pressures and enforcement measures continue to emerge to penalize fossil fuel usage, without any real viable alternatives, making SulNOx an increasingly attractive option as an instant energy transition enabler. Whilst The Chairman's Statement provides high level information on the outlook for the Company, more specifically SulNOx will focus on the following in the next 12 months:

**Industry Sectors**

1. **Fuel - storage and distribution**

   A sector of extreme importance in the expansion of revenues. The aim of 2024 will be to partner with one or more fuel traders or major oil producers with the idea to replace their existing additive packages with SulNOx. Huge volumes from retail and commercial users and a further ambition to attach carbon credits or facilitate tax / scope 3 reductions.

2. **Transportation**
   - The most mature sector for SulNOx and our global distributor network. Focus on partnering with telematics companies to ensure easy comparisons around not only fuel consumption but also engine efficiencies (including thermodynamics / combustion chamber) and where possible emissions reductions.

- Continued expansion in Europe and Africa where exceptional results have already been seen and roll-outs are expected across large vehicle fleets.

3. **Shipping & Marine**

   The key sector for 2024 given shipping fuel consumption and regulations are already driving considerable interest in SulNOx and successful and meaningful evaluation results now emerging.

**Shipping Regulation:**

- From January 2024, the Carbon Intensity Indicator (CII) requirements mean shipping companies will have to buy carbon credits to cover 40% of their emissions for voyages in the EU. That coverage will increase to 70% of a ship's emissions in 2025, and 100% in 2026, when methane, and nitrogen dioxide will also be covered by the rules. Estimates suggest **costs per voyage will increase 21% in 2024**, 38% in 2025 and 56% in 2026 assuming only moderate EUA price increases.
- Expand partnerships with Green Sea Guard ("GSG") and Forecast Technologies Limited ("FTL"):
  i. GSG is an independent maritime organisation that undertakes emissions telemetry and analysis, helping engine operators to monitor and understand the emissions profile of their engines. Real-time, highly accurate monitoring of particulates matter is unique in this sector as is the ability to quantify fuel savings from particulate reduction.
  ii. FTL has patented a synthetic DNA technology which offers the ability to safely and securely track and trace product. SulNOx will look to embed the FTL DNA, making our products 'smart'. The DNA code, known as a Tag, effectively 'fingerprints' the SulNOx treated fuel, facilitating transparency and traceability around both quantity supplied and fuel quality assurance by the bunker provider. With proof that the fuel contains SulNOx, the associated fuel and emissions reductions (as measured by Green Sea Guard), there is potential for carbon credits and reducing the need to purchase less European Union Emissions Trading Scheme (EU ETS) carbon credits, expected to increase shipping costs dramatically in 2024.

**Sales focus:**

- <u>Superyachts & large leisure craft</u> – Significant interest and incoming enquiries following recent particulate matter emission reductions (>90%) with superyacht "Yalla". Continue to actively pursue opportunities in the Mediterranean and presentations to influential Yacht clubs, conferences, yacht manufacturers etc.
- <u>Container and bulker vessels</u> – material focus following announcements from successful evaluations and further emerging fuel reduction testimonials.
- <u>Ports and associated shipping</u> - Target larger ports focussed on improving air quality - Singapore, Houston, ARA, Med (Gibraltar, Las Palmas, Algeciras, Malta etc), Fujairah, Vancouver, Bremerhaven, Antwerp, Hamburg plus UK ports such as Felixstowe, Dover, Hull, Milford Haven etc. Systematically approach various associated port vessels including:
  i. Fuel Suppliers / Barges – Target large oil traders / bunker suppliers in major ports.
  ii. Fishing Vessels - Significant in Scotland & Alaska
  iii. Ferries – Significant Greek opportunities
  iv. Tugs
  v. Dredgers - following on from highly successful trial results
- <u>Off-shore support vessels</u> including OSV's and PSV's – key locations include Azerbaijan, Norway and Scotland
- <u>Coast Guard/Lifeboats</u> - target UK, Canada and leverage the Bonn agreement – 10 governments and European Union representatives focussed on North Sea pollution

reduction including air quality
- River Cruise vessels– German & American Cruise Lines – required to reduce air pollution and meet Green regulatory demands

4. **Mining & construction**
    - Sector remains a very large consumer of fuel with little opportunity to reduce consumption, often due to remote locations and equipment involved unable to be electrified, but facing increasing shareholder and customer demands to improve ESG credentials.
    - Strategy to expand global footprint following on from additional successful trials including:
        i. Germany with mining equipment saving 7-10% by Ard Baustoffwerke and
        ii. Generator fuel consumption reductions of 12% on a Cummins 220 kVA generator in Greece – trial expanding to include underground usage given SulNOx emission reductions.

5. **Waste & Recycling**
    - Patent – continue to progress the oil reclamation patent across the globe.
    - Seek new partnerships with ports and environmental service companies who process "ship slops", with planned rollout program to all the major ports in South Africa over the coming year, and further around the African, Middle Eastern and Indian coasts over the next 3 to 5 years.

**Geographical Strategy**
1. **Americas** – further expansion with discussions ongoing with significant distributors in Canada and the US to add to existing, growing footprint.

2. **Europe**: Continued focus leading to repeat and significant revenues expected from Germany and Greece following on from successful trials in transportation, shipping and superyachts. We also expect significant sales activity in Gibraltar following Q1 2024 Teekay trial announcement

3. **Africa**: Further expansion of country footprint, including Nigeria, Tanzania, Zambia and DRC and significant revenue growth expected in Ghana and South Africa.

4. **Asia**; Significant interest in Singapore government and academia who are leading the way in the decarbonisation of shipping. Repeat orders expected from Indonesia following a successful product launch in Q1 2024. New target Japan following Government Green Transformation (GX) initiative to transform the entire economic and social system from an economy, society, and industrial structure dependent on fossil fuels to "structures driven by clean energy" – the aim of the initiative is to drive economic growth and development through emissions mitigation.

5. **Oceania**: Material sales expected in Australia with the maturity and expansion of distributor numbers.

**Research & Development**
Continued focus on remaining patent approvals, and further research to look at obtaining third party / academia / government funding where possible. Specific R&D to include:

1. **Fuel - storage and distribution**
    Further R&D in the form of long-term stability studies for both distillate and residual fuels of different types (MGO / MDO / Diesel / Gasoline / Biofuels / GTL / HVO / HFO / ULSFO) and varying qualities with different % water contents.

2. **Transportation**
    Continued expansion of dosing system capabilities for trucking along with telematics and emissions monitoring partnerships.

3. **Shipping & Marine**
   Ongoing partnerships with Forecast Technologies Limited (synthetic DNA), Green Sea Guard and expansion to HFO ship trial partnership with scrubbers to demonstrate further particulate matter reductions.

4. **Mining & construction**
   Following on from successful trials in Greece, repeat existing diesel generator studies with emerging alternative fuels: HVO, Biofuels, GTL and also prove enhancements to emissions (PMs) and lubricity.

5. **Waste & Recycling**
   Testing continues in South Africa and further testing opportunities in Europe under discussion.

6. **Carbon Credits**
   Discussions ongoing to create a carbon saving methodology to enable SulNOx to generate carbon credits for sale or attached to a fuel purchase. An end-to-end carbon lifecycle analysis has now been completed, necessary to prove the additional carbon input of SulNOx from its production and combustion. The partnerships with FTL and GSG with their technologies are key to demonstrating and reporting the effectiveness of our products.

**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 we operate. 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, Independent Sales Organisations (ISOs) 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. ISOs 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 ISO’s 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 ISO’s contracted to it. SulNOx mitigates contractual risk through agreements drafted by its solicitors.

**Market conditions**
Market conditions, especially in the context of the continuing Russian/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 ISO’s and Introducers to service businesses locally, and regionally. Also, to partner global organisations with existing infrastructure in the markets we intend to operate in. The risk that SulNOx manufacturer, Nouryon, cannot supply product is limited by their global network and written guarantees to supply product are in place.

**Russia/Ukraine War**
Accounting for c.12% of world oil production 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 do business in Europe. The Company continues to monitor the situation closely and has set up facilities in The Netherlands which now fulfil European orders.

**Funding Risk**
The raise of £0.76m in December 2022 and the additional funds from Tergeo in Q1 2024 have left the group with a healthy cash balance. The Board will seek approval for a further issue of Ordinary Shares to provide growth capital should revenues not materialise.

**Licensing and title risk**
SulNOx technologies are now patented in the two major markets of USA and Europe. There is always a risk that ISOs, albeit independent, may cause conflict for the Company. 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 way 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 2023 the Company has sought to act in a way that upholds these principles. The Directors believe that the application of S172 requirements can be demonstrated in relation to some of the key decisions made and actions taken during 2020. 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 Ben Richardson
CEO SulNOx Research & Development Limited

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

## Directors' Report

## Year ended 31 March 2023

The directors present their report and the financial statements of the group for the year ended 31 March 2023.

**Directors**

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

| | |
|---|---|
| Mr R Florescu | |
| Mr B Richardson | (Resigned 23 March 2023) |
| Mr S Cowin | (Resigned 31 March 2023) |
| Ms K Robinson | |
| Lord N Fairfax | |

**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.

**Ben Richardson**
CEO (appointed 28 May 2021, previously Director appointed 4 December 2020 and COO appointed 23rd February 2021, resigned 23 March 2023)

A C-suite executive with previous Chief Operating Officer and Chief Commercial Officer roles with 20+ years banking experience including c.16 years at Deutsche Bank, specialising in Risk Management, Governance and Control including Regulatory requirement implementation and strategic infrastructure and business development transformations. Experienced with leading multidisciplined programmes with complex and evolving international interdependencies and communications.

**Steven Cowin**
Chief Financial Officer (CFO) (appointed 9 August 2021, resigned 31 March 2023)

An experienced Chartered Certified Accountant with more than 20 years' experience within international professional services and trading businesses, most recently within Aon Plc, where he worked for over 15 years as CFO of the Global Risk Consulting division. Experienced in driving transformational change and improved financial governance across global teams.

**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** (appointed 7 September 2021)

Lord Fairfax qualified as a barrister in 1977 and then has worked over the last 40 years in the specialist area of Protection & Indemnity insurance within the shipping and marine world. He has also served for 15 years, until 2020, as a senior executive with the SCF Group, one of the world’s largest tanker shipping companies. He has a wide understanding of the many issues faced by the shipping industry.

### Dividends

The Directors do not recommend payment of a dividend for the year ended 31 March 2023 (2022: £ nil).

### Going concern

As at 31 March 2023, the Company had a cash balance of £522,868. Since the end of the financial year the Company has successfully raised a further £642,962 through the issue of 6,569,854 new ordinary shares.

As our sales pipeline strengthens, confirmed sales continue to increase, with also a significant number of orders under discussion, in many cases following successful evaluations by customers. 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 that the sales pipeline should convert, until material sales are confirmed, some cashflow risk remains. In order to mitigate some of the risk to the cashflow, the Directors, employees, and Consultants have agreed to a salary and fee reduction until significant sales are generated, with 3rd party engagements being thoroughly reviewed, with some cancelled, and others with reduced services.

As a precaution to the sales not converting as expected, the Directors will be seeking approval at the Annual General Meeting to issue new Ordinary Shares in order to provide working capital.

The Directors are therefore of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### Other matters

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

| | Salary / Fee £ | Employer Pension £ | Deferred Salary / Fee £ | Share Based Payments £ | 2023 TOTAL £ | 2022 TOTAL £ |
|---|---|---|---|---|---|---|
| Radu Florescu | 26,673 | - | 13,333 | 775 | 40,781 | 47,498 |
| Ben Richardson | 112,667 | 4,507 | 17,333 | 2,842 | 137,349 | 158,800 |
| Steven Cowin | 117,000 | 4,680 | 13,000 | 1,550 | 136,230 | 96,300 |
| Kiesha Robinson | 20,000 | - | 10,000 | - | 30,000 | 25,835 |
| Nicholas Fairfax | 20,000 | - | 10,000 | 517 | 30,517 | 23,333 |
| **TOTAL** | **296,340** | **9,187** | **63,666** | **5,684** | **374,877** | **351,766** |

Of these fees, £63,666 (2022: £nil) remains unpaid at the year end as deferred payments.

### Pensions

The Company had a pension scheme in place with 2 members during the period under review.

### Directors' interests

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

| | |
|---|---|
| Ben Richardson | 1,016,666 shares |
| Radu Florescu | 265,600 shares |
| Nicholas Fairfax | 211,757 shares |

**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.

**Approved Share Option Scheme:**

| Date of Grant | Name | Number of options | Price of options in pence |
|---|---|---|---|
| 26 January 2022 | Ben Richardson | 694,442 | 0.36 |
| 27 January 2022 | Steven Cowin | 500,000 | 0.36 |

**Unapproved Share Option Scheme:**

| Date of Grant | Name | Number of options | Price of options in pence |
|---|---|---|---|
| 26 January 2022 | Ben Richardson | 222,225 | 0.36 |
| 10 February 2022 | Radu Florescu | 250,000 | 0.36 |
| 16 February 2022 | Nicholas Fairfax | 166,666 | 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 2022 and the Directors' Remuneration Policy are to be approved by the shareholders at the Annual General Meeting to be held on 26th September 2023.

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 far as the Directors are aware, as at 30 June 2023, the following shareholders are interested in 3% or more of issued share capital of the Company.

| Shareholder | Number of ordinary shares of £0.02 each | % Issued Share Capital |
|---|---|---|
| Nistad Group AS | 13,195,652 | 13.05% |
| Tergeo Limited | 10,000,000 | 9.89% |
| Stephen Bamford | 8,064,200 | 7.97% |
| James Redman Jnr | 6,959,200 | 6.88% |
| Rodney Weinberg | 6,914,811 | 6.84% |
| Richard Leggatt | 6,807,500 | 6.73% |
| Unicorn AIM VCT PLC | 6,536,565 | 6.46% |
| Gary Bostock | 3,512,316 | 3.47% |

### 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.
share based incentives.

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.

**Directors' responsibilities statement** ***(continued)***

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.

**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.

Jeffreys Henry LLP has indicated that it will not seek re-appointment as the Company’s Auditor at the Annual General Meeting as, following a business reorganisation, the firm will provide audit services to clients from another company in the Group, Gravita Audit Limited. A resolution to 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

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

## Year ended 31 March 2023

### 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 2023 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 2023 and of the group's loss for the year then ended;

- have been properly prepared in accordance with UK adopted IFRS and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006;

- 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 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 £1.2m for the year ended 31 March 2023.

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.

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. This is not a complete list of all risks identified by our audit.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment of development costs**<br>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, | We have performed the following audit procedures:<br>• confirmed existence of the intangibles at yearend by reviewing the underlying patent information document |

| | |
|---|---|
| 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. Consequently, the group carried intangible assets of £7,479,545 (2022: £7,879,545) at the year-end relating to intellectual property and development costs.<br><br>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.<br><br>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. | • performed a recalculation of amortisation charge for year;<br>• 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;<br>• reviewed the latest management accounts to assess post year end cashflows due to the technology and licenses held;<br>• reviewed cash flow forecasts for the foreseeable future to assess the potential future economic benefit from ownership of the intangible assets; and<br>• reviewed the net present value of future cashflows arising from the future revenue generating activities.<br>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. |
| **Valuation of investments in and recoverability of amounts due from subsidiaries**<br><br>The parent company carried Investments in subsidiaries of £408,150 (2022: £408,150).<br>The parent company also had amounts owed by subsidiary undertakings of £1,038,635 (2022: £852,408) at the year end.<br><br>Management's assessment of the recoverable amounts from investments in and loans to subsidiaries 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 value of investment in the subsidiary, amounts recoverable from the subsidiaries and resulting impairment charges.<br><br>The directors have assessed the recoverability of intercompany balances and have concluded that they are recoverable.<br><br>There is a risk around the impairment in the fair value of investments. | We have performed the following audit procedures:<br>• reviewed management's assessment of future operating cashflows and indicators of impairment;<br>• 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;<br>• confirmed that any adverse changes in key assumptions would not materially increase the impairment loss;<br>• challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at the expected revenues for the foreseeable future;<br>• assessed the appropriateness and applicability of discount rate applied to the current business performance;<br>• assessed the reasonability of cash outflows, including contracted costs, research expenditure and expected capital expenditure; and<br>• reviewed the latest management accounts for all entities in the group to confirm reasonability of assumption used in the cashflow forecast. |

| | |
|---|---|
| | Based on the audit work performed we are satisfied that 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 no impairment loss should be recognised in the parent company financial statements for the intercompany debtors. |

**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 | £94,000 (2022: £99,000). | £93,000 (2022: £98,000). |
| How we determined it | Based on 5% of net loss (2022: based on 5% of net loss). | Based on 1% of Gross assets capped in reference to group materiality (2022: 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 agreed with the Audit Committee that we would report to them misstatements identified during our audit for the Group above £4,750 and for the Company above £4,700 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 Fuel Fusions Limited and Sulnox Research and Development Limited, reporting units, which were individually financially significant and accounted for over 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 its 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 12, 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 entity 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 company through discussions with directors and other management, and from our knowledge and experience of the entity'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 company, 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 noncompliance 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 Jeffreys Henry LLP, Statutory Auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
[ *Date*]

# SulNOx Group PLC

## Consolidated Statement of Comprehensive Income

## Year ended 31 March 2023

| | Note | 2023<br>£ | 2022<br>£ |
|---|---|---|---|
| **Turnover** | 4 | **203,076** | 33,522 |
| Cost of sales | | **(138,090)** | (55,671) |
| **Gross profit/(loss)** | | **64,986** | (22,149) |
| Administrative expenses | | **(1,972,502)** | (1,953,742) |
| **Operating loss** | 5 | **(1,907,516)** | (1,975,891) |
| Interest payable and similar expenses | 8 | **-** | (2,085) |
| **Loss before taxation** | | **(1,907,516)** | (1,977,976) |
| Tax on loss | 9 | **3,903** | 2,237 |
| **Loss for the financial year and total comprehensive income** | | **(1,903,613)** | (1,975,739) |

All the activities of the group are from continuing operations.

| | | | |
|---|---|---|---|
| **Loss in pence per share** | **10** | | |
| Basic | | (1.98 pence) | (2.16 pence) |
| Diluted | | (1.98 pence) | (2.16 pence) |

# SulNOx Group PLC

## Consolidated Statement of Financial Position

## 31 March 2023

| | Note | | 2023 £ | 2022 £ |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Intangible assets | **11** | | **7,479,545** | 7,879,788 |
| Tangible assets | **12** | | **15,914** | 24,061 |
| | | | **7,495,459** | 7,903,849 |
| **Current assets** | | | | |
| Stocks | **14** | **79,072** | | 164,467 |
| Debtors | **15** | **47,594** | | 78,051 |
| Cash at bank and in hand | | **522,868** | | 1,065,388 |
| | | **649,534** | | 1,307,906 |
| **Creditors: amounts falling due within one year** | **16** | **(360,683)** | | (259,197) |
| **Net current assets/(liabilities)** | | | **288,851** | 1,048,709 |
| **Total assets less current liabilities** | | | **7,784,310** | 8,952,558 |
| **Net assets** | | | **7,784,310** | 8,952,558 |
| **Capital and reserves** | | | | |
| Called up share capital | **18** | | **2,018,831** | 1,882,657 |
| Share premium account | **19** | | **13,911,991** | 13,322,915 |
| Share option reserve | **20** | | **588,959** | 578,844 |
| Profit and loss account | **19** | | **(8,735,471)** | (6,831,858) |
| **Shareholders' funds** | | | **7,784,310** | 8,952,558 |

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

## 31 March 2023

| | Note | 2023 £ | 2023 £ | 2022 £ |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Intangible assets | **11** | | **7,479,545** | 7,879,545 |
| Tangible assets | **12** | | **442** | 3,432 |
| Investments | **13** | | **408,150** | 408,150 |
| | | | **7,888,137** | 8,291,127 |
| **Current assets** | | | | |
| Debtors | **15** | **1,060,174** | | 893,801 |
| Cash at bank and in hand | | **516,995** | | 1,063,837 |
| | | **1,577,169** | | 1,957,638 |
| **Creditors: amounts falling due within one year** | **16** | **(255,503)** | | (69,237) |
| **Net current assets** | | | **1,321,666** | 1,888,401 |
| **Total assets less current liabilities** | | | **9,209,803** | 10,179,528 |
| **Net assets** | | | **9,209,803** | 10,179,528 |
| **Capital and reserves** | | | | |
| Called up share capital | **18** | | **2,018,831** | 1,882,657 |
| Share premium account | **19** | | **13,911,992** | 13,322,916 |
| Share option reserve | **20** | | **588,959** | 578,844 |
| Profit and loss account | **19** | | **(7,309,979)** | (5,604,889) |
| **Shareholders' funds** | | | **9,209,803** | 10,179,528 |

The loss for the financial year of the parent company was £1,705,090 (2022: £1,655,240).

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

## Year ended 31 March 2023

| | Called up share capital £ | Share premium account £ | Share option reserve £ | Profit and loss account £ | **Total £** |
|---|---|---|---|---|---|
| **At 1 April 2021** | 1,710,057 | 11,049,435 | 307,439 | (4,856,119) | **8,210,812** |
| Loss for the year | | | | (1,975,739) | **(1,975,739)** |
| **Total comprehensive expenditure for the year** | – | – | – | (1,975,739) | **(1,975,739)** |
| Issue of shares | 172,600 | 2,273,480 | – | – | **2,446,080** |
| Share based payment expense | – | – | 271,405 | – | **271,405** |
| **Total investments by and distributions to owners** | 172,600 | 2,273,480 | 271,405 | – | **2,717,485** |
| **At 31 March 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** | 2,018,831 | 13,911,991 | 588,959 | (8,735,471) | **7,784,310** |

# SulNOx Group PLC

## Company Statement of Changes in Equity

## Year ended 31 March 2023

| | Called up share capital £ | Share premium account £ | Share option reserve £ | Profit and loss account £ | **Total £** |
|---|---|---|---|---|---|
| **At 1 April 2021** | 1,710,057 | 11,049,435 | 307,439 | (3,949,649) | 9,117,282 |
| Loss for the year | | | | (1,655,240) | (1,655,240) |
| **Total comprehensive expenditure for the year** | – | – | – | (1,655,239) | (1,655,239) |
| Issue of shares | 172,600 | 2,273,481 | – | – | 2,446,081 |
| Share based payment expense | – | – | 271,405 | – | 271,405 |
| **Total investments by and distributions to owners** | 172,600 | 2,273,481 | 271,405 | – | 2,717,485 |
| **At 31 March 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 income for the year** | – | – | – | (1,705,090) | **(1,705,090)** |
| Issue of shares | 136,174 | 589,076 | – | – | **725,250** |
| Share based payment expense | – | – | 271,405 10,115 – | – | 271,405 **10,115** |
| **Total investments by and distributions to owners** | 136,174 | 589,076 | 10,115 | – | **735,365** |
| **At 31 March 2023** | 2,018,831 | 13,911,992 | 588,959 | (7,309,979) | **9,209,803** |

# SulNOx Group PLC

## Consolidated Statement of Cash Flows

## Year ended 31 March 2023

| | 2023 £ | 2022 £ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the financial year | **(1,903,613)** | (1,975,739) |
| *Adjustments for:* | | |
| Depreciation of tangible assets | **5,956** | 3,194 |
| Amortisation of intangible assets | **400,243** | 400,546 |
| Loss on disposal of fixed assets | **2,192** | - |
| Interest payable and similar expenses | **-** | 2,085 |
| Equity-settled share-based payments | **10,115** | 271,405 |
| Tax on loss | **(3,903)** | (2,237) |
| *Changes in:* | | |
| Stocks | **85,395** | (44,966) |
| Trade and other debtors | **(157,435)** | (41,719) |
| Trade and other creditors | **289,377** | (9,720) |
| Cash flow from operations | **(1,271,673)** | (1,397,151) |
| Interest paid | **-** | (2,085) |
| Tax received | **3,903** | - |
| Net cash used in operating activities | **(1,267,770)** | (1,399,236) |
| **Cash flows from investing activities** | | |
| Purchase of tangible assets | **-** | (23,727) |
| Net cash used in investing activities | - | (23,727) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of ordinary shares | **725,250** | 2,446,080 |
| Net cash from financing activities | **725,250** | 2,446,080 |
| **Net increase/(decrease) in cash and cash equivalents** | **(542,520)** | 1,023,117 |
| **Cash and cash equivalents at beginning of year** | **1,065,388** | 42,271 |
| **Cash and cash equivalents at end of year** | **522,868** | 1,065,388 |

# SulNOx Group PLC

## Company Statement of Cash Flows

## Year ended 31 March 2023

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the financial year | **(1,705,090)** | (1,655,240) |
| *Adjustments for:* | | |
| Depreciation of tangible assets | **798** | 687 |
| Amortisation of intangible assets | **400,000** | 400,000 |
| Loss on disposal of fixed assets | **2,192** | – |
| Equity-settled share-based payments | **10,115** | 271,405 |
| *Changes in:* | | |
| Trade and other debtors | **(166,373)** | (280,662) |
| Trade and other creditors | **186,266** | (115,190) |
| Cash generated from operations | **(1,272,092)** | (1,379,000) |
| Interest paid | – | – |
| Tax received | **–** | – |
| Net cash used in operating activities | **(1,272,092)** | (1,379,000) |
| **Cash flows from investing activities** | | |
| Purchase of tangible assets | – | (4,119) |
| Net cash used in investing activities | - | (4,119) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of ordinary shares | **725,250** | 2,446,080 |
| Net cash from financing activities | **725,250** | 2,446,080 |
| **Net increase/(decrease) in cash and cash equivalents** | **(546,842)** | 1,062,961 |
| **Cash and cash equivalents at beginning of year** | **1,063,837** | 876 |
| **Cash and cash equivalents at end of year** | **516,995** | 1,063,837 |

## 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 Fuel Fusion Limited

## 2. Statement of compliance

These financial statements are prepared under UK adopted international accounting standards. On 31 December 2020, IFRS as adopted by the European Union, at the date, was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. SulNOx Group plc transitioned to UK- adopted International Accounting Standards in its consolidated and Company financial statements on 1 April 2021. The change constitutes a change in accounting framework. However, there is no change on recognition, measurement or disclosure in the financial year reported as a result of the change in framework.

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) and the Group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2023. 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.

### 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**

As at 31 March 2023, the Company had a cash balance of £522,868. Since the end of the financial year the Company has successfully raised a further £642,962 through the issue of 6,569,854 new ordinary shares.

As our sales pipeline strengthens, confirmed sales continue to increase, with also a significant number of orders under discussion, in many cases following successful evaluations by customers. 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 that the sales pipeline should convert, until material sales are confirmed, some cashflow risk remains. In order to mitigate some of the risk to the cashflow, the Directors, employees, and Consultants have agreed to a salary and fee reduction until significant sales are generated, with 3rd party engagements being thoroughly reviewed, with some cancelled, and others with reduced services.

As a precaution to the sales not converting as expected, the Directors will be seeking approval at the Annual General Meeting to issue new Ordinary Shares in order to provide working capital and have a cost cutting plan if approval is unsuccessful.

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

**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.

**Consolidation**

The financial statements consolidate the financial statements of SulNOx Group PLC and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

**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 or service to a customer.

Revenue from the provision of the principal activities is recognised by reference to the stage of completion of the transaction at the reporting date where the amount of revenue can be measured reliably and sufficient work has been completed with certainty to ensure that the economic benefit will flow to the Group. The Group also acts as an agent under an exclusive licensing agreement. Commissions and license fees are measured based on a contracted rate per unit. Commissions and license fees are recognised based on sales orders generated on behalf of its customer at the point that these orders are fulfilled.

The Group recognises revenue from the following major sources:

- Sale of stock
- Commissions and license fees

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

### 3. Accounting policies *(continued)*

**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.

**Commissions and license fees**
Commissions represent agency fees due to the Group arising on generating sales of specific products; SulNOxEco conditioner and Berol 6446 emulsifier. Commissions are receivable at an agreed rate per kg. Commissions are due to the Group as soon as, and to the extent that the supplier of the specified products receives for immediate value from or on behalf of the customer the price for the sale of these specific products. Commission is receivable no later than the end of the calendar month following the quarter in which it became due.

License fees represent royalty payments due to the Group in return for the use of a license to manufacture the products Armofuel 160 emulsifier. The royalty rate is calculated at a fixed fee per kg of the licensed product sold to customers and for which the customer has made payment.

The license fees are receivable on the last banking day of the second month following the month during which the licensed product was sold and paid by the customer.

**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.

**Impairment of tangible and intangible 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

### 3. Accounting policies *(continued)*

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.

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.

**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.

**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:

| | | |
|---|---|---|
| Intellectual property | - | 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 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.

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.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

### 3. Accounting policies *(continued)*

Financial assets at fair value through profit or loss
When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

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.

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:

**3. Accounting policies** ***(continued)***

- 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.

**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 the Black-Scholes 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 a Black-Scholes pricing model.

**3. Accounting policies** ***(continued)***

**Judgements and key sources of estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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 ten years from 31 March 2023, 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 various sales channels over 8 months from August 2023 to 31 March 2024 will allow expansion in the B2C and B2B markets;
    - revenues in the short to medium term are based on actual sales, high probability pipeline of potential clients, trials that are currently underway, trial proposed over the next 12 months and orders placed;
    - for financial modelling purposes, it has been assumed that total revenue increases to approximately £21.7m per annum in the year to March 2033;
    - the growth rate for revenue is projected to be 10% from April 2026 to March 2033;
    - gross margin is expected to be 59% from April 2024 to March 2033;

cash outflows, including costs such as staff costs, product evaluations, marketing, public relations and legal and compliance are expected to be in the region of £1.7m during the year to March 2024. 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 Independent Sales Organisations;
- fluctuations in gross margins; and
- changes in the discount rate.

At 31 March 2023, 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.

### 4. Turnover

Turnover arises from:

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Sale of goods | **203,076** | 33,522 |

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

### 5. Operating loss

Operating loss is stated after charging/crediting:

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Amortisation of intangible assets | **400,243** | 400,547 |
| Depreciation of tangible assets | **5,956** | 3,194 |
| Loss on disposal of fixed assets | **2,192** | - |
| Foreign exchange differences | **3,836** | 2,771 |
| Auditor's remuneration | **36,250** | 15,000 |
| Share based payment expense | **10,115** | 271,405 |

### 6. Staff costs

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

| | **2023** | 2022 |
|---|---|---|
| | **No.** | No. |
| | **6** | 7 |

In the year, there were five directors employed, a decrease from the six directors in the previous year (2022).

The aggregate payroll costs incurred during the year, relating to the above, were:

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Wages and salaries | **509,985** | 460,679 |
| Social security costs | **50,519** | 48,586 |
| Other pension costs | **12,799** | 10,667 |
| | **573,303** | 519,932 |

The key management personnel are also the directors. Refer to Note 7 for the directors' remuneration.

### 7. Directors' remuneration

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

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Remuneration | **365,690** | 91,386 |
| Company contributions to defined contribution pension plans | **9,187** | 10,667 |
| | **374,877** | 102,053 |

The highest paid director's remuneration amounted to £134,680 and £112,133 in 2023 and 2022, respectively.

### 8. Interest payable and similar expenses

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Other interest payable and similar charges | – | 2,085 |

### 9. Tax on loss

**Major components of tax income**

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| **Current tax:** | | |
| UK current tax income | – | – |
| Adjustments in respect of prior periods | **(3,903)** | (2,237) |
| Total current tax | **(3,903)** | (2,237) |
| **Tax on loss** | **(3,903)** | (2,237) |

The group has unused tax losses of £6,668,832 (2022: £5,199,691). 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 £1,667,208 (2022: £1,299,923).

**Reconciliation of tax income**

The tax assessed on the loss on ordinary activities for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%).

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Loss on ordinary activities before taxation | **(1,907,516)** | (1,977,976) |
| Loss on ordinary activities by rate of tax | **(362,428)** | (375,815) |
| Adjustment to tax charge in respect of prior periods | **(3,903)** | (2,237) |
| Effect of expenses not deductible for tax purposes | **(3,412)** | 53,428 |
| Effect of capital allowances and depreciation | **77,132** | (4,136) |
| Unused tax losses | **288,708** | 326,523 |
| Tax on loss | **(3,903)** | (2,237) |

### 10. Loss per share

| | 2023 | 2022 |
|---|---|---|
| **Number of shares** | £ | £ |
| Weighted average number of ordinary shares for basic loss per share | 95,835,050 | 91,555,665 |
| **Loss (attributable to equity shareholders of the company)** | | |
| **Continuing operations** | | |
| Loss for the period from continued operations | (1,903,613) | (1,975,739) |
| **Loss per share for continuing operations** | | |
| Basic and diluted loss per share | (1.98 pence) | (2.16 pence) |
| **Basic and diluted loss per share** | | |
| From continuing operations | (1.98 pence) | (2.16 pence) |

### 10. Loss per share *(continued)*

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 2022 and 31 March 2023** | 10,000,000 | 2,185 | 45,984 | **10,048,169** |
| **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** | 2,520,455 | 2,185 | 45,984 | **2,568,624** |
| **Carrying amount** | | | | |
| **At 31 March 2023** | 7,479,545 | – | – | **7,479,545** |
| At 31 March 2022 | 7,879,545 | 243 | – | 7,879,788 |

| | Development costs £ | Patents, trademarks and licences £ | Intangible asset £ | **Total £** |
|---|---|---|---|---|
| **Cost** | | | | |
| **At 1 April 2021 and 31 March 2022** | 10,000,000 | 2,185 | 45,984 | **10,048,169** |
| **Amortisation** | | | | |
| At 1 April 2021 | 1,720,455 | 1,396 | 45,984 | **1,767,835** |
| Charge for the year | 400,000 | 546 | – | **400,546** |
| **At 31 March 2022** | 2,120,455 | 2,185 | 45,984 | **2,168,381** |
| **Carrying amount** | | | | |
| **At 31 March 2022** | 7,879,545 | 243 | – | **7,879,788** |
| At 31 March 2021 | 8,279,545 | 789 | – | 8,280,334 |

## 11. Intangible assets (continued)

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

| | **Development costs** |
|---|---|
| | **£** |
| **Cost** | |
| **At 1 April 2021 and 31 March 2022** | **10,000,000** |
| **Amortisation** | |
| At 1 April 2021 | **1,720,455** |
| Charge for the year | **400,000** |
| **At 31 March 2022** | **2,120,455** |
| **Carrying amount** | |
| **At 31 March 2022** | **7,879,545** |
| At 31 March 2021 | 8,279,545 |

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.

### 12. Tangible assets

| **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 |

| **Group** | Plant and machinery £ | Computer Equipment £ | **Total £** |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2021 | – | 8,337 | **8,337** |
| Additions | 19,608 | 4,119 | **23,727** |
| **At 31 March 2022** | 19,608 | 12,456 | **32,064** |
| **Depreciation** | | | |
| At 1 April 2021 | – | 4,809 | **4,809** |
| Charge for the year | 1,625 | 1,569 | **3,194** |
| **At 31 March 2022** | 1,625 | 6,378 | **8,003** |
| **Carrying amount** | | | |
| **At 31 March 2022** | 17,983 | 6,078 | **24,061** |
| At 31 March 2021 | – | 3,528 | 3,528 |

**Company**

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

**Company**

| | Computer Equipment £ | **Total £** |
|---|---|---|
| **Cost** | | |
| At 1 April 2021 | – | **–** |
| Additions | 4,119 | **4,119** |
| **At 31 March 2022** | 4,119 | **4,119** |
| **Depreciation** | | |
| At 1 April 2021 | – | **–** |
| Charge for the year | 687 | **687** |
| **At 31 March 2022** | 687 | **687** |
| **Carrying amount** | | |
| **At 31 March 2022** | 3,432 | **3,432** |
| At 31 March 2021 | – | – |

### 13. Investments

The group has no investments.

| Company | Shares in group undertakings £ |
|---|---|
| **Cost** | |
| **At 1 April 2022 and 31 March 2023** | **408,150** |
| **Impairment** | |
| **At 1 April 2022 and 31 March 2023** | - |
| **Carrying amount** | |
| **At 31 March 2023** | **408,150** |
| At 31 March 2022 | 408,150 |

**Subsidiaries, associates and other investments**

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

| | Class of share | Percentage of shares held |
|---|---|---|
| **Subsidiary undertakings** | | |
| Sulnox Research & Development Limited, 10 Orange Street, London, WC2H 7DQ | Ordinary | 100 |
| Sulnox Fuel Fusions Ltd, 10 Orange Street, London, WC2H 7DQ | Ordinary | 100 |

Details of the Company's subsidiaries at 31 March 2023 are as follows:

Sulnox Fuel Fusions Ltd 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 Ltd 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 2023 £ | Group 2022 £ | Company 2023 £ | Company 2022 £ |
|---|---|---|---|---|
| Raw materials and consumables | **79,072** | 164,467 | **–** | – |

The cost of stocks recognised as an expense in the period was £84,998 (2022 - £38,851).

## 15. Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **£** | £ | **£** | £ |
| Trade debtors | **25,422** | 93,671 | – | 300 |
| Provision for bad and doubtful debts | – | (75,630) | – | – |
| | **25,422** | 18,041 | – | 300 |
| Amounts owed by group undertakings | **–** | – | **1,038,635** | 852,408 |
| Prepayments and accrued income | **8,850** | 18,084 | **8,850** | 18,084 |
| Other debtors | **13,322** | 41,926 | **12,689** | 23,009 |
| | **47,594** | 78,051 | **1,060,174** | 893,801 |

## 16. Creditors: amounts falling due within one year

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **£** | £ | **£** | £ |
| Trade creditors | **152,851** | 152,179 | **70,102** | 22,392 |
| Accruals and deferred income | **199,727** | 39,574 | **177,296** | 21,659 |
| Corporation tax | **–** | 7,518 | **–** | – |
| Social security and other taxes | **8,105** | 18,252 | **8,105** | 18,252 |
| Other creditors | **–** | 41,674 | **–** | 6,934 |
| | **360,683** | 259,197 | **255,503** | 69,237 |

## 17. Employee benefits

### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £12,799 (2022: £10,667).

## 18. Called up share capital

### Issued, called up and fully paid

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **No.** | **£** | No. | £ |
| Ordinary shares of £0.02 each | **100,941,539** | **2,018,831** | 94,132,843 | 1,882,657 |

### Reconciliation of movements during the year:

| | **Number** |
|---|---|
| At 1 April 2022 | 94,132,843 |
| Issue of fully paid shares | 6,808,696 |
| As 31 March 2023 | **100,941,539** |

In January 2023 the Company issued 6,808,696 ordinary shares of 0.02p at a price of £0.115 per share for working capital purposes. During the year, transaction costs of £38,750 (2022: £142,920) has been incurred and accounted for as a deduction from equity.

### 19. Reserves

**Share premium account**
**Group and company**

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| At the beginning of the year | **13,322,915** | 11,049,434 |
| Issue of new shares | **627,826** | 2,273,481 |
| Share issue expenses | **(38,750)** | – |
| At the end of the year | **13,911,991** | **13,322,915** |

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, exercised, and cancelled during the year.

| | **Number of share options** | | **Weighted average exercise price** | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | | | £ | £ |
| Outstanding at 1 April 2022 | 4,749,999 | 1,600,000 | 0.02 | 0.02 |
| Granted in the period | - | 3,149,999 | 0.07 | 0.07 |
| Exercised in the period | (200,000) | - | 0.02 | - |
| Outstanding at 31 March 2023 | 4,549.999 | 4,749,999 | 0.02 | 0.02 |
| Exercisable at 31 March 2023 | 3,725,000 | 3,925,000 | 0.02 | 0.02 |

The options outstanding at 31 March 2023 had an exercise price of £0.02 per share (par value) and a remaining contractual life of 7 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 £588,959 (2022: £578,844). Fair value was measured using the Black-Scholes option pricing model.

Input were as follows:

| | **2023** | **2022** |
|---|---|---|
| Weighted average share price | 0.36 | 0.36 |
| Weighted average exercise price | 0.07 | 0.07 |
| Expected life | 4 | 4 |
| Risk free rate | 1.94% | 1,94% |

In the prior period the Company was newly listed on a stock exchange and therefore there was a lack of available historic trading data for its shares, volatility was calculated based upon the anticipated volatility of newly listed companies of a similar market capitalisation and number of shareholders.

The share-based payment charge for the year was £10,115 (2022: £271,405).

## 21. Analysis of changes in net debt

| | At 1 Apr 2022 | Cash flows | **At 31 Mar 2023** |
|---|---|---|---|
| | £ | £ | **£** |
| Cash at bank and in hand | 1,065,388 | 542,520 | **522,868** |
| | 1,065,388 | 542,520 | **522,868** |

## 22. Related party transactions

**Group**

At the end of the year, there was a sum of £63,666 (2022: Nil) outstanding to the directors in connection with deferred salary.

An amount of £66,667 (2022: £49,890) was paid to J Redman for consultancy fees, while an additional £33,333 (2022: £8,333) remained outstanding at the year-end. J Redman is a shareholder and also director of a wholly owned subsidiary.

During the period, expenses totalling £nil (2022: £2,839) were paid to Mr G Bostock, one of the shareholders. There were also expenses totalling £nil (2022: £34,408) paid to Ms A Bravo and expenses of £nil (2022: £18,000) paid to Mr S J Bamford, both of whom are shareholders.

**Company**

During the period, expenses totalling £nil (2022: £2,839) were paid to Mr G Bostock, one of the shareholders. There were also expenses totalling £nil (2022: £34,408) paid to Ms A Bravo and expenses of £ nil (2022: £18,000) paid to Mr S J Bamford, both of whom are shareholders.

## 23. Controlling party

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

## 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.

**Movement in the allowances for doubtful debts - Group**

| | **2023** | **2022** |
|---|---|---|
| | £ | £ |
| Balance at 1 April 2022 and at 31 March 2023 | - | 75,630 |

## 25. 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.

## 26. Liquidity risk

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

## 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 | |
|---|---|---|
| | **2023** | **2022** |
| | £ | £ |
| Trade Payables | 18,897 | 12,408 |

| | Assets | |
|---|---|---|
| | **2023** | **2022** |
| | £ | £ |
| Trade Receivables | 45,491 | 90,450 |

### 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 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 £1,314. A 5% weakening in the exchange rate would, on the same basis, have increased post-tax losses by £1,314.

## 28. Capital commitments

At 31 March 2023 the Group and Company had no capital commitments.

## 29. Events after the reporting date

Since the end of the financial year the Company has successfully raised £642,962 through the issue of 6,569,854 new ordinary shares.