Sulnox

Initiation – Rapidly gaining traction

24 November 2025

Price
60p

TICKER
SNOX

Market Cap
£81m

Net Cash (30 Sep 2025)
£1.4m

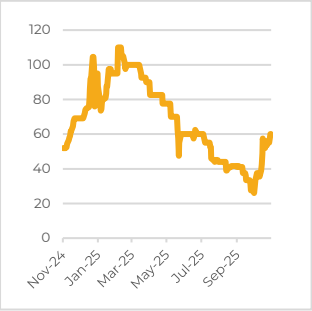
Free Float
61%

3mo Av. Daily Volume
36k

Brokers
Allenby

Index
AQSE

Share Price Performance



Source: Bloomberg

Sulnox has proprietary technology for drop-in fuel conditioners made from 100% organic, biodegradable ingredients which improve combustion thereby meaningfully reducing emissions and generating a direct return on cost.

Colin Smith
+44 20 7082 5522
Email the Analyst

Zero capex, drop-in fuel conditioners which cut fuel costs and lower emissions

Sulnox markets patent protected zero capex, drop-in fuel conditioners which cut emissions and generate high customer returns through reduced fuel consumption from improved combustion. Sales are now accelerating into a vast potential total market – FY25 revenues doubled YoY. Moreover, Sulnox has signed key partnerships this year most notably with Eastern Pacific Shipping and it has just announced a global distribution agreement with Drew Marine. We forecast the company to achieve cash flow neutrality in FY27 and, following a recent £1m equity raise, be funded through to profitability in FY28 with the potential for very rapid escalation thereafter. Markets are now waking up to the potential, yet the company still has a modest market capitalisation relative to Quadrise, its nearest analogue which is targeting a fraction of the market and has no current revenue generation.

While Sulnox's higher purpose is to provide immediate and tangible progression towards sustainability targets for liquid hydrocarbon fuel users, the savings in reduced fuel consumption relative to the cost of the conditioner can average over 300%, generating a strong financial incentive to uptake.

Sulnox believes that its Sulnox Eco fuel conditioners, which are 100% organic and biodegradable, are applicable to over 70% of oil usage which equates to a theoretical total addressable market of c17 million litres per day for Sulnox Eco and compares to current sales of under 1,000 litres per day.

Sulnox has already built good traction in certain emerging markets where fuel quality is an issue, such as Ghana, but much the most important current market for Sulnox is in marine use, which accounts for some 90% of the company's sales, driven by the value add but also because Sulnox provides a zero capex solution to help meet tightening regulatory emissions requirements. As the potential benefits for marine use are becoming established, that has driven direct interest in the ownership and management of the company, underscoring the strength of Sulnox's value proposition.

So far in 2025, Sulnox has signed new partnerships with Colas Rail UK, Crystal, the cruise shipping company, and, most notably, with Eastern Pacific Shipping whose fleet numbers over 300 vessels, underscoring the traction of its fuel conditioners, particularly in marine markets. Moreover, following two years of extensive testing, Spring Marine is expanding its use of Sulnox Eco across its entire fleet of 28 tankers and bulk carriers while Sulnox has also just announced a global long-term distribution agreement with Drew Marine, one of the largest suppliers of performance chemicals and fuel management services to the maritime industry.

At a more conceptual level, Sulnox is addressing markets with a theoretical capacity some 20,000 times its current sales volumes or more, so the kind of growth rates required to lead to a rapid improvement in the current multiples ratings should be eminently achievable, particularly given the direct financial benefits to customers. Moreover, Sulnox's fuel conditioners directly help decarbonise current fuel use and reduce harmful particulate emissions while improving engine performance, besides lowering overall fuel costs.

At a Glance (Yr. to Mar)	Revenue (£k)	Gross margin	EBITDA (£k)	Adj net profit (£k)	Net cash (£k)
FY24A	544	31.3%	(1,478)	(1,860)	2,147
FY25A	1,121	21.8%	(2,921)	(3,289)	2,194
FY26E	2,521	46.0%	(2,085)	(2,490)	1,130
FY27E	7,229	47.5%	(11)	(416)	1,064
FY28E	14,458	47.5%	2,502	2,096	3,510

Source: Sulnox, CAG Research.

Contents

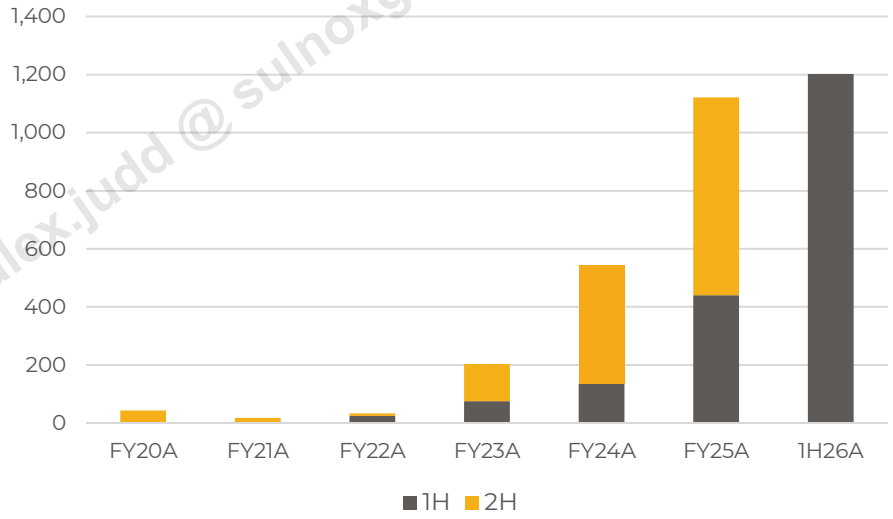
Investment thesis

Sales of Sulnox fuel conditioners are accelerating rapidly into a vast total market driven by a compelling financial proposition and reduced emissions providing a zero-capex solution to help meet regulatory emissions requirements. We forecast the company to become profitable in the year to March 2028 with the potential for very rapid escalation in profitability, thereafter, resulting in a commensurate reduction in multiples ratings. Markets are now waking up to the potential, including three new partnerships signed up this year, most notably with Eastern Pacific Shipping (EPS) together with a new global distribution agreement with Drew Marine, yet the company still has a modest market capitalisation relative to Quadrise, its nearest analogue which is targeting a small fraction of the market and has no current revenue generation.

Sulnox owns exclusive fuel emulsification technology with strong patent protection in nearly 70 countries. Based on this technology, international chemicals company Nouryon manufactures Sulnox Eco fuel conditioners which are used as zero capex, drop-in fuel conditioners to any liquid hydrocarbon fuel including petrol, diesel/middle distillates, and marine bunker fuel including those containing biofuels.

Current sales volumes are low, at under 1,000 litres per day but are growing very rapidly, generating revenue growth running at well over 100% pa (Figure 1).

Figure 1: Revenue progression (£k)



Source: Sulnox, CAG Research.

Use of Sulnox's fuel conditioners reduces fuel consumption, thus cutting carbon dioxide and other oxide emissions as well as largely eliminating emissions of particulates by promoting complete combustion and reducing engine power losses through reduced internal friction (Figure 2).

Figure 2: Benefits of Sulnox Eco

Source: Sulnox, CAG Research. CO_2 is carbon dioxide, NOx are nitrogen oxides (a precursor to ground-level ozone), Particulate matter is what makes the black smoke often seen from diesel engines with PM2.5 particulates considered particularly harmful for lung health.

In use, Sulnox Eco reduces fuel costs by ~5% on average for marine use and ~8% on average for land applications, with significant Return On Investment (ROI) achievable within weeks. Verified reductions in emissions include over 96% fewer particulates, 26% less CO_2, 14% less Nitrogen Oxides (NOx), and 64% less Sulphur Dioxide (SOx). Sulnox Eco also assists engine performance by removing carbon deposits and reducing friction.

While Sulnox's higher purpose is to provide immediate and tangible progression towards carbon neutrality for hydrocarbon fuel users, the savings in reduced fuel consumption relative to the cost of the conditioner average over 300% (Figure 3) generating a strong financial incentive to uptake.

Figure 3: Use case examples

Use case	Nominal fleet size (#)	Fuel savings pa	Est unit gross fuel saving (US$k/year)	Est gross nominal fleet saving (US$k/year)	Fleet CO_2 reduction mte/y	Opportunity
Trucks	50	8%	11	550	1,125	c345m trucks globally
Generators	50	13%	69	3,445	7,046	c83m generators globally
Locomotives	50	6%	174	8,712	17,819	c26k diesel locomotives used globally
Tankers[1]	50	5%	293	14,625	70,898	c18k tankers in the World Fleet

Source: Sulnox, CAG Research. 1) There are over 100k vessels in the global fleet each weighing at least 100 gross tons.

That traction is evident both in the current pace of sales growth and in the new partnerships Sulnox has been able to enter. So far in 2025, Sulnox has signed new partnerships with Colas Rail UK, Crystal, the cruise shipping company, and, most notably, with EPS (see Business). Moreover, following two years of extensive testing, Spring Marine is expanding its use of Sulnox Eco fuel conditioners across its entire fleet of 28 tankers and bulk carriers.

Sulnox sells its products through distributors which magnifies the sales power of the Sulnox brand far beyond the direct organisational capability of the company itself and reduces business risk. As of March 2025, Sulnox had around 60 distributors with sales in over 40 countries and has just announced a global long-term distribution agreement with Drew Marine which is one of the largest suppliers of performance chemicals and fuel management services to the maritime industry with a presence in more than 1,200 ports globally. Sulnox also works with a number of introducers to help garner new customers.

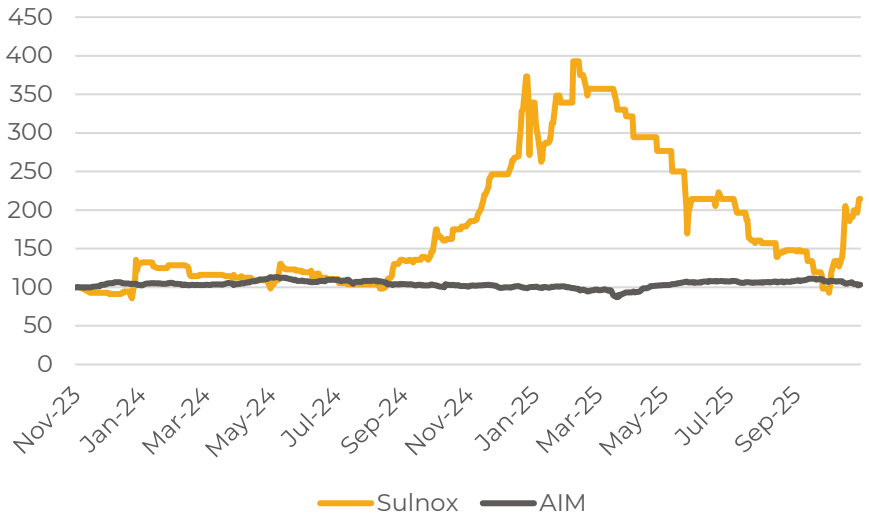
Sulnox believes that its drop-in fuel conditioners are applicable to over 70% of oil usage giving it a theoretical total addressable market of 17 million litres per day of the company's fuel conditioners, we calculate. So, the upside is orders of magnitude larger than current sales levels.

In practice, the strongest current largest market is for marine use which accounts for some 90% of sales while the company has also already developed traction in less developed countries where fuel specifications are less well adhered to or fuel is prone to contamination.

Demand for marine use is being driven both by the commercial imperative to reduce cost but also by a significant tightening of emissions requirements. Sulnox's products offer a zero-capex alternative to help meet both of these requirements and are also particularly effective in reducing black smoke/particulate emissions in port, a pollution issue which is also coming under increasing regulatory pressure.

Importantly, as the potential benefits for marine use are becoming established, that has driven direct interest in the ownership and management of the company (see Financials and Structure, management, and shareholders). The market is also taking notice with the share price more than doubling over the last two years, notwithstanding recent profit-taking (Figure 4).

Figure 4: Sulnox vs AIM -2yrs, rebased to 100



Source: Bloomberg, CAG Research.

Sulnox is currently at a pre-profit stage of development but we forecast it to achieve rough cash flow neutrality in FY27 and become profitable from FY28. The company ended FY25 with £2.2m in net cash and has recently raised £1m (see Financials) which could see it funded through to profitability in FY28 (Figure 5).

Figure 5: Financial highlights

Highlight	Unit	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	£k	544	1,121	2,521	7,229	14,458
Gross profit	£k	170	245	1,160	3,434	6,868
Gross margin	%	31%	22%	46%	48%	48%
Adj net profit[1]	£k	(1,860)	(3,289)	(2,490)	(416)	2,096
Net profit	£k	(1,860)	(4,205)	(7,481)	(1,664)	2,096
Adjusted EPS[1]	p/share	(1.66)	(2.67)	(1.87)	(0.30)	1.49
Net CF from operations	£k	(1,558)	(2,292)	(2,135)	(61)	2,452
Net (cash)/debt	£k	(2,147)	(2,194)	(1,130)	(1,064)	(3,510)

Source: Sulnox, CAG Research. 1) Excludes share value transfer associated with share issuance connected with the EPS transaction.

While there is considerable uncertainty over how future profitability will turn out, given the pace of growth, a sensitivity analysis demonstrates higher rates of growth or gross margin, which remain well within the bounds of possibility drive a very rapid escalation in profitability. Our current forecast for net profit in FY28 is £2.1m. All positive values generated in the sensitivity analysis are highlighted in gold and, as Figure 6 illustrates, our net profit forecast would be bracketed with growth at 150% pa and a margin of 35%-40%, as shown by the figures in red. In fact, assuming growth of 200% pa the required gross margin to solve for £2.1m of net profit would be just over 20%.

Figure 6: FY28 net profit on varied vol CAGR and margin (£k)

		Volume CAGR FY25A-FY28E				
		100%	150%	200%	250%	300%
Gross margin	20%	(2,135)	(501)	1,938	5,340	9,869
	25%	(1,706)	337	3,384	7,638	13,298
	30%	(1,278)	1,174	4,831	9,936	16,728
	35%	(849)	2,011	6,278	12,233	20,158
	40%	(420)	2,849	7,725	14,531	23,587
	45%	8	3,686	9,172	16,828	27,017
	50%	437	4,523	10,619	19,126	30,446

Source: Sulnox, CAG Research.

Considering the most likely peers based on the Industry Classification Benchmark and the Bloomberg Industry Classifications under which Sulnox is categorised (see Structure, management, and shareholders) suggests the following peer group (Figure 7).

Figure 7: Peer valuation comparisons

Company	Mkt cap (m)	Revenue[1] £m	YoY rev growth	P/E (x)	EV/rev (x)	Business
Sulnox	**77**	**1.1**	**106%**	**n/a**	**67.7**	**Fuel conditioners**
Quadrise	58	0.0	n/a	n/a	n/a	Fuel substitutes
Iofina	44	41.6	9%	12.0	1.1	Iodine
Eden Research	14	4.3	35%	n/a	2.7	Crop protection, animal health
Victrex	542	291.0	-5%	n/a	2.0	Polymers

Source: Bloomberg, companies, Sulnox, CAG Research. 1) Last full year revenue.

While we do not consider Iofina, Eden Research or Victrex as good comparators, they serve to give some idea of the spread in ratings based on P/E or EV/revenue. They also show that Sulnox easily has the highest rate of revenue growth, and at a pace which has potential to accelerate as the impact of the EPS deal kicks in (Figure 1).

More interestingly Quadrise's focus market is the same one targeted by Sulnox's Berrol® 6446 product (see Business) although this target market is a fraction of the global opportunity for Sulnox.

In order to provide a sense of how quickly Sulnox could come into the range of valuations demonstrated by the peer group we have extended our forecasts beyond FY28 assuming fixed pa growth rates of 50%-200% and use the current market capitalisation and calculated net cash to derive forward enterprise value. In practice, and particularly at higher rates of growth Sulnox would be increasingly free cash flow positive, so these assumptions penalise valuation.

For perspective, growth of 50% pa would imply sales of c10kl per day by FY30 or c40kl per day at 200% pa.

On that basis, Sulnox could be trading below the one year forecast Iofina P/E rating by FY28. By FY30, the company could be trading below the Iofina P/E rating assuming growth of under 100% pa (Figure 8).

Figure 8: P/E progression (x)				
Growth rate pa	**FY27E**	**FY28E**	**FY29E**	**FY30E**
Base case	n/a	32.3	7.6	2.2
50%	n/a	n/a	n/a	5911.5
100%	n/a	379.6	21.9	7.6
150%	n/a	20.6	5.9	2.0
200%	114.0	8.5	2.5	0.8

Source: Bloomberg, Sulnox, CAG Research.

Similarly, Sulnox could be trading below the highest current peer EV/revenue multiple by FY28 and be trading on a sub one times multiple by FY29 (Figure 9).

Figure 9: EV/revenue progression (x)				
Growth rate pa	**FY27E**	**FY28E**	**FY29E**	**FY30E**
Base case	11.0	4.2	1.4	0.2
50%	34.1	23.2	15.7	10.4
100%	18.9	9.4	4.4	1.8
150%	11.9	4.5	1.4	0.1
200%	8.1	2.3	0.3	(0.3)

Source: Bloomberg, Sulnox, CAG Research.

Despite the recent recovery in Sulnox's share price, it still has a modest market capitalisation relative to Quadrise which is targeting one of Sulnox's smaller market segments and has yet to generate any revenue.

At a more conceptual level, Sulnox is addressing markets with a theoretical capacity some 20,000 times its current sales volumes or more (see Purpose, opportunity, and strategy) so the kind of growth rates required to lead to a rapid reduction in the current multiples rating should be eminently achievable, particularly given the direct financial benefits to customers (Figure 3). Moreover, Sulnox's fuel conditioners directly help decarbonise current fuel use and reduce harmful particulate emissions while improving engine performance, besides lowering overall fuel costs.

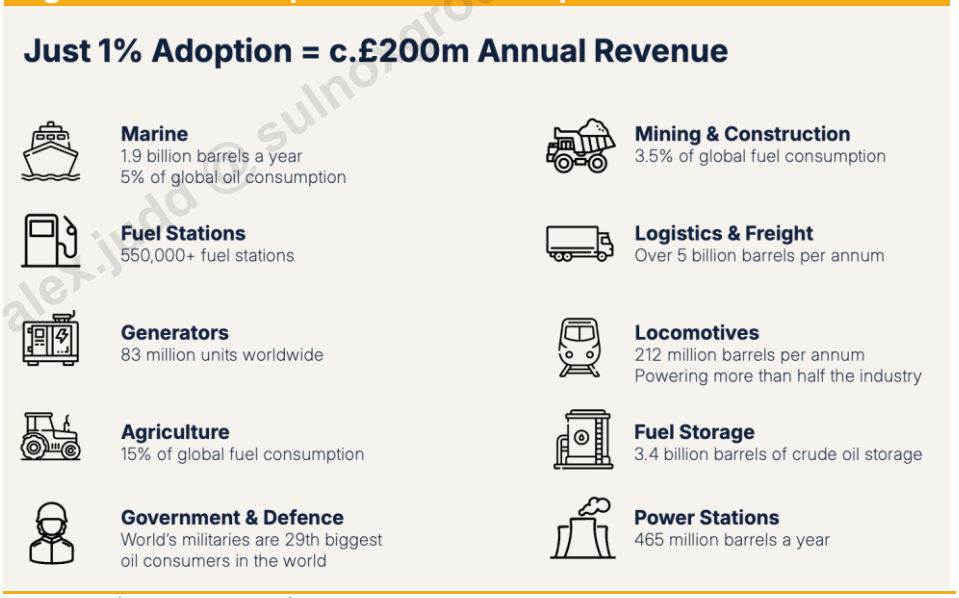
Purpose, opportunity, and strategy

The higher purpose of Sulnox is to provide immediate and tangible progression towards carbon neutrality for liquid hydrocarbon fuel users. Sulnox believes its fuel conditioners are applicable to over 70% of oil usage equivalent to sales some 20,000 times higher or more than current levels. The go-to-market strategy is through distributers with product manufactured by Nouryon. Sulnox has secured widespread patent protection, addressed engine compatibility concerns and continues to develop the technology and use cases including the recent launch of Sulnox Innovations.

The higher purpose of Sulnox is to provide immediate and tangible progression towards carbon neutrality for liquid hydrocarbon fuel users by cutting fuel consumption and reducing harmful particulate emissions by improving combustion.

Sulnox believes that its drop-in fuel conditioners are applicable to over 70% of oil usage. Although the effective required concentrations are small at 1:1,000-1:2,000, given that 70% of global oil demand is c72mmbd or almost 11.5 billion litres of oil per day that equates to a theoretical total addressable market of c17 million litres per day of Sulnox's fuel conditioners. That compares with current sales of under 1,000 litres per day. So, clearly the upside is orders of magnitude larger than current sales levels (Figure 10).

Figure 10: Revenue potential on take-up



Source: Sulnox, CAG Research.

The more prosaic challenge for a small company at the start of the commercialisation process is to gain traction in market segments each of which is enormous in comparison with the current scale of the company, notwithstanding the compelling proposition offered by Sulnox's technology.

Initially Sulnox's strategy focused on its Berrol® 6446 Heavy Fuel Oils (HFO) Emulsifiers (see Business) but reformulation of its product to target the far larger gasoline and middle distillate markets in the form of Sulnox Eco fuel conditioners has transformed the company's immediate commercialisation prospects despite the challenge of breaking through the innate conservatism of many oil users.

Sulnox's strategy is now sharply focused and, in our view, has four main vectors:

- Build out patent protection worldwide
- Address engine compatibility concerns
- Leverage distributors as the go-to-market strategy and the quickest way of gaining traction
    - In markets facing regulatory pressure on emissions
    - In markets where fuel quality is a persistent issue
    - To expand geographic range
    - To build market segment acceptance
- Further develop the technology and expand the use case

Sulnox itself notes that its strategy focuses on ten sectors that are heavy polluters and that are looking to reduce emissions and fossil fuel consumption being:

- Marine: 1.9 billion barrels pa, 5% of global oil consumption
- Mining & construction: 3.5% of global fuel consumption
- Fuel stations: 550,000+ fuel stations worldwide
- Logistics & freight: Over 5 billion barrels pa
- Generators: 83 million units worldwide
- Locomotives: 83 million units worldwide
- Agriculture: 15% of global fuel consumption
- Government & defence: World's militaries are the 29th largest global consumers of oil
- Fuel storage: 3.4 billion barrels of crude oil storage
- Power station: 465 million barrels pa

In addition, Sulnox fuel conditioners offer a sustainable and commercially viable solution in oil reclamation (see Business).

It is increasingly evident, we believe, that the principal areas where sales are likely to take off first are in markets where either fuel quality is an issue or those with significant fuel costs which are under increasing regulatory pressure to reduce emissions, most notably the marine sector.

The marine market currently accounts for some 90% of Sulnox's sales. More importantly, as the potential benefits for marine use are becoming established, that has driven direct interest in the ownership and management of the company. Alex Albertini, one of the Independent Non-Executive Directors of Sulnox, has strong shipping connections (see Structure, management, and shareholders) as do major shareholders including Constantine Logothetis and Nistad. Meanwhile McQuilling Partners, a large privately-owned US marine services company, took a direct investment in the company and is Sulnox's preferred partner to promote and sell Sulnox products in the US, with Greenbull Shipping, which was founded by Nick Mahoney, a former senior executive with Vitol, also reportedly an investor.

Sulnox recently launched Sulnox Innovations to expand its product innovation pipeline. Using the company's deep emulsification expertise, Sulnox Innovations will develop and commercialise next-generation solutions including enhanced biofuel performance and oil reclamation efficiency.

Business

Sulnox has exclusive ownership of fuel emulsifier technology which is embedded in the chemistry of its drop-in fuel conditioners made from 100% organic, biodegradable ingredients on a contract basis by Nouryon. By improving combustion and reducing internal friction, Sulnox Eco cuts fuel consumption and emissions thereby generating compelling returns to customers and helping them conform to tightening green regulations, particularly in shipping. Using this emulsification expertise, Sulnox continues to develop other related product lines and use cases and recently launched Sulnox Innovations to accelerate this process.

Sulnox has three product lines, its Sulnox Eco fuel conditioners, Berrol® 6446 Heavy Fuel Oils (HFO) Emulsifiers, and oil reclaimers. At present only the fuel conditioners are sold in commercial quantities with Berrol® 6446 undergoing limited trials. Sulnox has just launched Sulnox Innovations in part to press ahead with the use of its technology for oil reclamation and was awarded its first related patents this year.

All three products are based on fuel emulsifier technology initially created by for use in the printing industry in the 1990s and developed subsequently for use as fuel conditioners. Sulnox has exclusive ownership rights to this intellectual property.

The technology is primarily in the chemistry of the products which can be added directly to fuels for self-mixing as drop-in conditioners, but Sulnox has also invested in technologies for improving mix consistency.

The products are made from 100% organic, biodegradable ingredients, unlike other drop-in fuel additives which are typically made from different refinery fractions. While Sulnox Eco can be bought for domestic use most sales are for industrial purposes.

The chemistry has four modes of action (see video explainer):

1. Emulsification: Disperses free water into microscopic droplets within the fuel
2. Secondary atomisation: Fragments larger fuel droplets through micro-explosions on combustion to increase surface area and deliver more complete combustion
3. Detergency: Cleans and decarbonises vital engine components for improved operation
4. Lubricity: Dramatically reduces friction to lower engine wear and maintenance costs

In multiple evaluations across different settings, the addition of Sulnox Eco has demonstrated significant improvements in fuel efficiency and power generation, together with a reduction in harmful emissions (Figure 11). That directly feeds through into lower carbon emissions, helping industrial users to improve their Scope 1, Scope 2, and Scope 3 emissions targets.

Figure 11: Benefits of Sulnox Eco

Source: Sulnox, CAG Research. CO_2 is carbon dioxide, NOx are nitrogen oxides (a precursor to ground-level ozone), Particulate matter is what makes the black smoke often seen from diesel engines with PM2.5 particulates considered particularly harmful for lung health.

Changing fuel specifications are expected to enhance the efficacy of Sulnox Eco as higher concentrations of ethanol or other biofuel components tend to exacerbate agglomeration and separation of water in fuel and are themselves prone to separate out in the fuel mix. Sulnox Eco fuel conditioner for use in petrol has a higher recommended concentration of 1:1,000 rather than the 1:2,000 recommended for diesel to address the impact of current mandated ethanol levels in petrol.

Moreover, in less developed countries where fuel specifications are less well adhered to or fuel is prone to contamination, Sulnox Eco can also provide a direct improvement in fuel quality.

Since inception, manufacture of commercial product has been undertaken by Nouryon, formerly the large chemical company Akzo Nobel but now a unit of Carlyle. Nouryon is responsible for sourcing the feedstock and manufacturing the product to specification. Bulk discounts apply, which mainly explains why we expect the gross margin to expand as sales increase (see Financials).

Based on real-life data from evaluations undertaken by various potential customers, results from the use of Sulnox indicate potential returns to customers from the use of its fuel conditioners ranging from 132% to over 2,000% (cost of fuel saved/cost of Sulnox Eco) with substantial reductions in CO_2 and other emissions (Figure 12).

Figure 12: Use case examples

Use case	Nominal fleet size (#)	Fuel savings pa	Est unit gross fuel saving (US$k/year)	Est gross nominal fleet saving (US$k/year)	Fleet CO_2 reduction mte/y	Opportunity
Trucks	50	8%	11	550	1,125	c345m trucks globally
Generators	50	13%	69	3,445	7,046	c83m generators globally
Locomotives	50	6%	174	8,712	17,819	c26k diesel locomotives used globally
Tankers[1]	50	5%	293	14,625	70,898	c18k tankers in the World Fleet

Source: Sulnox, CAG Research. 1) There are over 100k vessels in the global fleet each weighing at least 100 gross tons.

Even at the lower end of the scale, the potential annualised ROIs look extremely attractive although the variation indicates that there may be many fleet specific conditions which influence performance. The savings in reduced fuel consumption relative to the cost of the conditioner average over 300%. In all cases, the end markets are very large, particularly when considering Sulnox's current level of sales.

In a way, the more interesting question is why, given the returns on offer, take-up has not been stronger. To which the answer is, in our view, that Sulnox is in the very early stages of building out customer appreciation for its Sulnox Eco offering and in most cases, it is dealing with very conservative customers. However, that process is now clearly producing results with the recent growth in sales is now running in the 100s of percents pa (see Financials). Moreover, since the start of the year, Sulnox has been able to enter three new partnerships, of which the most notable is the agreement signed with EPS.

Under the EPS agreement, EPS will adopt Sulnox Eco on a minimum of 30 vessels, representing c10% of its fleet, for a minimum of 18 months' use per vessel. EPS will provide performance data which Sulnox can use in its marketing activities and will also act as an introducer to some of the world's largest shipping companies. The agreement includes a minimum sales commitment from EPS of 250kl. Sulnox has also entered into partnerships with Crystal to supply Sulnox Eco to its two cruise liners following an evaluation which demonstrated a 3.4% average fuel saving and a significant reduction in black smokestack emissions which is a key focus in enhancing guest experience and reducing in-port pollution. Besides these two marine partnerships, Sulnox has entered its first material involvement in the rail market in a partnership with Colas Rail UK which will roll out Sulnox Eco across its locomotive and tamper fleet through 2026, following an evaluation which demonstrated a 4.5% improvement in fuel efficiency and large reductions in other emissions. Moreover, following two years of extensive testing, Spring Marine is expanding its use of Sulnox Eco fuel conditioners across its entire fleet of 28 tankers and bulk carriers.

Sulnox's revenue model is mainly based on sales through distributors which magnify the sales power of the Sulnox brand far beyond the direct organisational capability of the company itself and reduce business risk. As of March 2025, Sulnox had around 60 distributors with sales in over 40 countries. Sulnox has just announced a global long-term distribution agreement with Drew Marine which has a presence in more than 1,200 ports globally and

offers Sulnox enhanced access to key markets in which it is not already entrenched including China, India, Japan, Brazil and Germany. Sulnox also works with a number of introducers to help garner new customers.

Sulnox has built good traction in certain emerging markets, where fuel quality is an issue, most notably Ghana, Nigeria, and other African countries. Besides their burgeoning private and commercial transportation fleets, these countries are often also characterised by large numbers of stand-alone diesel generators, given poor grid availability, and mining operations which consume large volumes of diesel both for mining and trucking, but which also often depend on stand alone power generation.

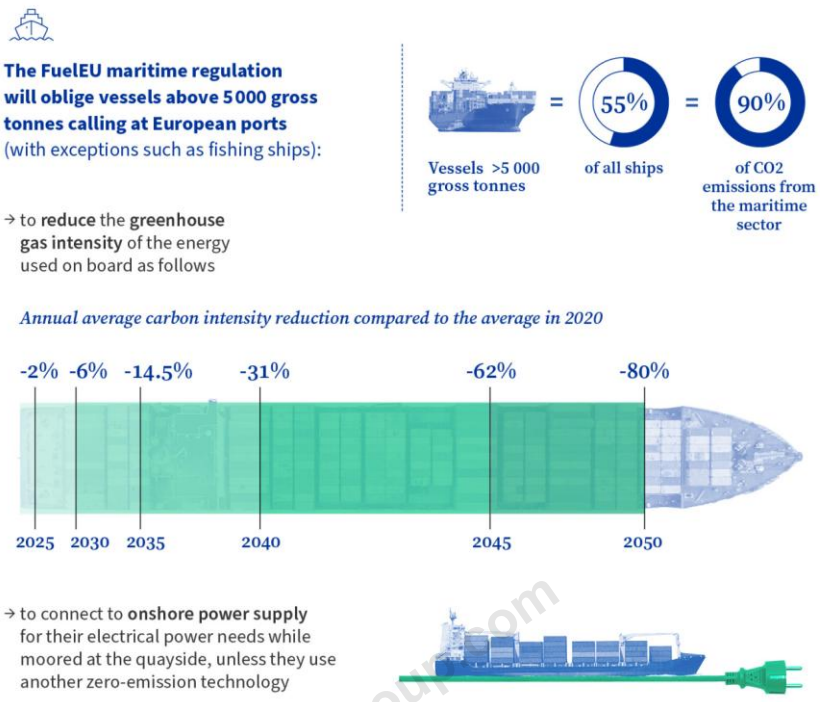
However, currently, the most important market for Sulnox is in marine use, which accounts for some 90% of the company's sales. This has been driven both by the commercial imperative of reduced cost but also by a significant tightening of emissions requirements.

The International Maritime Organization (IMO), a United Nations agency that sets global shipping standards has exerted increasing regulatory pressure, particularly with regard to the energy transition. IMO standards have required older vessels to be upgraded, slow-steamed, or scrapped and reduced customer demand for non-compliant vessels.

The most consequential recent change was the reduction in the upper limit on the sulphur content of ship's fuel to 0.5% from 3.5%, as of 1 January 2020. This forced shippers to switch to low sulphur fuels or retrofit scrubbers.

The IMO also stiffened its Green House Gas (GHG) emissions strategy in 2023 which requires a reduction in the carbon intensity of international shipping by at least 40% by 2030, compared to 2008. While US objections halted the full adoption of the IMO's Net-Zero Framework, nevertheless that has set a pathway to multiple new standards and restrictions shippers must meet including the incorporation of shipping into the EU's carbon pricing mechanism from the start of 2024, the establishment of new Emission Control Areas (ECAs), and measures to ensure ships meet minimum energy standards through an Energy Efficiency Existing Ship Index (EEXI) and a Carbon Intensity Indicator rating (CII) (Figure 13).

Figure 13: EU shipping regulatory timeline



Source: EU, CAG Research.

Sulnox's products offer a zero-capex alternative to hep meet some of these requirements and are also particularly effective in reducing smoke/particulate emissions in port, which is also coming under increasing regulatory pressure.

A key customer barrier to adoption is concern about potential engine damage from the long-term use of the products. Sulnox has addressed this issue by submitting its fuel conditioners to rigorous independent testing. The company now has certifications across major fuel standards, including ISO 8217 for marine fuels, EN 590 for diesel, EN 228 for petrol (E5 and E10), EN 16709 for B20/B30 biofuels, as well as ASTM, IS, and SANS standards. Moreover, while engine manufacturers will not provide positive certification, a number have provided letters of no objection including from CAT, Daimler/Mercedes, DAF, Scania, Volvo, and MAN.

From the beginning, Sulnox has actively sought to protect the intellectual property embedded in its technology and now has patents granted in almost 70 countries, most recently including the eight member countries of the African Regional Intellectual Property Organisation (ARIPO) (Figure 14).

Figure 14: Patent coverage

Albania	Estonia	Japan	Netherlands	South Africa
Armenia	Finland	Jordan	N Macedonia	Spain
Austria	France	Kazakhstan	Norway	Sweden
Azerbaijan	Gambia	Kenya	Poland	Switzerland
Belarus	Georgia	Kyrgyzstan	Portugal	Tajikistan
Belgium	Germany	Latvia	Romania	Tűrkiye
Brazil	Ghana	Liechtenstein	Russia	Turkmenistan
Bulgaria	Greece	Lithuania	San Marino	Uganda
Chile	Hong Kong	Luxembourg	Saudi Arabia	UK
China	Hungary	Malaysia	Serbia	Ukraine
Croatia	Iceland	Malta	Sierra Leone	US
Cyprus	Indonesia	Mexico	Singapore	Zambia
Czech Republic	Ireland	Monaco	Slovakia	Zimbabwe
Denmark	Italy	Mozambique	Slovenia	

Source: Sulnox, CAG Research.

Besides the growth potential in the Sulnox Eco fuel conditioners, Sulnox's other two products, Berrol® 6446 HFO Emulsifiers, and oil reclaimers also have significant potential in the longer term, particularly the oil reclaimers.

The Berrol® 6446 product is intended to be used with HFO diluted with water to improve its combustion efficiency with the Berrol® 6446 used to improve emulsification. HFO is used directly as bunker fuel in ships and in some cases for power generation. However, HFO has not historically been mixed down with water, despite the proven benefits to combustion which means that there is no widespread experience of this use case. Venezuela used to sell a blend of heavy crude mixed with water called Orimulsion, which was used as boiler fuel, so the overall use case is not entirely novel. While Sulnox has undertaken some trials with partners, broader use is likely to be a longer-term proposition. Moreover, the change to sulphur limits has significantly reduced the use of HFO as marine bunker fuel and is likely to continue to put pressure on this market. Even so, according to the Energy Institute's Statistical Review of World Energy, fuel oil still accounted for some 7.2mmbd of oil consumption in 2024, which is a large market.

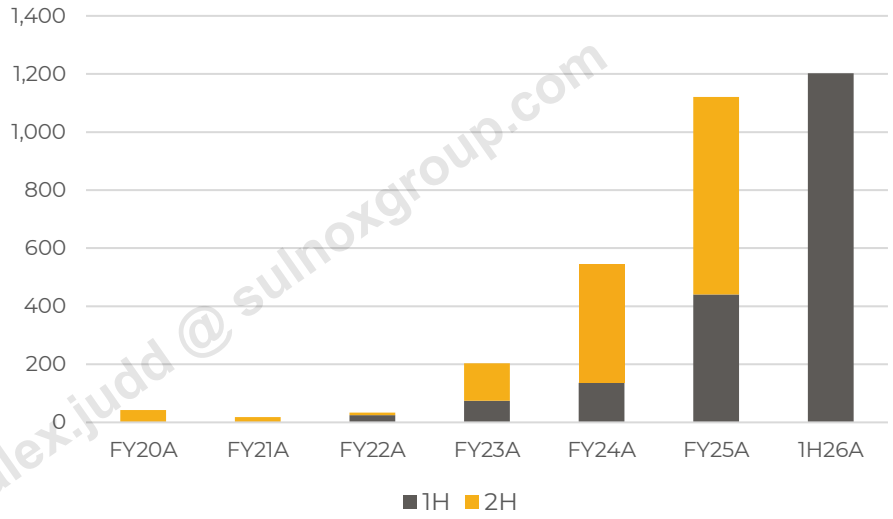
When used as a fuel emulsifier where the conditioner is a fraction of the water content in the fuel, it acts as an emulsifier. However, where the conditioner is the major component, the chemistry flips resulting in de-emulsification. This has potential to be used in the treatment of marine slops produced in tank cleaning. Sulnox is currently pursuing patent protection for this use case, prior to commercialisation but estimates the market potential at US$2bn pa. Sulnox was awarded its first patent protection for this use case in Nigeria earlier this year and has now formally launched Sulnox Innovations in part to develop this use case. In addition to Nigeria, Sulnox has now also been granted patent protection for oil reclamation use in the 39 member states of the European Patent Organisation and the eight members of the Eurasia Patent Convention.

Financials

Sulnox is pre-profit, but sales are now growing very rapidly, albeit from a low base – FY25 revenues doubled YoY. We forecast the company to achieve rough cash flow neutrality in FY27 and, following a recent £1m equity raise, be funded through to profitability in FY28 with the potential for very rapid escalation thereafter. The EPS deal together with other recent partnerships should accelerate growth from already rapid levels. Higher rates of growth or margin, which are well within the bounds of possibility, would drive a very rapid escalation in profitability.

In its first three years post-listing, Sulnox was mainly engaged in evaluations with potential customers, gaining independent certification of the efficacy and engine compatibility of its fuel conditioners and building out patent protection. Consequently, commercial sales were minimal. As its products have gained customer traction, sales growth from FY22 has been very rapid with a CAGR of over 200% FY22-FY25 and growth of over 170% for 1HFY26 vs 1HFY25 (Figure 15).

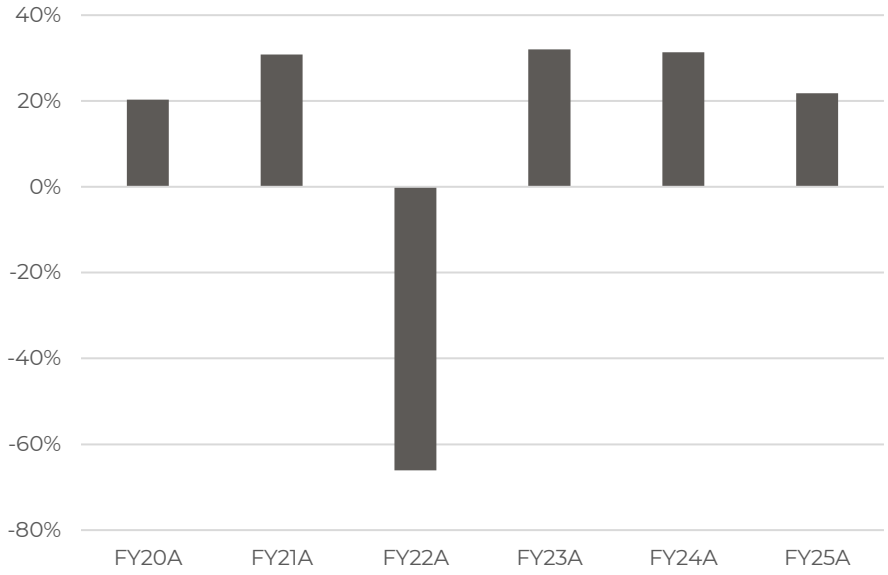
Figure 15: Revenue progression (£k)



Source: Sulnox, CAG Research.

Through this historical period, gross margin has been variable but by FY24 had stabilised at around 30% (Figure 16). That dipped to 22% in FY25 reflecting the cost of customer fulfilment running ahead of the establishment of permanent supply hubs to service the rapid growth in the marine market which have now been put in place.

Figure 16: Gross margin (%)



Source: Sulnox, CAG Research.

Sulnox generally sells its fuel conditioners in Intermediate Bulk Containers (IBCs, Figure 17) each holding 934 litres of conditioner, slightly less than the nominal 1kl capacity of an IBC, reflecting the shipping requirements of the product.

Figure 17: Intermediate Bulk Container

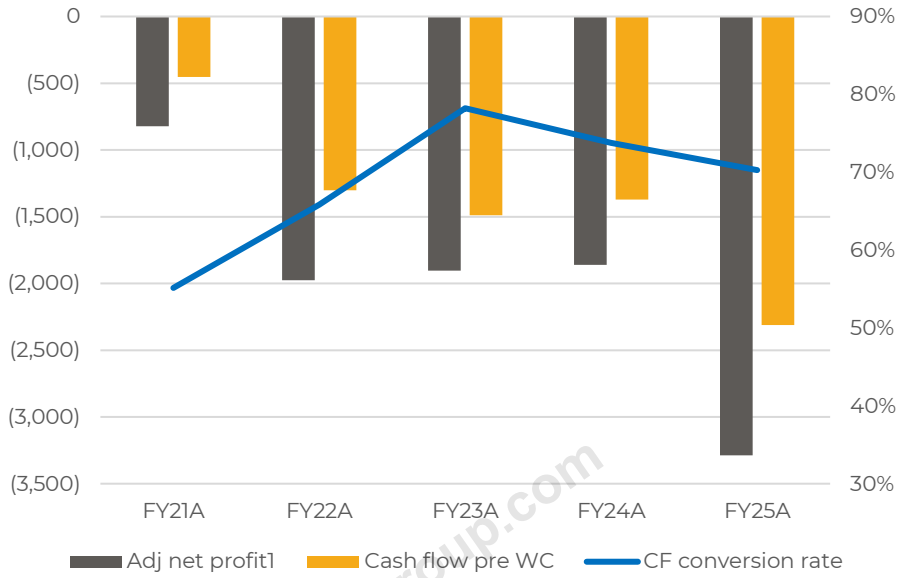
Source: Sulnox, CAG Research.

The product itself is manufactured by Nouryon to Sulnox's specifications and delivered to Sulnox's storage points as required for onward distribution (see Business).

Thus, in structure, Sulnox's results follow a straightforward price times volumes less cost of sales less expenses model. Moreover, the conversion of

adjusted profit into cash flow before movement in working capital is very direct as the only meaningful non-current asset on the balance sheet is the remaining intangible asset associated with the acquisition of the rights to the fuel conditioner technology (Figure 18). At YEFY25, that stood at £6.7m and is being amortised on a straight-line basis at £400k pa.

Figure 18: Cash flow conversion rate (£k and %)



Source: Sulnox, CAG Research. 1) Excludes share value transfer associated with share issuance associated with the EPS transaction.

Shares due to EPS are linked to sales volumes and are issued at par which will generate a share value transfer charge through the P&L. However, this is a non-cash item and we exclude it in calculating adjusted net profit.

Movement in working capital has averaged out to a modest net draw over FY22A-FY25A but we would expect a more persistent draw as the business scales.

Sulnox disclosed cash and net cash of £1.4m as at 30 September 2025 with its 2QFY26 trading update.

As Sulnox is currently at a pre-profit stage of development, it has no debt facilities and has mainly been funded by equity of which it has raised some £12m since coming to market (Figure 19).

Figure 19: Equity funding

	Unit	FY20A	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E
Net equity raised	£k	1,457	282	2,446	725	3,213	2,342	1,076
Average issue price[1]	p/share	45.7	40.3	30.0	11.5	20.1	47.5	10.1[2]
Shares issued	m	3.2	0.7	8.6	6.8	20.4	5.0	10.6

Source: Sulnox, CAG Research. 1) Price per subscription/placing share; excludes exercise of options or shares issued in lieu. 2) Reflects EPS related share issuance at par.

Most recently, Sulnox announced a gross £1m equity raise in conjunction with the launch of Sulnox Innovations (see Investment thesis) priced at 50p/share and corner stoned by Nistad, Sulnox's second largest shareholder, confirming the strength of support provided by Sulnox's existing shareholder base.

As part of the EPS transaction, EPS will acquire 11.7m new shares at par in sales volume related tranches during the initial 18 months of the agreement

of which 5.1m shares have been issued so far in FY26. We model the balance to be issued pro rata through the initial term. EPS may also subscribe for up to 4.7m new shares at par over a maximum of three years based on successful introductions of large shipping customers to Sulnox. We will incorporate these shares into our model as further details are disclosed.

Prospectively we forecast sales volumes to increase by around 150% pa through FY27 before slowing to still heady growth of 100% in FY28, which we believe is reasonable but conservative given the development in sales since FY23. However, our estimate could easily prove highly conservative in light of the increasing uptake in the marine market and the recent new partnerships, most notably with EPS (see Business). As sales scale up, we expect the gross margin to improve topping out at 48%, benefitting from lower bulk manufacturing costs and the establishment of seven global supply hubs serving the marine market.

We expect the company to continue to invest into its sales and marketing capabilities with a view to accelerating sales growth through new and existing distributors and the opening of new markets.

At this stage, we do not model interest dynamically but will do so as and when access to debt financing becomes available.

At YEFY25, Sulnox had unused tax losses of £10.3m which should shield profits for some years after the company achieves profitability.

On the basis of the assumptions described, we forecast Sulnox to reduce losses significantly through FY27 and achieve profitability in FY28. We model negative working capital of £0.3m pa prospectively but that should not stop Sulnox becoming approximately net cash neutral for FY27, in line with the drop down in net profit to cash flow. On that basis, while we forecast a draw on cash in FY26, Sulnox could now be funded through to profitability and positive net cash flow in FY28, on the basis of our forecasts. Key financial highlights are as shown in Figure 20 and our summary forecasts are shown in Summary financial statements.

Figure 20: Financial highlights

Highlight	Unit	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	£k	544	1,121	2,521	7,229	14,458
Gross profit	£k	170	245	1,160	3,434	6,868
Gross margin	%	31%	22%	46%	48%	48%
Adj net profit[1]	£k	(1,860)	(3,289)	(2,490)	(416)	2,096
Net profit	£k	(1,860)	(4,205)	(7,481)	(1,664)	2,096
Adjusted EPS[1]	p/share	(1.66)	(2.67)	(1.87)	(0.30)	1.49
Net CF from operations	£k	(1,558)	(2,292)	(2,135)	(61)	2,452
Net (cash)/debt	£k	(2,147)	(2,194)	(1,130)	(1,064)	(3,510)

Source: Sulnox, CAG Research. 1) Excludes share value transfer associated with share issuance connected with the EPS transaction.

Given the rapidity at which Sulnox is now growing there is clearly considerable uncertainty around what future profitability will actually turn out to be. To help frame this we have run sensitivities for our profit forecast in FY28 based on varying compound average volume growth rates and gross margins as shown in Figure 21 while keeping forecast administrative expenses fixed, in line with our current forecast.

Figure 21: FY28 net profit on varied vol CAGR and margin (£k)

Gross margin	Volume CAGR FY25A-FY28E				
	100%	150%	200%	250%	300%
20%	(2,135)	(501)	1,938	5,340	9,869
25%	(1,706)	337	3,384	7,638	13,298
30%	(1,278)	1,174	4,831	9,936	16,728
35%	(849)	**2,011**	6,278	12,233	20,158
40%	(420)	**2,849**	7,725	14,531	23,587
45%	8	3,686	9,172	16,828	27,017
50%	437	4,523	10,619	19,126	30,446

Source: Sulnox, CAG Research.

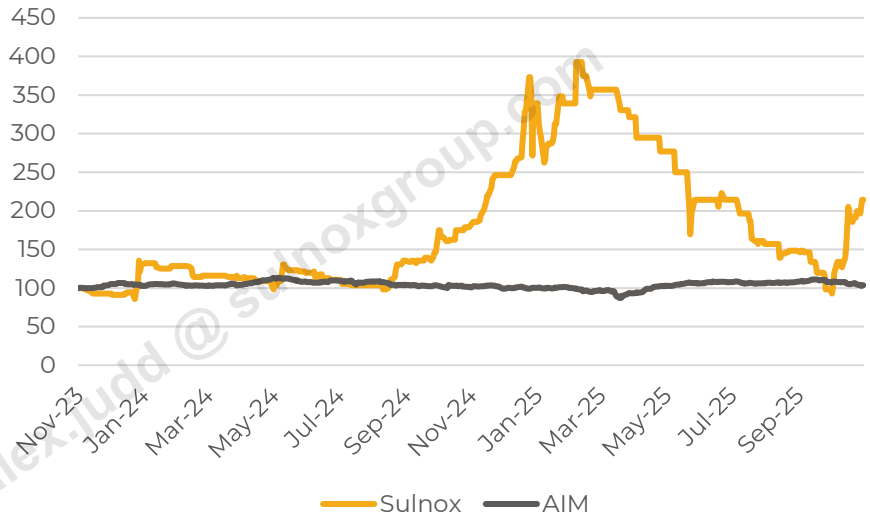
Our current forecast for net profit in FY28 is £2.1m. All positive values generated in the sensitivity analysis are highlighted in gold and, as Figure 21 illustrates, our net profit forecast would be bracketed with growth at 150% pa and a margin of 35%-40%, as shown by the figures in red. In fact, assuming growth of 200% pa the required gross margin to solve for £2.1m of net profit would be just over 20%. As the table also shows, higher rates of growth or margin, which are well within the bounds of possibility, drive a very rapid escalation in profitability.

Valuation

While Sulnox is pre-profit, the accelerating pace of growth in sales and increased interest from marine markets and investors has driven a strong response in the share price. Sulnox has only one clear analogue in Quadrise to which it trades at a modest market capitalisation despite Quadrise targeting one of Sulnox's smaller market segments and being pre-revenue, never mind pre-profit. Mechanically extending our forecasts forward demonstrates how quickly Sulnox's valuation multiples could fall to infeasibly low levels.

Sulnox's share price has more than doubled over the last two years, notwithstanding profit taking earlier in the year, as it has become increasingly apparent that its fuel conditioners were gaining customer traction (Figure 22). Most notably as interest from the shipping industry has built both as a sales channel and from players in the industry who have invested into the company culminating in the EPS deal announced earlier this year (see Business, Structure, management, and shareholders).

Figure 22: Sulnox vs AIM -2yrs, rebased to 100



Source: Bloomberg, CAG Research.

While we forecast that Sulnox will become profitable from FY28 (Figure 20) and have demonstrated how quickly profitability could grow (Figure 21), the company is currently loss making although it is generating rapidly increasing revenue.

Considering the most likely peers based on the Industry Classification Benchmark and Bloomberg Industry Classifications under which Sulnox is categorised (see Structure, management, and shareholders) suggest the following peer group (Figure 23).

Figure 23: Peer valuation comparisons

Company	Mkt cap (m)	Revenue[1] £m	YoY rev growth	P/E (x)	EV/rev (x)	Business
Sulnox	**77**	**1.1**	**106%**	**n/a**	**67.7**	**Fuel conditioners**
Quadrise	58	0.0	n/a	n/a	n/a	Fuel substitutes
Iofina	44	41.6	9%	12.0	1.1	Iodine
Eden Research	14	4.3	35%	n/a	2.7	Crop protection, animal health
Victrex	542	291.0	-5%	n/a	2.0	Polymers

Source: Bloomberg, companies, Sulnox, CAG Research. 1) Last full year revenue.

While we do not consider Iofina, Eden Research or Victrex as good comparators, they serve to give some idea of the spread in ratings based on P/E or EV/revenue. They also show that Sulnox easily has the highest rate of revenue growth, and at a pace which has potential to accelerate as the impact of the EPS deal kicks in (Figure 20).

More interestingly Quadrise's target market is the same one targeted by Sulnox's Berrol® 6446 product (see Business) although Quadrise is trying to provide a full fuel production system as well as an emulsifier, which, as it happens, is also manufactured by Nouryon. However, Quadrise is only about to start trials and does not have a commercial product, so is not currently generating any revenue at all. Moreover, as discussed, Quadrise's target market, while still large, is much smaller than the global market opportunity being targeted by Sulnox, yet Sulnox only has a modest market capitalisation relative to Quadrise.

In order to provide a sense of how quickly Sulnox could come into the range of valuations demonstrated by the peer group we have extended our forecasts beyond FY28 assuming fixed pa growth rates of 50%-200% with appropriate adjustments to administrative expenses. We also assume that the company has to start accounting for tax and use the current market capitalisation and calculated net cash to derive forward enterprise value. In practice, and particularly at higher rates of growth Sulnox would be increasingly free cash flow positive, so these assumptions penalise valuation.

For perspective, growth of 50% pa would imply sales of c10kl per day by FY30 or c40kl per day at 200% pa.

On that basis, Sulnox could be trading below the one year forecast Iofina P/E rating by FY28. By FY30, the company could be trading below the Iofina P/E rating assuming growth of under 100% pa (Figure 24).

Figure 24: P/E progression (x)

Growth rate pa	FY27E	FY28E	FY29E	FY30E
Base case	n/a	32.3	7.6	2.2
50%	n/a	n/a	n/a	5911.5
100%	n/a	379.6	21.9	7.6
150%	n/a	20.6	5.9	2.0
200%	114.0	8.5	2.5	0.8

Source: Bloomberg, Sulnox, CAG Research.

Similarly, Sulnox could be trading below the highest current peer EV/revenue multiple by FY28 and be trading on a sub one times multiple by FY29 (Figure 25).

Figure 25: EV/revenue progression (x)

Growth rate pa	FY27E	FY28E	FY29E	FY30E
Base case	11.0	4.2	1.4	0.2
50%	34.1	23.2	15.7	10.4
100%	18.9	9.4	4.4	1.8
150%	11.9	4.5	1.4	0.1
200%	8.1	2.3	0.3	(0.3)

Source: Bloomberg, Sulnox, CAG Research.

Despite the recent recovery in Sulnox's share price, it still has a modest market capitalisation relative to Quadrise which is targeting one of Sulnox's smaller market segments and has yet to generate any revenue.

At a more conceptual level, Sulnox is addressing markets with a theoretical capacity some 20,000 times its current sales volumes or more (see Purpose, opportunity, and strategy) so the kind of growth rates required to lead to a rapid reduction in the current rating should be eminently achievable, particularly given the direct financial benefits to customers (Figure 12). Moreover, Sulnox's fuel conditioners directly help decarbonise current fuel use and reduce harmful particulate emissions while improving engine performance, besides lowering overall fuel costs.

Structure, management, and shareholders

Sulnox is listed in the top tiers of both the Aquis and US OTC markets. Initial Board and management instability early in the life of the firm has long been resolved including the solidity injected as a result of Constantine Logothetis becoming the company's largest shareholder. The Board consists of three Non-Executive Directors including a Non-Executive Chairman; neither the CEO nor CFO roles, held by Ben Richardson and Steven Cowin respectively, are Board positions. Sulnox has recently established a Global Advisory Board.

Sulnox was incorporated as a public limited company in England and Wales in 2013 with registration number 8449586 as Sulnox Fuel Fusions Plc and was subsequently renamed as Sulnox Group plc in 2018.

Sulnox listed on the NEX Exchange Growth Market in December 2019 and is now trading on the Aquis Stock Exchange (AQSE) following the acquisition of the NEX Exchange Growth Market by Aquis Exchange PLC in 2020.

Sulnox qualified to trade on the pan-European Apex segment of the AQSE growth market in 2021. The Apex segment is the top tier of the AQSE market which features larger, more established businesses complying with stricter eligibility criteria to encourage greater liquidity.

The company listed in the US on the OTCQB Venture Market in July 2022, transferring to the OTCQX Best Market sector of the OTC, its highest tier, in October 2024.

Within the Industry Classification Benchmark classification system, Sulnox is categorised under Basic Materials and sub-categorised under Chemicals as a Speciality Chemicals business. Under the Bloomberg Industry Classification Standard, Sulnox is listed under Energy, nested within Oil & Gas, Oil & Gas Supply Chain, Refining & Marketing, Petroleum Refining, although the company has no connection with refining per se.

Sulnox was formed to develop fuel emulsifier technology initially developed for use in the printing industry. Sulnox acquired exclusive rights to the emulsion technology for £10m completing the acquisition for shares in 2013 (see Business)..

Sulnox is committed to maintaining the highest standards in corporate governance and to ensure all of its practices are conducted transparently, ethically, and efficiently. In accordance with the Aquis Growth Market Apex Rule Book, (the "AQSE Rules"), Sulnox has formalised its governance policies by adopting the UK's Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code").

The initial years after listing saw considerable turmoil in the Board which was finally resolved by mid-2023 with clarity around the operation of the group. None of the original Directors at listing remain on the Board. Under the revised structure, the two operating subsidiaries, Sulnox Limited and Sulnox Research & Development operate with budgets and strategic plans set for them by the Board and are tasked with maximising both revenues and profitability. Sulnox Limited is focused on developing business among the Group's longer-standing distributors and markets, while Sulnox Research & Development is focused on further developing opportunities within emerging sectors and markets.

The solidity of the Board has been bolstered by the entry of Constantine Logothetis as a major shareholder in June 2023 when Tergeo, a company he

controls, took an initial 9.9% stake in Sulnox, since increased to 27.2%. Mr Logothetis has a background in shipping and is a founder of Libra Group a private diversified group, including interests in shipping, renewables, and real estate on whose Board he sits. Mr Logothetis is not a Director of Sulnox but he is the largest shareholder in the company and is a member of the recently established Global Advisory Board.

Ben Richardson, CEO of Sulnox was initially appointed to the Board and as COO of the company in early 2021 becoming CEO in May that year. As part of the Board restructuring, Mr Richardson stepped down from the Board in March 2023 but continues as CEO.

The Board of Sulnox consists of three Directors, including the Chairman, none of whom are Executive Directors, and all of whom are considered to be independent. Neither the CEO nor the CFO are Directors of the company.

The Board of Sulnox has established Board level Audit and Remuneration Committees but has not established a Nominations Committee the role of which is undertaken by the full Board.

The Directors, Board Committees and their current composition are set out in Figure 26.

Figure 26: Directors, Board Committees, and membership

			Committee/membership	
Member	**Position**	**Date appt**	**Audit[2]**	**Remuneration[2]**
Radu Florescu	Chairman[1]	Dec-20	X	X
Keisha Robinson	INED	Dec-20		X
Alexandre Albertini	INED	Feb-24		

Source: Sulnox, CAG Research. 1) Non-executive; 2) Steven Cowin, CFO, sits as contributor.

Directors

Radu Florescu – Non-Executive Chairman

Radu Florescu is an experienced CEO of international companies who has founded, developed, and capitalised multiple successful companies and charities in America and Europe. Mr Florescu has decades of international experience in trading, account executive, business development, and management in the fields of manufacturing, marketing, power generation, and fuels.

Keisha Robinson – INED and Company Secretary

Keisha Robinson is a commercial legal consultant with experience across sectors, a 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.

Alexandre 'Alex' Albertini – INED

Alex Albertini has worked in the shipping industry for 25 years, holding a variety of leadership roles in the maritime sector. Mr Albertini is currently Chief Executive Officer of Marfin Management, a Monaco based specialist in management of dry bulk carriers and is the Managing Director of Factor8 Shipping, a Monaco based manager and operator of dry bulk carriers.

Executive management

Ben Richardson

Before becoming CEO of Sulnox in 2021, Ben Richardson built a distinguished career at Deutsche Bank, where he held a variety of senior leadership roles in Risk Management for the investment bank. His background in finance and international business strategy provides Sulnox with strong commercial and operational expertise, helping bridge innovation with global deployment.

Steven Cowin

Steven Cowin is an experienced chartered Certified Accountant with more than 25 years' experience within international professional services and trading businesses driving financial, operational and strategic initiatives. Mr Cowin became CEO of Sulnox in 2021 having previously spent 16 years at Aon PLC, in various global financial roles including a decade as CFO for the Global Risk Consulting division.

Global Advisory Board

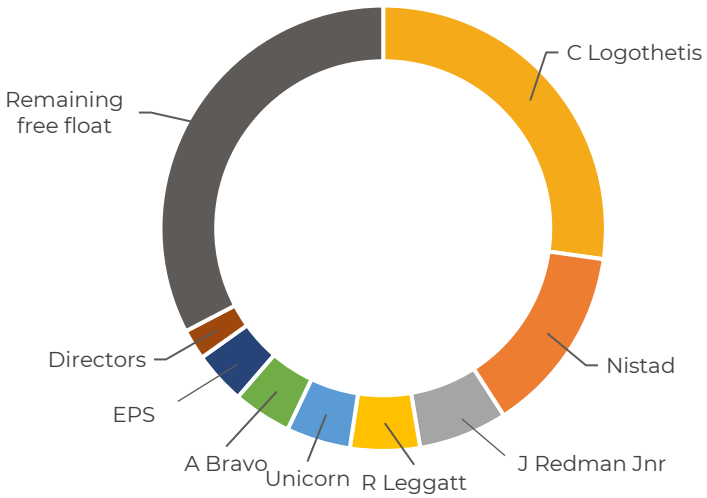
Besides the formal Board and executive management, Sulnox recently announced the formation of a Global Advisory Board to provide strategic guidance to the Board and executive. The Global Advisory Board comprises accomplished leaders with diverse expertise spanning supply chain management and transformation, national security, sustainability, energy, and global business development. Sulnox anticipates that the Global Advisory Board will help the company refine its proposition, enhance commercial capacity, and pursue new revenue opportunities worldwide.

The Global Advisory Board currently comprises Yannis Skoufalos, Ambassador Lincoln P Bloomfield Jr, the Rt Hon Tom Tugendhat, and Nick Cochrane-Dyet together with Constantine Logothetis, Sulnox largest shareholder.

Shareholders

Sulnox currently has 134m shares outstanding and a free float of 61%. The company's two largest shareholders are Constatine Logothetis who currently holds a 27.2% interest, and Nistad which is the family office of the Nistad family, the former owners of the Norwegian-based low-cost Mekka store chain. Nistad initially held a 15.3% interest on admission and now holds a stake of 13.7%, including 300k shares acquired in the recent fund raise. The other significant shareholders are three of the other original private investors and Unicorn Asset Management which now holds a 4.8% interest. The Directors and executive management hold a 2.2% stake of which Mr Albertini accounts for 2.0% (Figure 27).

Figure 27: Shareholders



Source: Bloomberg, Sulnox, CAG Research.

As at 31st March 2025, Sulnox had 7.9m options outstanding with an average exercise price of 43p/share of which 7.5m were exercisable at an exercise price of 43p/share. In addition, the subsequent equity raises have come with warrants. In total, we calculate remaining warrants number 4.0m with exercise prices ranging from 29p to 66.1p. At the current share price of 60p, all of the exercisable options and warrants are in or near the money representing potential share dilution of 8.1% but raising £5.4m for the company.

If all the shares contemplated for subscription under the EPS deal are issued, EPS would hold an 11.3% interest in the enlarged share capital of Sulnox, assuming no other share issuance.

Risks

Sulnox identifies eight principal risks and uncertainties which we regard as broadly generic. In our view, Sulnox's most important identified risks are market adoption of its products together with product performance and validation which we regard as strongly related. Following the recent fund raise, we believe the company could be funded through to profitability in FY28. There is also a potential risk of competition, although we do not believe this to be a current threat.

Sulnox identifies eight principal risks and uncertainties which we regard as broadly generic. (Figure 28).

Figure 28: Identified risks

#	Identified risk	CAG view
1	Going concern and liquidity	Generic
2	Market adoption	Generic but critical
3	Product performance and validation	Generic but critical
4	Regulatory and compliance	Generic
5	Supply chain and intellectual property	Generic but critical
6	Concentration	Generic
7	Talent retention and organisational capacity	Generic
8	Reputational	Generic

Source: Sulnox, CAG Research.

In our view, Sulnox's most important identified risks are market adoption of its products together with product performance and validation which we regard as strongly related. Sulnox needs to be able to access conservative supply chains based on the performance of its products. Current growth rates confirm that the efficacy of Sulnox Eco fuel conditioner is increasingly being recognised in key markets.

We also view supply chain, but more particularly intellectual property as being generic but critical. While patent protection is in place across most of the world's largest markets, most notably the US, EU and China (Figure 14), there are some gaps in less developed markets where the company's products have or should have good traction such as India and countries in Africa, including some key existing markets. This risk is diminishing as the patent portfolio is fleshed out.

Sulnox identifies going concern and liquidity as risks. Following the fund raise last summer, we believe the company could be funded through to profitability (see Financials). In any event, assuming growth is delivered at pace we would not expect Sulnox to have much difficulty raising further finance, should that be required, particularly given the strong historical support from existing shareholders.

Sulnox does not specifically identify risks from competition. While we are not aware of products which compete directly with Sulnox's technology we note that Quadrise is a potential competitor in a nascent market segment (see Valuation) and it is possible that its technology could be further develop to provide more of a competitive threat. However, Sulnox has significant patent protection in place and is well ahead in bringing its products to market.

A key theme of Sulnox is that it is a Greentech company because of the reduction in carbon dioxide and other emissions enabled by its drop-in conditioners. However, from a more fundamentalist perspective, this could be challenged as Sulnox's solutions do not substitute out liquid hydrocarbons for renewables but rather improve the efficiency of liquid hydrocarbons in use and cut harmful emissions. In principle, that is potentially incompatible with

the drive to Net Zero. However, certainly in the short to medium term within the existing regulatory framework, Sulnox's products can be used by customers to meet their regulated emissions requirements, and we do not anticipate this concern being in any way a meaningful drag on market potential in anything other than the very long term.

Summary financial statements

March year end, £k	FY24A	FY25A	FY26E	FY27E	FY28E
Profit & loss					
Turnover	**544**	**1,121**	**2,521**	**7,229**	**14,458**
Cost of sales	(374)	(876)	(1,361)	(3,795)	(7,591)
Gross profit/(loss)	**170**	**245**	**1,160**	**3,434**	**6,868**
Share value transfer	0	(917)	(4,991)	(1,248)	0
Administrative expenses	(2,053)	(3,576)	(3,650)	(3,850)	(4,771)
Operating loss	**(1,882)**	**(4,248)**	**(7,481)**	**(1,664)**	**2,096**
Net interest	23	43	0	0	0
Pre-tax profit/(loss)	**(1,860)**	**(4,205)**	**(7,481)**	**(1,664)**	**2,096**
Tax	0	0	0	0	0
Net profit/(loss) - reported	**(1,860)**	**(4,205)**	**(7,481)**	**(1,664)**	**2,096**
Net profit/(loss) – adjusted[1]	**(1,860)**	**(3,289)**	**(2,490)**	**(416)**	**2,096**
Basic reported EPS (p)	(1.66p)	(3.41p)	(5.63p)	(1.20p)	1.49p
Diluted reported EPS (p)	(1.66p)	(3.41p)	(5.63p)	(1.20p)	1.49p
Basic adjusted EPS (p)	(1.66p)	(2.67p)	(1.87p)	(0.30p)	1.49p
Diluted adjusted EPS (p)	(1.66p)	(2.67p)	(1.87p)	(0.30p)	1.49p

Source: Sulnox, CAG Research. 1) Excludes share value transfer charge.

Summary financial statements (cont)

March year end, £k	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow					
Net profit/(loss)	(1,860)	(4,205)	(7,481)	(1,664)	2,096
Depreciation	4	11	5	5	5
Amortisation	400	400	400	400	400
Loss on disposals	0	0	0	0	0
Net interest charge	(23)	(43)	0	0	0
Share value transfer	0	917	4,991	1,248	0
Share-based payments	106	609	250	250	250
Tax charge	0	0	0	0	0
Operating cash flow before WC	**(1,372)**	**(2,311)**	**(1,853)**	**239**	**2,752**
Delta working capital	**(209)**	**(24)**	**(300)**	**(300)**	**(300)**
Cash generated/(used) in operations	**(1,581)**	**(2,336)**	**(2,135)**	**(61)**	**2,452**
Net interest paid	23	43	0	0	0
Taxation received	0	0	0	0	0
Net cash generated/(used) in operations	**(1,558)**	**(2,292)**	**(2,135)**	**(61)**	**2,452**
Purchase of PP&E	(31)	(2)	(5)	(5)	(5)
Net cash used in investing	**(31)**	**(2)**	**(5)**	**(5)**	**(5)**
Net equity issuance	3,213	2,342	1,076	0	0
Net loan proceeds/(repayment)	0	0	0	0	0
Net cash generated from financing	**3,213**	**2,342**	**1,076**	**0**	**0**
Implied delta net debt	**(1,624)**	**(47)**	**1,064**	**66**	**(2,447)**
Summary balance sheet					
Total non-current assets	7,123	6,714	6,314	5,913	5,513
Net assets	9,244	8,906	7,742	7,576	9,922
Total equity	9,244	8,906	7,742	7,576	9,922
Net debt/(cash) (IAS 17)	(2,147)	(2,194)	(1,130)	(1,064)	(3,510)
Net debt/(cash) (IFRS 16)	**(2,147)**	**(2,194)**	**(1,130)**	**(1,064)**	**(3,510)**

Source: Sulnox, CAG Research.

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Capital Access Group
32 Cornhill
London
EC3V 3SG
www.capitalaccessgroup.co.uk