

Nanoco Group

Encouraging commercial progress

Nanoco's interim results highlight a number of encouraging developments. All milestones have been achieved with the company's Asian chemicals customer and phase two should start in H225 or H126. Nanoco is also in advanced discussions with another Asian materials and chemicals company to develop quantum dots for short-wave infrared (SWIR) applications. Discussions with a number of potential bidders are ongoing, with initial proposals expected to be received in the summer. Following cost reductions, cash burn has been reduced to £0.5m per month. Net cash of £15.2m as at 4 April compares to Nanoco's current market cap of £13.9m. This appears to factor in a pessimistic scenario, given the signs of commercial reinvigoration and bid interest.

The interim results are the first since the arrival of new CEO Dmitry Shashkov and the appointment of Jalal Bagherli as chair. They indicate that technical execution remains good and that commercial activities are again starting to move forward.

From an execution standpoint, the first year of the two-year joint development agreement (JDA) with the Asian chemical customer has been successfully completed, meeting all performance requirements. The customer has confirmed its commitment to the project. The scope of phase two of the JDA is now being developed, with formal commencement scheduled for autumn 2025.

Advanced negotiations are underway with another major Asian chemical customer to enter a similar JDA for developing heavy-metal-free quantum dot-based SWIR image sensor technology. If these are concluded successfully, this JDA will generate additional service revenues for Nanoco and contribute to further product revenue growth if devices move into production. A further 10 prospects have been identified for the company's quantum dot SWIR capability, of which Nanoco has engaged with around half. A number of small-scale engagements are also ongoing in display, across existing liquid crystal display architectures and newer ones like micro display, while options for monetising the company's IP continue to be explored.

The 13% revenue drop to £3.4m is primarily due to the cancellation of the JDA with the European customer, reflected in service revenues dropping from £0.6m to £0.3m. Licensing revenues of £3.0m (H124: £3.1m) reflect the recognition of IP licence income from the Samsung settlement and are drawn down from deferred income. Net cash stood at £15.5m at period end, down from £20.3m at the end of FY24, reflecting a £3.5m operating cash outflow plus £1m returned to shareholders. Following the implementation of cost savings, monthly cash costs have been reduced to £0.5m. The cash position on 4 April was £15.2m, reflecting cash receipts from the Asian customer. The addition of new development customers should help reduce the burn rate further in the near term, while management believes the business is on track to deliver commercial product revenues in calendar 2026.

Year end	Revenue (£m)	EBITDA (£m)	Net cash (£m)	EPS (p)	P/E (x)
7/22	2.5	(3.2)	2.8	(1.20)	N/A
7/23	5.6	(0.4)	3.6	(1.80)	N/A
7/24	7.9	1.2	20.3	0.02	N/A
7/25e	6.9	1.2	13.5	0.00	

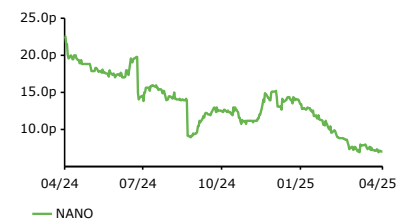
Source: Company data, LSEG Data & Analytics

Tech hardware and equipment

15 April 2025

Price **7.09p**
Market cap **£14m**

Share price performance



Share details

Code	NANO
Listing	LSE
Shares in issue	194.6m
Net cash/(debt) at 4 April 2025	£15.2m

Business description

Nanoco Group is a global leader in the development and manufacture of cadmium-free quantum dots and other nanomaterials, with c 375 patents. Focus applications are advanced electronics, displays, bio-imaging and horticulture.

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