

Nanoco Group

Sensing initiatives progress and expand

Nanoco's FY25 results were in line with expectations, with revenues from products and service of £1.3m, net cash of £14.0m and gross annual cash costs of £6m. The company continues to advance and diversify its opportunities in sensing. In particular, phase two of the joint development agreement (JDA) with the company's first Asian partner is focused on achieving volume production readiness. The CDX Advisors review is nearing conclusion, with results expected to be announced after year-end, while the LG litigation is ongoing.

Expansion and progression of initiatives in sensing

The significance of the recently announced progression of the JDA to phase two with the company's first partner (with a major Asian chemicals company) has perhaps been overlooked, in that it now provides a much more structured pathway to commercialisation at scale, funding work on process definition, reliability and manufacturability required for high-volume production. The JDA with the second Asian chemicals customer, which commenced in April 2025 is also said to be progressing well and expected to be extended. The company has also developed in house InAs materials for alternative wavelengths to target new customers and applications. A systematic campaign to engage with all companies in the QD-SWIR market may also yield opportunities for low-volume production shipments, as an alternative supplier of lead-sulphide QDs into industrial and defence applications, as well as new JDAs for new materials. The company has the capacity to produce materials for over 150m sensors, scaling to over 700m on a three-shift pattern, with the revenue per sensor expected to be c \$0.12–0.25 per sensor at volume.

CDX progress nearing conclusion, LG litigation ongoing

The process with CDX Advisors to review strategic options, including the potential sale of the operating business, appears to be approaching its conclusion, with management expecting to announce the results after year-end. In display, the primary pathway to further monetisation is now focused on the patent infringement litigation against LG, with £0.3m fees incurred so far.

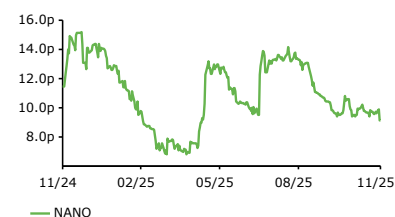
Low cash burn, healthy balance sheet

Financially, the statement contained no new surprises from the trading update in August. Revenues from products and services were down £1.3m from £1.8m, reflecting the discontinuation of work with the company's European partner but partially offset by the second Asian customer JDA. Licencing revenues from the Samsung settlement were £6.3m, which are drawn from deferred income and therefore do not contribute to cash flows. Cash burn remains well under control, with net cash of £14.0m at period end versus £15.2m at the interims. Net monthly cash costs are currently running at £0.4m.

Consensus estimates					
Year end	Revenue (£m)	EBITDA (£m)	Net cash (£m)	EPS (p)	P/E (x)
7/23	5.6	(0.4)	3.6	(1.80)	N/A
7/24	7.9	1.2	20.3	0.02	N/A
7/25	7.6	1.5	14.0	0.25	37.0
7/26e	7.6	1.8	8.3	0.36	25.7

Tech hardware and equipment
19 November 2025
Price 9.24p
Market cap £18m

Share price performance



Share details

Code NANO
 Listing LSE
 Shares in issue 195.5m
 Net cash/(debt) at 31 June 2025 £14.0m

Business description

Nanoco Group is a global leader in the development and manufacture of cadmium-free quantum dots and other nanomaterials. Focus applications are advanced sensing and displays, with the potential to expand the latter through development work with new partners.

Bull points

- Promising position and progress in the infrared sensor market with high volume potential due to its significant manufacturing capacity.
- Proven intellectual property and successful litigation track record.
- Strong balance sheet, low cash burn and low enterprise value.

Bear points

- Uncertainty of pioneering new markets.
- Previous initiatives have not progressed to volume production.

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Source: Company data, LSEG Data & Analytics. EPS is adjusted.

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