27 March 2024

NANOCO GROUP PLC

("Nanoco", the "Company" or the "Group")

Interim Results

Fully funded business with commercial traction investing for a phase of steady growth

Nanoco Group plc (LSE: NANO), a world leader in the development and manufacture of cadmium-free quantum dots and other specific nanomaterials emanating from its technology platform, announces unaudited Interim Results for the half year ended 31 January 2024 ("the Period" or "H1 FY24").

- **Critical milestone of first ever commercial orders achieved**
  - Shipment in November 2023 of two first-generation materials for use in infra-red sensing applications in electronic devices (cameras and imagers).

- **Continued progress with two global electronics supply chain customers**
  - Joint Development Agreement signed in January 2024 with STMicroelectronics, a global semiconductor leader, to optimise the performance of a second-generation sensing material over a two-year period.
  - Joint Development Agreement signed in November 2023 with an important Asian Chemical supplier of materials to global electronics supply chains over two years to enhance another high performing sensing material.

- **Second tranche of litigation proceeds received**
  - Return of £33m to shareholders via Tender Offer and Share Buyback now underway.
  - Retained funds to be invested in operational capability, enhancing future growth prospects, and improving gross margins.
  - Nanoco will be debt-free by the end of FY24 and is now fully funded through to cash breakeven, expected during CY25.
  - Financial resources to defend our IP and leverage that same IP for value

- **The opportunity ahead**
  - Successfully transitioned from a speculative R&D first mover to a financially underpinned, organic growth focused Company, surrounded by a validated and enforceable IP moat
  - Core sensing and display markets are forecast to experience rapid growth over the next five years - forecast CAGR of over 40% in sensing[1] (cameras and imagers) and c. 20% in display[2]
  - Adoption of QD technology in mobile phones for sensors and small screen micro-LEDs for display should lead to a step change in addressable markets for Nanoco

Results overview

Operational Summary – investing in new capabilities and supply chain resilience

- Building and fit out completed post period end for new wafer device development and testing facility ('Fab') to shorten product research cycles by up to c.33% and to support engagement with new and existing customers.
- New device team joined post period end, now commissioning newly arrived equipment.
- Continued early stage engagement with potential new display customers.

[1] Yole

[2] IBI

Financial Summary – Trading in line with Board expectations for FY24

- Reported revenue increased to £4.0m (H1 FY23: £1.6m) driven by recurring IP licence revenue.
  - Underlying revenue (excluding Samsung licence revenue) of £1.0m, (H1 FY23: £1.6m). Decrease reflects timing of STMicroelectronics agreement being signed towards the end of the Period.
- Reported operating profit increased to a profit of £2.4m (H1 FY23: loss £2.1m) reflecting increased revenue and the FX hedge gain of £2.5m in relation to the second tranche of litigation proceeds from Samsung, partly offset by strategic investments.
  - Adjusted EBITDA of £0.7m (H1 FY23: LBITDA £1.1m) excludes the one-off impact of the FX hedge gain and share-based payments.
- Investment in operations has increased gross cash cost base to c. £0.6m per month (H1 FY23: £0.5m).
- Period end reported cash of £59.3m (£2.5 million FX hedge benefit received in February 2024).
- The planned return of capital to shareholders (the "Return of Value") and repayment of outstanding debt of c. £5 million will leave a cash balance of c. £23 million to support the commercial business.

Outlook

- Expansion of our range of services to include sensing device development work when Fab is fully commissioned during H2 FY24.
- FY24 performance expected to be in line with market expectations[3]
- Continued progress as a full-service production company with the goal of becoming cash breakeven during CY25, in line with previously set out timeframe.

Brian Tenner, Chief Executive Officer of Nanoco Group plc, said:

"Delivering our first ever commercial orders was a huge achievement for the whole Nanoco team. Sales volumes of first generation materials are expected to grow gradually over time to deliver a cash breakeven position during CY25. Adoption of the technology in mobile phones would lead to further significant growth.

"Our current two global customers – both leading suppliers to the electronics industry - are a testament to Nanoco's leadership in novel nanomaterials. Our key display and sensing IP was emphatically validated in the recent Samsung litigation. The new second generation materials under development will deliver significant performance improvements to open up new applications in automotive and dynamic image capture. All of our materials form part of our 'platform technology', being adaptable to a wide range of markets, applications and form factors.

"We are pleased to be returning £33.0 million of value to shareholders while retaining funds for the compelling use cases we have previously outlined. Having spent five years fighting for financial survival, we have now been able to make some cautious but important strategic investments in new capabilities and our resilience as a supply chain partner. These will accelerate our development plans and commercial progress, as well as allowing us to self-fund IP licensing efforts. The combination of a fully funded business with commercial traction is a strong foundation on which to build."

= Ends =

[3] Consensus Revenue £8.5 million, consensus Adj EBITDA £1.4 million, consensus Adj PBT £0.4 million (Cavendish and Edison).

Webcast for sell side analysts

A conference call and webcast for sell side analysts will be held at 10:00am (UK time) this morning (27 March 2024):

For further details please contact Powerscourt at nanoco@powerscourt-group.com.

A recording of the webcast will also be made available on Nanoco's website later today at www.nanocotechnologies.com

Investor Meet Company presentation for investors

There will be a further presentation for investors via the Investor Meet Company platform on 2 April 2024 at 10:00am. Questions can be submitted in advance via the Investor Meet Company Dashboard before 5:00pm on 28 March 2024 or on the day. Investors can sign up to the Investor Meet Company platform for free and register their interest in events hosted by Nanoco Group Plc via:

https://www.investormeetcompany.com/nanoco-group-plc/register-investor

Investors who already follow Nanoco Group Plc on the Investor Meet Company platform will automatically be invited.

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FORWARD LOOKING STATEMENTS

This announcement (including information incorporated by reference in this announcement) and other information published by Nanoco may contain statements about Nanoco that are or may be deemed to be forward looking statements. Such statements are prospective in nature. All statements other than historical statements of facts may be forward looking statements. Without limitation, statements containing the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or "considers" or other similar words may be forward looking statements.

Forward looking statements inherently contain risks and uncertainties as they relate to events or circumstances in the future. Important factors such as business or economic cycles, the terms and conditions of Nanoco's financing arrangements, tax rates, or increased competition may cause Nanoco's actual financial results, performance or achievements to differ materially from any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Nanoco disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

About Nanoco Group plc

Nanoco (LSE: NANO) is a nanomaterial production and licensing company, specialising in the production of its patented cadmium free quantum dots (CFQD®) and other patented nanomaterials for use in the electronics industries.

Founded in 2001 and headquartered in Runcorn, UK, Nanoco continues to build out a world-class, patent-protected IP portfolio alongside the scaling of the production for commercial orders.

Nanomaterials are materials with dimensions typically in the range 1 - 100 nm. Nanomaterials have a range of useful properties, including optical and electronic. Quantum dots are a subclass of nanomaterial that have size-dependent optical and electronic properties. Within the sphere of quantum dots, the Group exploits different characteristics of the quantum dots to target different performance criteria that are attractive to specific markets or end-user applications such as the Sensor, Electronics and Display markets. Nanoco's CFQD® quantum dots are free of cadmium and other toxic heavy metals, and can be tuned to emit light at different wavelengths across the visible and infrared spectrum, rendering them useful for a wide range of display applications. Nanoco's HEATWAVE™ quantum dots can be tuned to absorb light at different wavelengths across the near-infrared spectrum, rendering them useful for applications including cameras and image sensors.

Nanoco is listed on the Main Market of the London Stock Exchange, holds the LSE's Green Economy Mark, and trades under the ticker symbol NANO. For further information please visit: www.nanocotechnologies.com

Business Review

Overview – A fully funded business with commercial traction and exciting growth opportunities

The key highlight of the six months to 31 January 2024 and indeed the last ten years or more, was the fulfilment of the first ever commercial production orders for two of our first generation materials for use in infra-red sensing applications. In addition, both STMicroelectronics and our Asian Chemical customer signed multi-year development agreements for higher performing second generation materials, also for use in sensing applications (cameras and imagers).

Having spent five years fighting for financial survival, we have now been able to make some cautious but important strategic investments in new capabilities and our resilience as a supply chain partner, while increasing the team to around 50 staff, just over half the figure from 2018.

First commercial production order in Company's 20 year history fulfilled for sensing application

Sensing

In November, we fulfilled our first ever commercial production orders for two different products from our first generation materials. This milestone and the status of our direct customer is a clear endorsement of our technology. We expect further orders to be fulfilled during this calendar year, depending on end user adoption and demand. The wide range of potential end use applications for our materials reflects a key strength of our materials and the underpinning IP – they are a 'platform technology' that is applicable to a wide range of markets, applications and form factors.

During H1 FY24, we signed a two-year joint development agreement with STMicroelectronics. This is for the optimisation of a second generation of sensing material that has different performance characteristics which will allow its use in previously inaccessible applications such as automotive. We continue to achieve all development milestones and will be expanding our range of services to include device development work when our new facility is fully commissioned during H2 FY24.

We also signed a two-year programme with our Asian chemical customer, following on from the successful delivery of a number of smaller consecutive projects over a two-year period. This programme is also for the development of a different second generation sensing material.

During the Period, the Group completed two small but important projects that were part funded by Innovate UK, the UK's innovation agency. One of those projects was targeting a third generation sensing material with the potential for even more advanced performance. The second of these projects concerns the creation of novel nanomaterials that are potentially applicable in the field of quantum computing. Discussions are ongoing regarding further investment in these areas.

Display

We continue to pursue small scale development projects with a number of customers in display markets, covering film opportunities as well as the emerging market interest in micro-LED. We are working to leverage our validated IP portfolio to deliver commercial engagement and contracts for the supply of R&D services and materials for the display market. As reported previously, we also work on a reactive basis to opportunities in adjacent markets such as horticultural and lighting applications.

Operations

During the period, Nanoco has invested in its infrastructure and capabilities. This includes increasing our Runcorn operational footprint by approximately 50%. This new space will be dedicated to a Fab for the testing and development of devices incorporating our nanomaterials to accelerate product development and support engagement with new and existing customers. The extensive equipment for this facility arrived from overseas locations in early March. Our new device team has been recruited and will join the business over the coming months with their initial focus on supporting the commissioning of this equipment in the new facility.

We are also investing in our quality control and analytical capabilities, which has the benefit of improving the data we can capture, but also reduces our reliance on outsourced and costly services.

IP Licensing

As previously stated, our primary goals for Nanoco are the delivery of development, scale up and commercial production of nanomaterials. Our IP portfolio is primarily used to support those objectives. However, we will also continue our efforts to agree appropriate licensing of our technology and IP where other commercial engagement may not be possible or appropriate. The fact that Samsung felt the need to agree a licence over Nanoco IP despite having access to a number of other large quantum dot IP portfolios reinforces this point.

While the opportunities for licensing in display markets is currently relatively small due to the dominance of Samsung, we expect this to grow over time as more devices and market participants adopt quantum dot technology. We are ring-fencing a significant sum from the retained funds from the Samsung litigation to support our efforts to generate value in the medium term and to continue to defend our IP as required.

Board

In December 2023 we were pleased to announce the appointment to the Board of Dr Jalal Bagherli and Dieter May as new independent non-executive directors, both bringing significant semi-conductor markets experience. Dieter has now joined the Board and Jalal will join us in April 2024. In line with good corporate governance, our Chairman, Dr Christopher Richards, has indicated that he will stand down from the Board at the next AGM following nine years of service. A search for a new Chairman will be led by the Senior Independent Director and the process will start soon.

Outlook – steady growth on a firm foundation

Market forecasts for infra-red sensors[4] and quantum dot-based display[5] technologies show strong growth over the next five years. This will create a positive environment in which Nanoco's unique cadmium free quantum dots and other novel nanomaterials can leverage their strong performance characteristics into large mass produced commercial applications.

The continued investment and development of future generations of sensing materials is a necessary part of managing our product lifecycle to deliver value over an extended period of time. The environmental benefits of our cadmium free products should further add to the appeal of Nanoco materials.

We are pleased to be returning £33.0 million of value to shareholders and to have retained funds for the compelling use cases we set out in our recent circular. The retained funds will accelerate our development plans and commercial progress, as well as allowing us to self-fund IP licensing efforts. The combination of a fully funded business with commercial traction is a strong foundation on which to build.

Brian Tenner
Chief Executive Officer 27 March 2024

[4] Yole
[5] IBI

Financial review

Revenue

Reported revenue in the Period increased 153% to £4.0m (H1 FY23: £1.6m). The majority of revenue and its net increase relates to recurring licence revenue, prepaid as part of the litigation settlement.

Sources of revenue	**H1 FY24 £m**	**H1 FY23 £m**	**FY23 £m**
Services	0.6 / 13.8%	1.1 / 70.5%	1.7 / 30.0%
Material sales	0.3 / 8.6%	0.4 / 26.2%	0.8 / 15.4%
Licences	3.1 / 77.6%	0.1 / 3.3%	3.1 / 54.6%
Total revenue	**4.0 /100.0%**	**1.6 /100.0%**	**5.6 /100.0%**

Excluding the licence revenue, services continue as the major revenue driver, generated primarily from two new development agreements signed in the period. The decrease on H1 FY23 was due to a timing difference between the completion of the previous development agreements and the negotiation and start of the new contracts. Material sales represents shipments of nanomaterials to supply chain partners in sensing and display markets, including shipments under the first commercial production orders.

Operating expenses

Operating expenses comprise R&D and administrative expenses. Gross investment in R&D to support the ongoing development of our nanomaterials was £0.8m in the Period (H1 FY23: £0.5m) and administrative expenses were £3.0m (H1 FY23: £2.7m). Following the Samsung settlement in FY23, we have invested in both additional staff and facilities to position the Company for future growth.

Other operating income in the Period was £2.6m (H1 FY23: £0.1m). The significant increase reflects the recognition of an unrealised gain of £2.5m on a foreign exchange hedge that was marked-to-market value at the period-end. During the Period the group took out a one-off hedge at a rate of GBP1:USD1.22 against the second tranche of proceeds from the Samsung agreements totalling $71.75m. Although the cash was received prior to the end of the Period, the hedge did not mature until afterwards and hence is reported as unrealised at the period end.

Operating profit and adjusted EBITDA

The higher revenue in the Period directly impacted adjusted operating profit in the Period, increasing to £0.2m, an improvement of £1.6m. Adjusted EBITDA in the Period improved to £0.7m.

	H1 FY24 £m	**H1 FY23 £m**	**FY23 £m**
Operating profit/(loss)	2.4	(2.1)	15.0
Settled litigation costs	_	0.1	49.3
Profit on sale of IP	_	_	(68.7)
Requisitioned general meeting	_	_	0.5
Fair value gain on derivative financial instrument	(2.5)	_	_
Foreign exchange	(0.2)	_	1.7
Share-based payment charge	0.5	0.5	1.0
Employers NI on SBP	0.0	0.1	(0.2)
Adjusted operating profit/(loss)	0.2	(1.4)	(1.4)
Depreciation	0.4	0.2	0.6
Amortisation	0.1	0.1	0.3
Impairment	0.0	0.0	0.1
Adjusted EBITDA/(LBITDA)	0.7	(1.1)	(0.4)

Management monitor adjusted EBITDA as an Alternative Performance Measure. The non-cash charges for share-based payments (including the associated national insurance charges), depreciation and amortisation are added back to the operating result to arrive at Adjusted EBTIDA. One off cash litigation costs, as well as the one off non-cash profit on revaluing the foreign currency hedge are also excluded from adjusted EBITDA. These items are excluded to provide users of the accounts with a clearer understanding of underlying business performance.

Taxation

The Group incurred a one-off tax charge in FY23 as the profits exceeded the restriction on the use of brought forward losses leaving a tax payable of £0.8m. A deferred tax asset for brought forward losses expected to be utilised in future years was recognised in FY23 and remains at the period end. The Korean withholding tax on the Samsung licence agreement creates a UK tax asset of £4.6m which can be offset against future tax liabilities (£0.3m of which has been charged against current period profits).

Net result

The profit after tax for H1 FY24 was £1.8m (H1 FY23: loss of £2.1m).

Earnings per share

The basic earnings per share was 0.54 pence per share (H1 FY23: loss of 0.64 pence). As at 31 January 2024 there were 324,430,950 ordinary shares in issue (31 July 2023: 322,445,744) including treasury shares.

Cash position and liquidity

Following the receipt of the consideration for the Samsung agreements, the Group had a cash balance at the end of the Period of £59.3m (2023: £6.0m).

Accounting rules mean that the $US balance is not translated using the hedged rate but at period end rates. If the hedged rate had been used the period end balance would have been £61.8 million. The hedge became effective in February 2024 and the £2.5 million gain crystallised as cash during the same month.

Expenditure on fixed assets has been increased as the Group invests in new analytical and device capabilities.

Working capital

The Group is maintaining its investment in working capital. This is to ensure that the Group is seen as a robust part of the supply chain by its major customers. Our contracts with customers also include mechanisms to give Nanoco advance notice of significant changes in demand that should be adequate to ensure that Nanoco has appropriate raw materials on hand when production needs to be ramped up.

Principal risks

The Directors have considered the principal risks which may have a material impact on the Group's performance. The majority of applicable risks throughout the Period remained materially unchanged as disclosed on pages 34 to 35 of the 2023 Annual Report and Accounts.

Going concern

The interim condensed consolidated financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

For the purposes of assessing whether 'going concern' is an appropriate basis for preparing the interim condensed consolidated financial statements, the Directors have used their detailed forecasts for the period to 31 July 2027 (the "Forecast Period"). These reflect current and expected business activities as well as the matters set out in the section above on Principal risks.

A sensitivity analysis has been performed to reflect a possible downside scenario that only includes already contracted revenues for the Forecast Period.

On the basis of the information above and having made appropriate enquiries, at the time of approving the interim condensed consolidated financial statements, the Directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future, at least 12 months from the date of the issue of these interim condensed consolidated financial statements.

Accordingly, they continue to adopt the going concern basis in preparing the interim condensed consolidated financial statements. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Liam Gray

Chief Financial Officer
27 March 2024

Responsibility statement

The Directors of Nanoco Group plc, as listed on pages 46 and 47 of the 2023 Annual Report and Accounts, and Dieter May as notified via RNS on 21 December 2023, confirm to the best of their knowledge:

a) the interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as required by paragraph 4.2.4 of the Disclosure Guidance and Transparency Rules ("DTR");

b) the interim condensed consolidated financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.10;

c) the interim management report includes a fair review of the information required by DTR 4.2.7 – an indication of important events which have occurred during the first six months of the year and a description of the principal risks and uncertainties for the remaining six months of the year; and

d) the interim management report includes a fair review of the information required by DTR 4.2.8 – the disclosure of related party transactions occurring during the first six months of the year and any changes in related party transactions disclosed in the 2023 Annual Report and Accounts.

By order of the Board

Liam Gray

Chief Financial Officer
27 March 2024

Condensed consolidated statement of comprehensive income

For the six months ended 31 January 2024

	Notes	**H1 FY24 (Unaudited) £'000**	H1 FY23 (Unaudited, Restated) £'000	FY23 (Audited) £'000
Revenue	3	**3,956**	1,562	5,618
Cost of sales[6]		**(429)**	(495)	(847)
Gross profit		**3,527**	1,067	4,771
Other operating income				
Government grants		**131**	78	230
Profit on sale of IP		**—**	—	68,687
Fair value gain on derivative financial instrument		**2,476**	—	—
Operating expenses				
Research and development expenses		**(755)**	(520)	(1,295)
Administrative expenses		**(3,009)**	(2,715)	(57,401)
Operating profit/(loss)		**2,370**	(2,090)	14,992
- Before share-based payments and non-recurring items		**368**	(1,613)	(2,915)
- Share-based payments		**(474)**	(477)	(953)
- Profit on sale of IP		**—**	—	68,687
- Fair value gain on derivative financial instrument		**2,476**		
- Litigation costs		**—**	—	(49,337)
- EGM requisition		**—**	—	(490)
Net finance (expense)		**(279)**	(244)	(5,419)
Profit/(loss) before taxation		**2,091**	(2,334)	9,573
Taxation		**(332)**	255	1,512
Profit/(loss) after tax		**1,759**	(2,079)	11,085
Other comprehensive income				
(Loss)/profit on exchange rate translations		**—**	—	—
Total comprehensive profit/(loss) for the year		**1,759**	(2,079)	11,085
Profit/(loss) per share:				
Basic earnings / (loss)	4	**0.54p**	(0.64)p	3.44p
Diluted earnings / (loss)		**0.51p**	—	3.32p

The profit for the current and preceding year, and the loss for H1 FY23, arise from the Group's continuing operations and is attributable to the equity holders of the Parent Company.

The basic and diluted loss per share reported in H1 FY23 are the same, as the effect of share options is anti-dilutive.

[6] The comparative balances for cost of sales and research and development expenses have been restated for the six months ended 31 January 2023. Refer to note 2b of the accounting policies for more information. The restatement has no impact on the reported loss or net assets.

Condensed consolidated statement of changes in equity
For the six months ended 31 January 2024

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Share-based payment reserve £'000	Merger reserve £'000	Shares held by EBT £'000	Accumulated loss £'000	Total £'000
At 31 July 2022 (audited)	**32,244**	**121,145**	**(77,868)**	**4,916**	**(1,242)**	—	**(74,715)**	**4,480**
Loss for the six months to 31 January 2023	—	—	—	—	—	—	(2,079)	(2,079)
Share-based payments	—	—	—	477	—	—	—	477
At 31 January 2023 (unaudited)	**32,244**	**121,145**	**(77,868)**	**5,393**	**(1,242)**	—	**(76,794)**	**2,878**
Profit for the six months to 31 July 2023	—	—	—	—	—	—	13,164	13,164
Capital reduction	—	(121,145)	—	—	—	—	121,145	—
Issue of capital to EBT on option exercise	199	—	—	(259)	—	(105)	60	(105)
Share-based payments	—	—	—	476	—	—	—	476
At 31 July 2023 (audited)	**32,443**	—	**(77,868)**	**5,610**	**(1,242)**	**(105)**	**57,575**	**16,413**
Profit for the six months to 31 January 2024	—	—	—	—	—	—	1,759	1,759
Issue of shares on option exercise	—	—	—	—	—	105	—	105
Share-based payments	—	—	—	474	—	—	—	474
At 31 January 2024 (unaudited)	**32,443**	**—**	**(77,868)**	**6,084**	**(1,242)**	**—**	**59,334**	**18,751**

Condensed consolidated statement of financial position
As at 31 January 2024

	Notes	**31 January 2024 (Unaudited) £'000**	31 January 2023 (Unaudited) £'000	31 July 2023 (Audited) £'000
Assets				
Non-current assets				
Property, plant and equipment		**1,302**	232	304
Right of use assets		**2,442**	2,018	2,075
Intangible assets		**903**	1,470	966
Deferred tax asset		**2,573**	—	2,573
Foreign withholding tax receivable		**4,003**	—	1,756
		11,223	3,720	7,674
Current assets				
Inventories		**451**	104	308
Trade and other receivables		**3,660**	734	33,986
Foreign withholding tax receivable		**593**	—	592
Income tax asset		—	254	—
Cash and cash equivalents		**59,343**	5,978	8,207
		64,047	7,070	43,093
Total assets		**75,270**	10,790	50,767
Liabilities				
Current liabilities				
Trade and other payables		**(1,619)**	(1,625)	(2,783)
Loans		**(4,257)**	—	(4,004)
Lease liabilities	6	**(675)**	(429)	(456)
Income tax liability		**(800)**	—	(770)
Deferred revenue	5	**(5,934)**	(105)	(6,123)
		(13,285)	(2,159)	(14,136)
Non-current liabilities				
Lease liabilities	6	**(1,418)**	(1,617)	(1,415)
Provisions		**(659)**	—	(445)
Deferred revenue	5	**(40,582)**	—	(17,801)
Loans		**(575)**	(4,136)	(557)
		(43,234)	(5,753)	(20,218)
Total liabilities		**(56,519)**	(7,912)	(34,354)
Net assets		**18,751**	2,878	16,413
Capital and reserves				
Share capital		**32,443**	32,244	32,443
Share premium		—	121,145	—
Reverse Acquisition Reserve		**(77,868)**	(77,868)	(77,868)
Share-based payment reserve		**6,084**	5,393	5,610
Merger reserve		**(1,242)**	(1,242)	(1,242)
Shares held by EBT		—	—	(105)
Accumulated profit/(loss)		**59,334**	(76,794)	57,575
Total equity		**18,751**	2,878	16,413

Approved by the Board and authorised for issue on 27 March 2024.

Brian Tenner
Chief Executive Officer

Liam Gray
Chief Financial Officer

Condensed consolidated cash flow statement
For the six months ended 31 January 2024

	Six months to 31 January 2024 (Unaudited) £'000	Six months to 31 January 2023 (Unaudited) £'000	Year to 31 July 2023 Audited £'000
Profit/(loss) before tax	**2,091**	(2,334)	9,573
Adjustments for:			
Net finance expense	**279**	218	5,419
Fair value gain on derivative financial instrument	**(2,476)**	—	—
(Profit) / loss on exchange rate translations	**(183)**	4	1,747
Depreciation of tangible fixed assets	**38**	35	76
Depreciation of right of use asset	**328**	157	555
Amortisation of intangible assets	**97**	155	279
Profit on disposal of intangible assets	**—**	—	(68,687)
Impairment of intangible assets	**20**	15	92
Share-based payments	**474**	477	953
(Profit) / loss on disposal of tangible fixed assets	**—**	—	8
Changes in working capital:			
(Increase)/decrease in inventories	**(143)**	70	(134)
Decrease in trade and other receivables	**32,802**	930	282
(Decrease)/increase in trade and other payables	**(1,060)**	115	970
(Decrease)/increase in provisions	**—**	(212)	(176)
Increase/(Decrease) in deferred revenue	**22,592**	(499)	23,320
Cash inflow/(outflow) from operating activities	**54,859**	(869)	(25,723)
Foreign withholding tax paid	**(2,550)**	—	(2,641)
Research and development tax credit received	**—**	524	524
Net cash inflow/(outflow) from operating activities	**52,309**	(345)	(27,840)
Cash flows from investing activities			
Purchases of tangible fixed assets	**(1,036)**	(169)	(305)
Purchases of intangible fixed assets	**(54)**	(24)	(76)
Proceeds from sale of tangible fixed assets	**—**	—	15
Proceeds from sale of intangible fixed assets	**—**	—	34,509
Interest received	**45**	—	38
Net cash outflow from investing activities	**(1,045)**	(193)	34,181
Cash flows from financing activities			
Proceeds from placing of ordinary share capital	**—**	—	199
Payment of lease liabilities (capital)	**(259)**	(216)	(463)
Payment of lease liabilities (interest)	**(51)**	(26)	(86)
Interest paid	**(2)**	(1)	(4,728)
Net cash outflow from financing activities	**(312)**	(243)	(5,078)
Increase / (Decrease) in cash and cash equivalents	**50,952**	(781)	1,263
Cash and cash equivalents at the start of the period	**8,207**	6,762	6,762
Effects of exchange rate changes	**184**	(3)	182
Cash and cash equivalents at the end of the period	**59,343**	5,978	8,207

Notes to the interim condensed consolidated financial statements
For the six months ended 31 January 2024

1. **Corporate information**

Nanoco Group plc (the "Company") has a premium listing on the Main Market of the London Stock Exchange and is incorporated and domiciled in the UK. The Group Interim Report and Accounts for the six months ended 31 January 2024 was authorised for issue in accordance with a resolution by the Directors on 27 March 2024.

These interim condensed consolidated financial statements include the financial statements of Nanoco Group plc and the entities it controls (its subsidiaries).

These interim condensed consolidated financial statements are unaudited and do not constitute statutory accounts of the Group as defined in section 434 of the Companies Act 2006.

2. **Accounting policies**

a. Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, UK-adopted IAS 34 Interim Financial Reporting, using the recognition and measurement principles of UK-adopted IFRS and have been prepared under the historical cost convention. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority the accounting policies adopted in these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Report and Accounts for the year to 31 July 2023.

These interim condensed consolidated financial statements include audited comparatives for the year to 31 July 2023. The 2023 Annual Report and Accounts, which was prepared in accordance with UK-adopted International Financial Reporting Standards ("IFRS"), received an unqualified audit opinion and have been filed with the Registrar of Companies. The financial statements of the Group for the year ended 31 July 2023 are available from the Company's registered office, or from the website www.nanocotechnologies.com.

b. Presentation of figures

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in some cases, the sum or percentage change of the numbers contained in this announcement may not conform exactly to the total figure given.

In order to more fairly represent the cost of sales of the group, we have reclassified certain employee costs from administrative expenses to cost of sales for the comparative period. The total impact of the reclassification is an increase in the cost of sales of £200,000 with an equal and opposite reduction in administrative expenses. There is no impact on the reported loss or net assets of this reclassification.

c. Going concern

The interim condensed consolidated financial statements have been prepared on a going concern basis as set out in the Financial Review section.

d. Use of estimates and judgements

Preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions affecting the application of accounting policies and the reporting of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and key sources of estimated uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 July 2023. These are summarised below:

Estimates	**Judgements**
Period over which to amortise Samsung licence	*Revenue recognition*
Equity-settled share-based payments	*Impairment of intellectual property*
Deferred tax	*Capitalisation (or not) of research and development expenditure*
	Going concern

3. Segmental information

Operating segments

At 31 January 2024 and 2023, the Group operated as one segment, being the research, development and manufacture of products and services based on high performance nanoparticles. This is the level at which operating results are reviewed by the chief operating decision maker (i.e. the Board) to make decisions about resources, and for which financial information is available. All revenues have been generated from continuing operations and are from external customers.

	Six months to 31 January 2024 (Unaudited) £'000	Six months to 31 January 2023 (Unaudited) £'000	Year to 31 July 2023 (Audited) £'000
Analysis of revenue – by type			
Products sold	**341**	409	867
Rendering of services	**544**	1,101	1,685
Licences	**3,071**	52	3,066
	3,956	1,562	5,618

There was a material customer who generated product and service revenue of £575,000 (2023: one material customer amounting to £1,215,000). £3,028,000 of the licence revenue related to the Samsung licence (2023: nil)

The Group operates in a number of countries across the world, although all are managed in the UK. The Group's revenue per country based on the customer's location is as follows:

	Six months to 31 January 2024 (Unaudited) £'000	Six months to 31 January 2023 (Unaudited) £'000	Year to 31 July 2023 (Audited) £'000
Analysis of revenue – by geography			
South Korea	**3,028**	—	2,963
Netherlands	**307**	954	1,423
Japan	**292**	286	447
France	**267**	114	385
Taiwan	**43**	165	323
USA	**17**	34	59
Belgium	**2**	—	—
Canada	**—**	9	9
Poland	**—**	—	8
UK	**—**	—	1
	3,956	1,562	5,618

All the Group's assets are held in the UK and all of its capital expenditure arises in the UK. The profit before taxation and attributable to the single segment was £2,091,000 (2023: £2,334,000 loss).

4. Earnings per share

	Six months to 31 January 2024 (Unaudited) £'000	Six months to 31 January 2023 (Unaudited) £'000	Year to 31 July 2023 (Audited) £'000
Profit/(loss) for the period attributable to equity shareholders	**1,759**	(2,079)	11,085
Share-based payments	**474**	477	953
Profit/(loss) for the period before share-based payments	**2,233**	(1,602)	12,038

Weighted average number of shares	**No.**	No.	No.
Ordinary shares in issue	**324,430,950**	322,445,744	322,472,939
Options exercisable at the reporting date	**1,134,244**	—	195,000
Options not yet exercisable at the reporting date	**19,727,115**	—	11,720,600
Diluted weighted average number of shares	**345,292,309**	—	334,388,539
Adjusted profit/(loss) per share before share-based payments (pence)	**0.69**	(0.50)	3.73
Basic profit/(loss) per share (pence)	**0.54**	(0.64)	3.44
Diluted adjusted profit/(loss) per share before share-based payments (pence)	**0.65**	—	3.60
Diluted profit/(loss) per share (pence)	**0.51**	—	3.32

Diluted loss per share is not presented for the 6 months to January 2023 as the effect of share options issued is anti-dilutive. The adjusted loss is presented as the Board measures underlying business performance which excludes non-cash IFRS2 charges.

5. Deferred revenue

	31 January 2024 (Unaudited) £'000	31 January 2023 (Unaudited) £'000	31 July 2023 (Audited) £'000
Current			
Upfront licence fees	**5,931**	95	6,123
Milestone Payments	**3**	10	—
Total current	**5,934**	105	6,123
Non-current			
Upfront licence fees	**40,582**	—	17,801
Total non-current	**40,582**	—	17,801
Total deferred revenue	**46,516**	105	23,924

Deferred revenue arises under IFRS where upfront licence fees are accounted for on a straight-line basis over the initial term of the contract or where performance criteria have not been satisfied in the accounting period.

6. Lease liabilities

	Six months to 31 January 2024 (Unaudited) £'000	Six months to 31 January 2023 (Unaudited) £'000	Year to 31 July 2023 (Audited) £'000
Current			
Property Leases	**662**	429	448
Equipment leases	**13**	—	8
Non-current			
Property Leases	**1,407**	1,617	1,399
Equipment leases	**11**	—	16
Total lease liabilities	**2,093**	2,046	1,871

7. Post Balance Sheet Event

In February 2024, Nanoco fully utilised its open forward currency hedge to retranslate the USD receipts from Samsung into GBP.

Nanoco also announced the mechanism for its return of capital, in which up to £30.0 million will be returned to shareholders through a tender offer, and this will be voted on at a general meeting of the Company on 28 March 2024. In addition, up to £3.0 million will be used for an on-market buyback.

In addition, post period end, Nanoco repaid the loan notes outstanding to the University of Manchester (£0.6m).

- Ends -