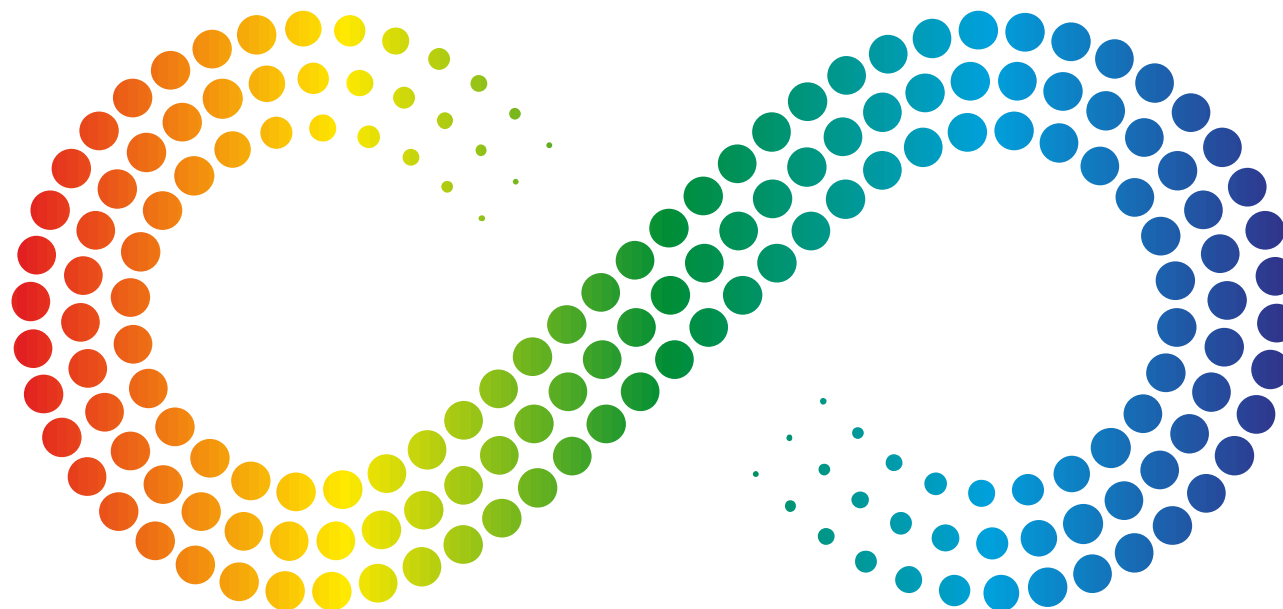


# Interim results presentation

For the period ended 31 January 2021




possibilities

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*It should be noted that past performance cannot be relied on as a guide to future performance. This presentation contains forward-looking statements with respect to Nanoco’s plans and objectives regarding its financial conditions, results of operations and businesses.*

*The financial information referenced in this presentation does not contain sufficient detail to allow a full understanding of Nanoco’s results. For more detailed information, the entire text of the Preliminary Results announcement for the full year ended 31 July 2019, can be found on the Investor Relations section of the Nanoco website ([www.nanocogroup.com](http://www.nanocogroup.com)).*

## Operational highlights



All sensing JDA  
targets delivered



Multiple active  
commercial  
negotiations




Litigation  
trial set for  
October 2021




Innovate UK grant won  
and in delivery


## Financial highlights




Earned JDA  
income in full



Restructuring and cost  
savings of £1.6m in the  
Period



Savings largely  
mitigated impact of  
lower revenue



Cash runway maintained  
to 2022 with contingency  
plans in place

## R&D capabilities

R&D  
Manchester

Sensing  
JDA work

Display  
JDA work

Life Sciences  
Grant work

- Paid work underway in all 3 areas
- Potential for medium term production

## Production revenue capacity

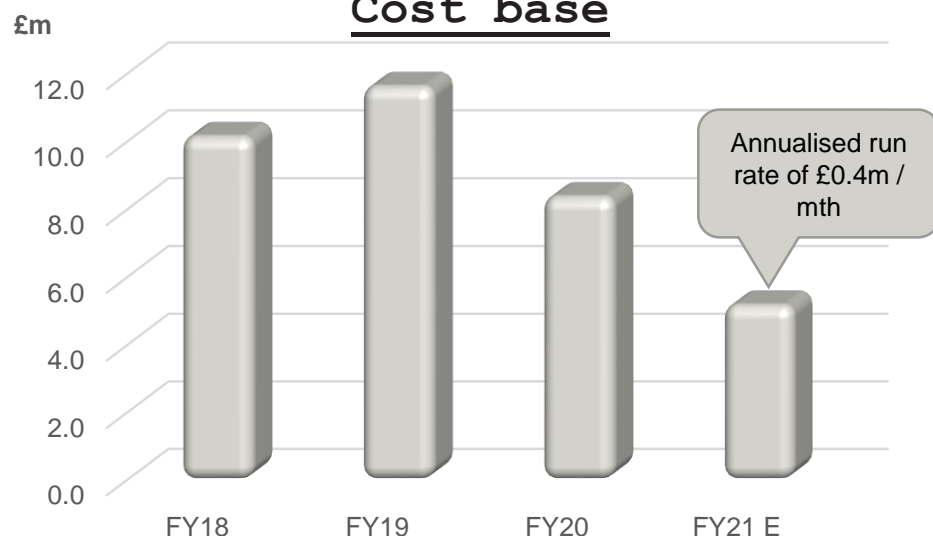
PRODUCTION  
Runcorn

Sensing  
>£100m p.a.

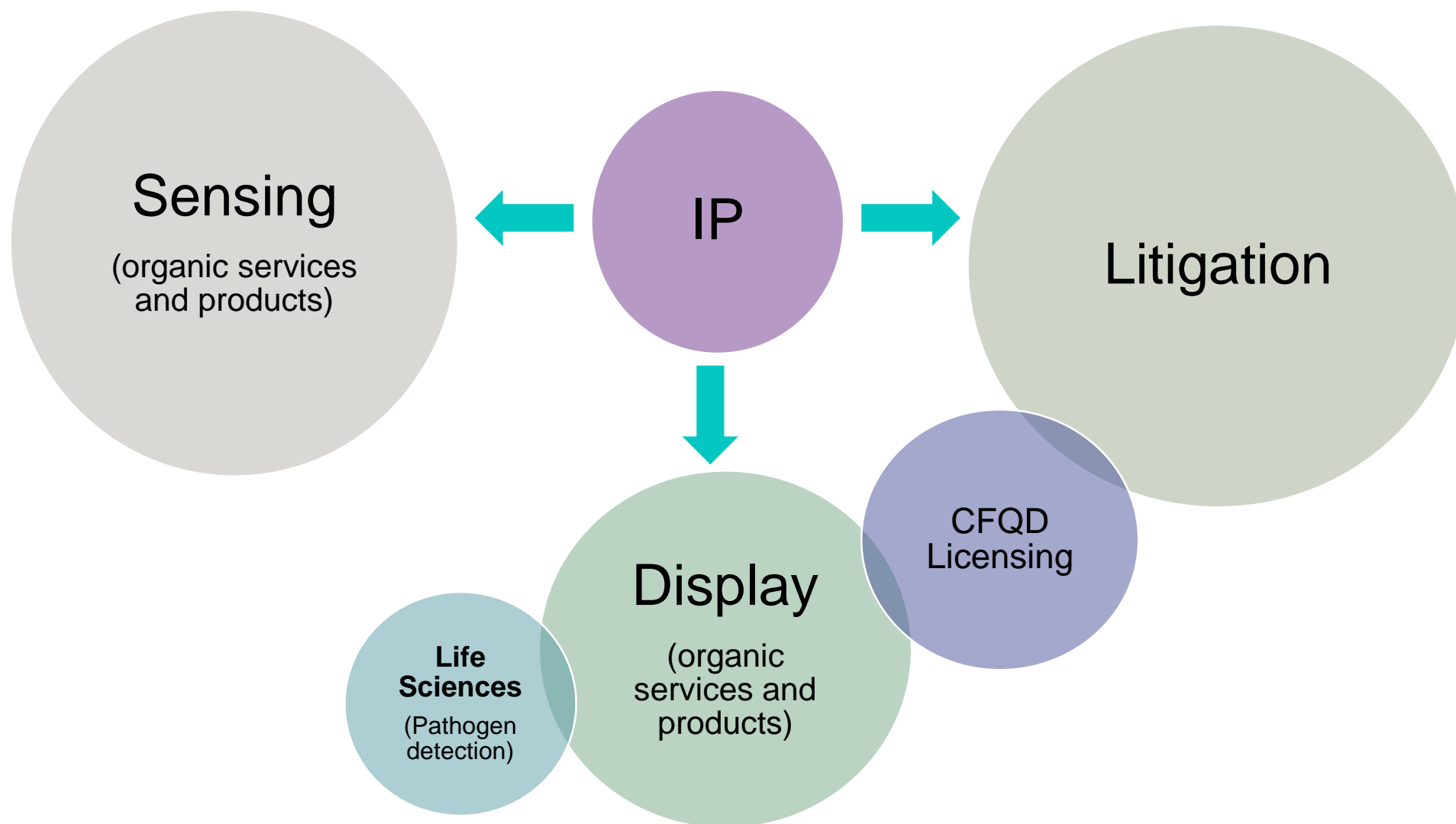
Display  
>£30m p.a.

- Process gains in both plants in FY20
- Significant revenue potential

## Cost base



- Retained core capabilities in R&D, scale up and production
- Cost base more than halved vs 2019
- Breakeven revenue now c.£6m p.a.
- **Maintains roadmap to financial self sufficiency**



## The Opportunity

- Rapid growth in a number of very large sectors
- Growth in applications that are hungry for sensors
- Silicon sensors have poor infrared range and efficiency
- Nanoco materials are a 'value add' component in sensors

## Why Quantum Dots

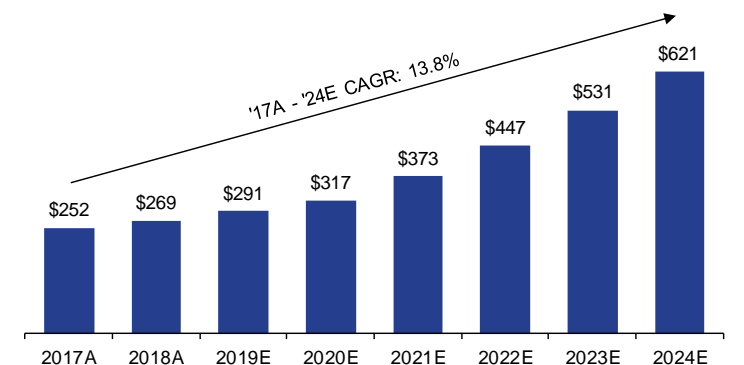
- Expand detection range far into the infrared spectrum
- Longer wavelength overcomes interference from sunlight
- Expand the working range of silicon based devices
- Increased efficiency reduces power needs

## Nanoco's Differentiation

- ✓ Proven increased data capture efficiency (~10x)
- ✓ Much cheaper alternative to prohibitively expensive InGaAs
- ✓ Increase battery life in mobile applications
- ✓ Current JDAs potential to move to scale up and then production



**IR Detector Market Forecast (\$m)<sup>1</sup>**



1. Yole – Uncooled Infrared Imagers and Detectors 2019

## The Opportunity

- Film based systems seeing broader adoption though still small
- Momentum building in Gen 2 supply chains (QD-OLED)
- QD-OLED utilises 5x – 10x more quantum dots than QD film
- Current opportunities include potential for meaningful revenue

## Why Quantum Dots

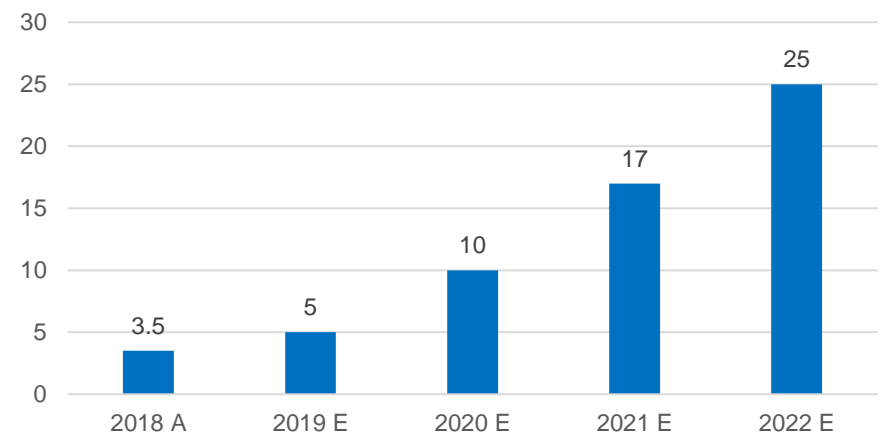
- Wider colour gamut
- Improved colour saturation
- Narrow bandwidth enhances light extraction via colour filters
- Minimal process disruption: utilises existing LCD supply chain

## Nanoco's Differentiation

- ✓ Nanoco's CFQD® quantum dots are cadmium free
- ✓ Enhanced colour and energy efficiency vs LCDs
- ✓ Nanoco materials applicable in all generations of display
- ✓ Major players investing in Gen2 QD-OLED using QD inks



Volume QD-TV (million units)<sup>1</sup>



1. Deutsche Bank Forecasts

## QD platform technology has adjacent applications with low cost to transfer

### Nanoco Life Sciences

- Versatile platform technology
- Non-toxic and strong safety profile
- Exceptional spectral properties enable:
  - Pinpoint detection (tumour demarcation)
  - High precision (image-guided surgery)
  - Simultaneous multi-target detection
- Grant work for Innovate UK on rapid detection of pathogens builds on CFQD® Quantum Dot platform
- Proof of concept completed – now addressing sensitivity and detection levels

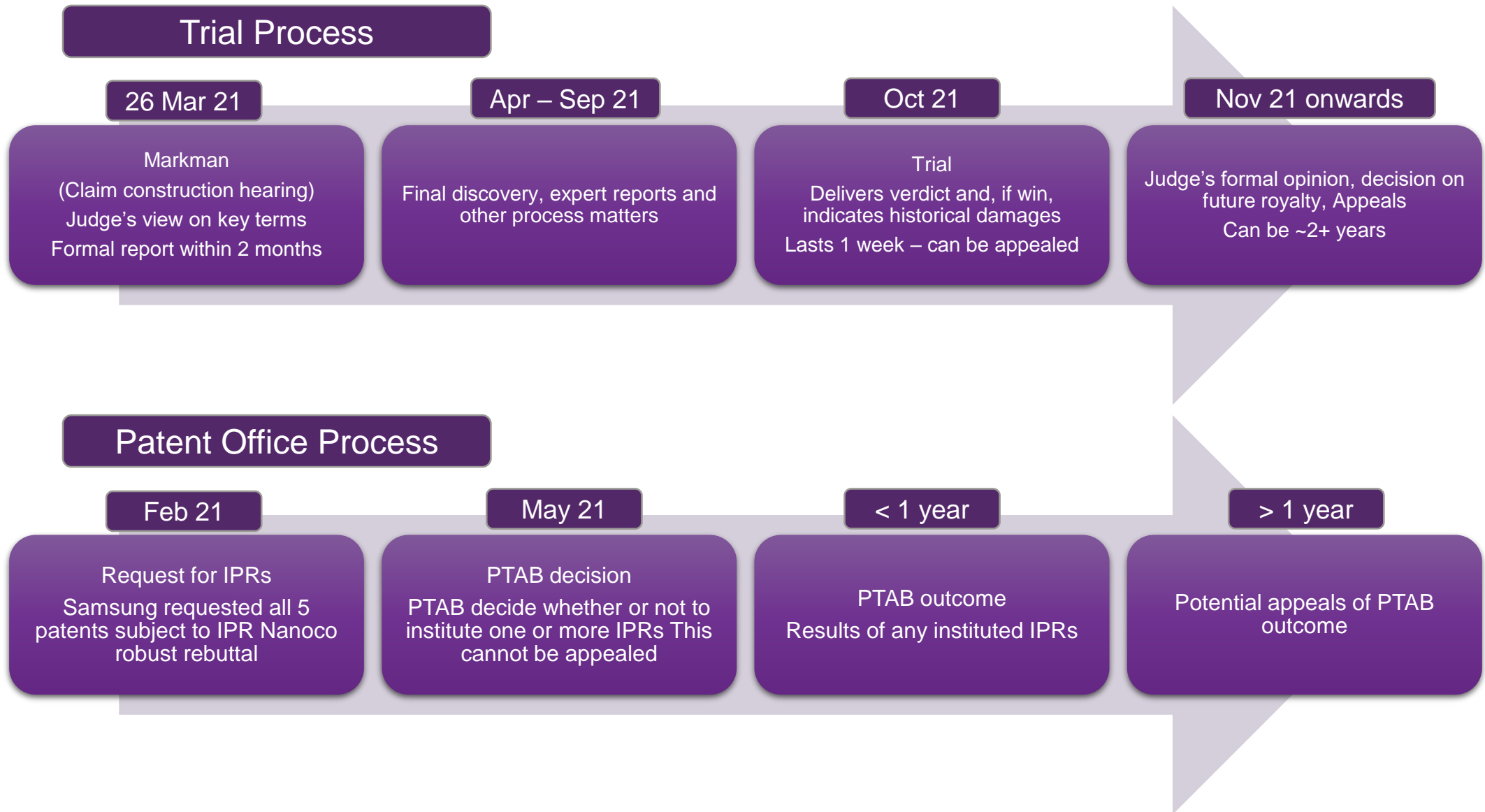
### Lighting (including horticultural)



- Optimises spectra for enhanced plant growth
- Tuning light to better suit specific plants and other application requirements
- Opportunities include large scale greenhouse portfolios and indoor vertical farming
- Works with most blue emitting LEDs indoors
- Creates even light distribution without hotspots



# SAMSUNG LITIGATION - TIMELINE




**Good confidence in the strength of our case, pleased with progress to date**

- Multiple claims under each patent – relating to Nanoco's unique QD capabilities
- Samsung estimated US sales of **14 million TVs** by 2021 using Nanoco technology
- Litigation focuses on US sales (largest market), approximately one third of global sales
- Trial specifically considers historical damages
- Judge **may** also award future royalty stream
- Nanoco believe damages should reflect a share of the value created by our technology
- Nanoco will retain the majority of any reasonable final award
  
- Trial is scheduled for October 2021 – unlikely to be the end of the process
- Nanoco retains decision making authority on the suit
- Pleased with progress of litigation and initial indications from Markman

**Successful outcome is potentially transformative for shareholder value**

# FINANCIAL REVIEW



## Operating loss

- Adjusted LBITDA increased by 36% despite a 66% fall in revenue
- Fall in revenue largely offset by cost reductions
- Maintained R&D, scale up and production capabilities



## Costs

- Head count reduced to c. 40 FTE's compared to c. 95 FTE's in 2018
- Cost base reduced through lower payroll and other cost savings
- Monthly overhead run rate is £0.4m (c.£5.0m p.a.)



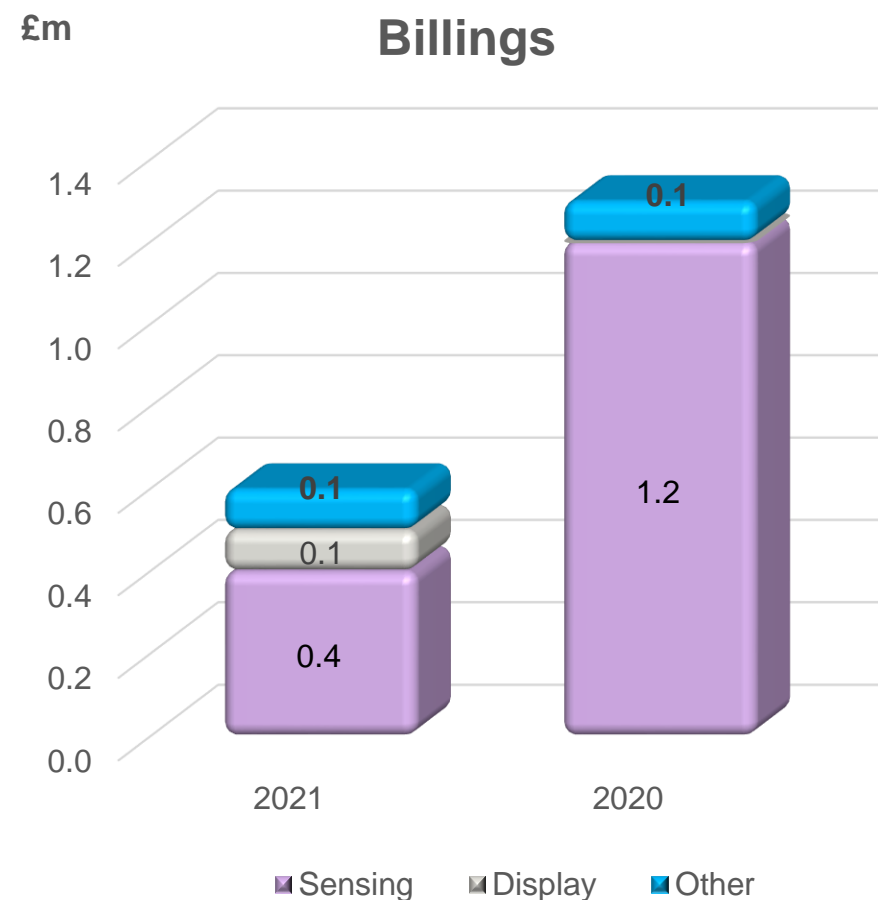
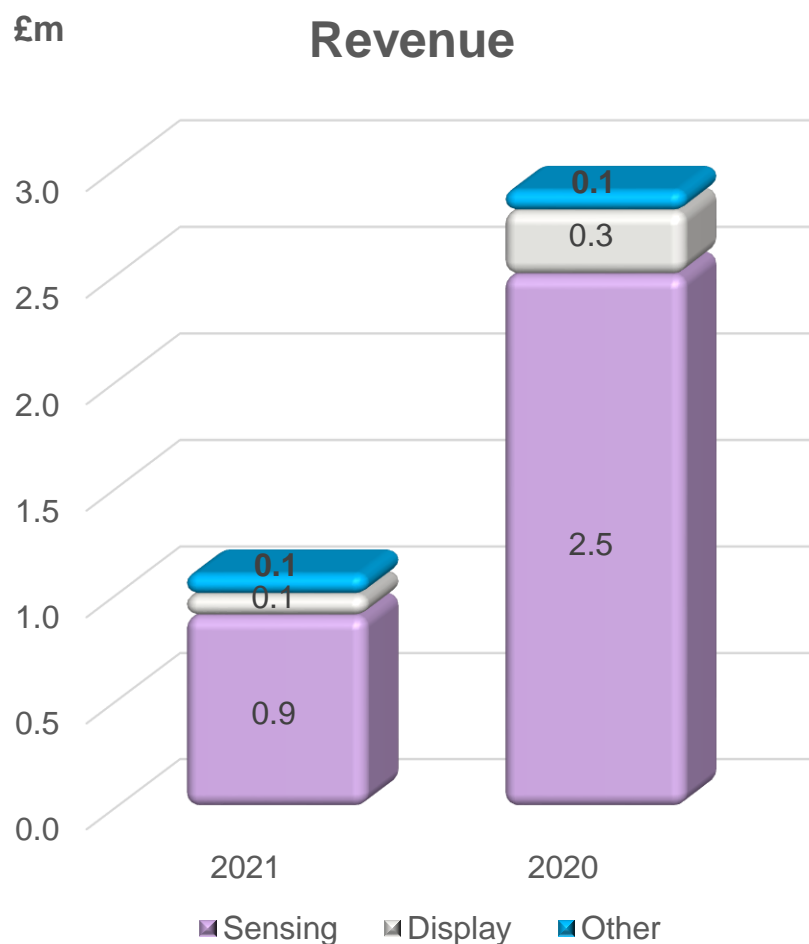
## Cash

- Cash continues to be a key management focus
- Cash at period end £2.9m
- Any new business wins provide further upside to operational cash runway

# INCOME STATEMENT

	<b>HY21 £m</b>	<b>HY20 £m</b>	<b>Change £m</b>
Revenue and other operating income	<b>1.1</b>	<b>2.9</b>	(1.8)
Cost of sales	<b>(0.1)</b>	<b>0.0</b>	(0.1)
Gross profit	<b>1.0</b>	<b>2.9</b>	(1.9)
R&D investment	<b>(1.2)</b>	<b>(1.7)</b>	(0.5)
Other administrative expenses	<b>(1.3)</b>	<b>(2.3)</b>	(1.0)
Adjusted LBITDA	<b>(1.5)</b>	<b>(1.1)</b>	+0.4
Share based payments & Exceptional items	<b>(0.3)</b>	<b>(0.3)</b>	-
Depreciation & Amortisation	<b>(0.9)</b>	<b>(1.0)</b>	(0.1)
Operating loss	<b>(2.7)</b>	<b>(2.4)</b>	+0.3
Tax and financing costs	<b>0.4</b>	<b>0.5</b>	(0.1)
Loss after tax	<b>(2.3)</b>	<b>(1.9)</b>	+0.4

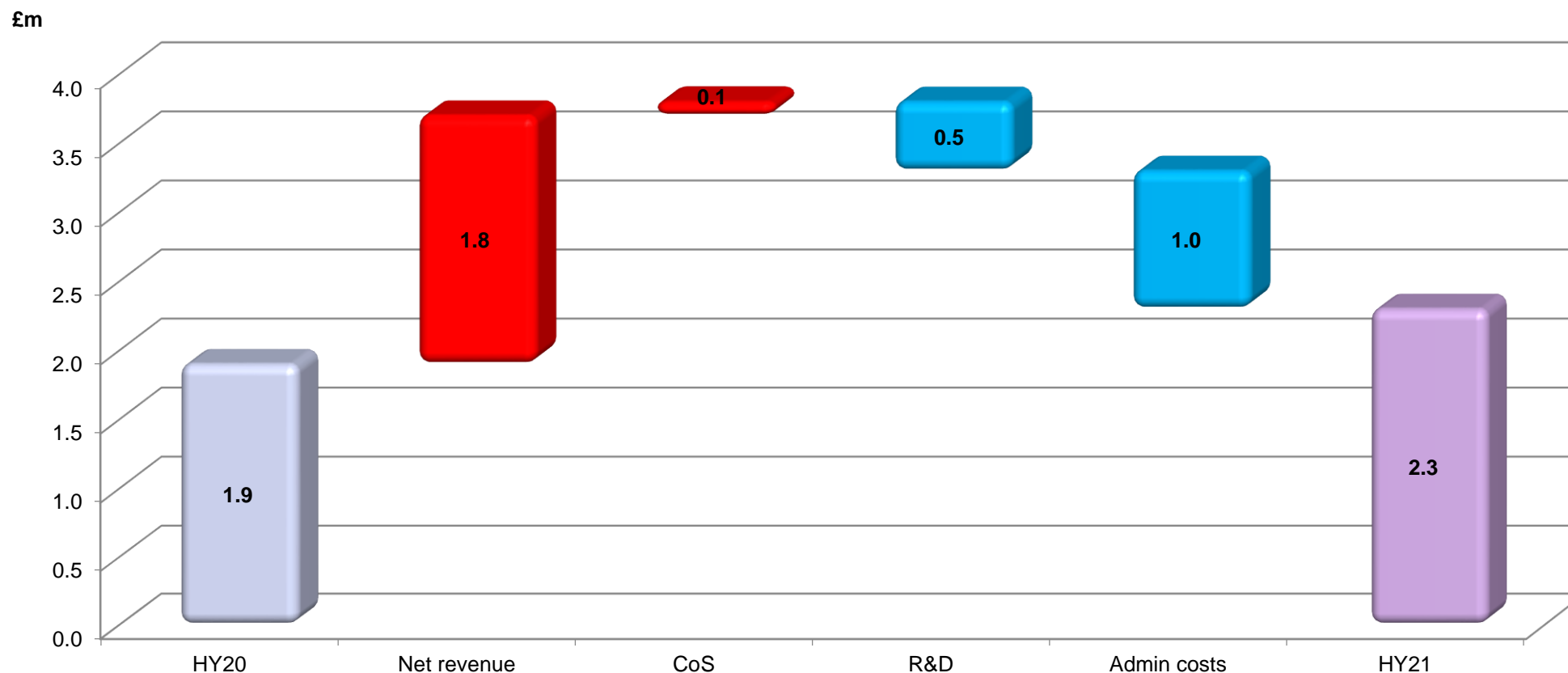
- Fall in revenue reflects completion of contract with US Customer December 2019
- Significant £1.5m reduction in underlying operating costs
- Depreciation includes right of use assets in both years



- Sensing revenue HY21 mainly one large sensing customer with other new but smaller customers
- Display revenues derived from JDA's (new customers)

- PY billings inflated by US Customer
- Some FY21 revenue billed in FY20

# MOVEMENT IN NET LOSS



- Impact of lower revenue £1.8m
- Cost reductions, temporary salary cuts and government support reduced R&D and admin costs by £1.6m
- Monthly cash burn now c.£0.4m before revenue and tax credits - 45% reduction on prior year

# MOVEMENT IN CASH



- The business consumed £2.3m of cash in the period
- Adverse working capital (creditor unwind - lower activity levels) and movement in deferred income
- FY20 tax credit of £0.9m received in January 2021





## Guidance

- Contracted orders for H2 amount to c. £0.4m
- Potential upside from current active negotiations
- Further opportunities continue to be pursued in both sensing and display



## Capability

- Our whole team is highly flexible to service different customers and applications
- Retained our core capabilities – R&D, Scale Up and Production
- Display facility remains mothballed – capable of restart in less than one month



## Cash

- Period end cash £2.9m with monthly burn rate £0.4m before revenue and tax
- Active commercial negotiations will improve cash position if successful
- Contingency plans if no new business wins - preserve cash runway to mid 2022

# SUMMARY



## Opportunity

- Strong macro-growth in our target markets
- We retain R&D and scale up skills, and significant production capacity
- Active opportunities under discussion in both sensing and display



## Cash runway

- Cost base significantly reduced and being carefully managed
- Monthly cash costs stabilised at £0.4m
- Cashway runway continues to H2 2022



## Value

- Management focus to generate significant value from organic business
- Success in sensing or display delivers self-financing goal in medium term
- Transformative value potential in Samsung litigation

# QUESTIONS

# APPENDICES

# BALANCE SHEET

	HY21 £m	HY20 £m	Change £m
PPE & ROU Assets	0.6	1.1	(0.5)
Intangible Assets	3.4	3.9	(0.5)
<b>Non Current Assets</b>	<b>4.0</b>	<b>5.0</b>	<b>(1.0)</b>
Inventories	0.2	0.1	0.1
Trade and other receivables	1.0	1.4	(0.4)
Cash and cash equivalents	2.9	4.2	(1.3)
<b>Current Assets</b>	<b>4.1</b>	<b>5.7</b>	<b>(1.6)</b>
Trade and other payables	(1.1)	(1.7)	(0.6)
Lease liabilities	(0.6)	(0.4)	+0.2
Deferred revenue	(0.1)	(0.1)	-
<b>Current Liabilities</b>	<b>(1.8)</b>	<b>(2.2)</b>	<b>(0.4)</b>
Deferred revenue	(0.2)	(0.3)	(0.1)
Lease liabilities	(0.3)	(1.0)	(0.7)
Financial liabilities	(0.5)	(0.4)	+0.1
<b>Non Current Liabilities</b>	<b>(1.0)</b>	<b>(1.7)</b>	<b>(0.7)</b>
<b>Net Assets</b>	<b>5.3</b>	<b>6.8</b>	<b>(1.5)</b>

**Dr Christopher Richards**  
Non-Executive Chairman

- CEO, Non-Executive chairman, Arysta LifeSciences
- 20 years of increasing management roles at Syngenta
- CEO of Plant Health Care plc (AIM: PHC) and NED of Origin Enterprises plc (AIM: OGN)

**Brian Tenner**  
CEO

- Experienced Quoted Company CFO with strong operational and transformation experience
- Previously Board Member and CFO of British Nuclear Group Ltd, Scapa Group plc, Renold Plc, NCC Group PLC

**Dr Nigel Pickett**  
Co-founder & CTO

- Inventor of Nanoco's key patented scale-up technology
- Leading expert on semi-conducting nano-crystals
- Japanese Government, St. Andrews University, Georgia Tech

**Dr Alison Fielding**  
Non-Executive  
(Remuneration chair)

- Astra Zeneca, followed by McKinsey & Co, then co-founded Techtran Group Limited which was acquired by IP Group in 2005 and subsequently held the role of director and COO at IP Group
- Board member / advisor of several early stage and quoted IP Group backed tech companies
- NED of Getech Group plc, Zotefoams plc and Maven Income and Growth VCT plc

**Chris Batterham**  
Non-Executive  
(Audit chair)

- 20 years of Non-Executive experience in high growth technology companies including:
  - Blue Prism (Deputy Chairman), SDL, Betfair and Iomart
- Previously CFO of Unipalm, first Internet IPO

**Nanoco Group PLC**

46 Grafton Street, Manchester, M13 9NT, United Kingdom,

Tel: +44 161 603 7900 | Fax: +44 161 603 7901

[info@nanocotechnologies.com](mailto:info@nanocotechnologies.com)

[www.nanocogroup.com](http://www.nanocogroup.com)

