



Annual Report and Accounts 2025

About us

Nanoco is a world leader in the research, development, licensing and large scale manufacture of novel nanomaterials, emanating from its technology platform, for use in a wide range of commercial applications.



Founded in 2001 and headquartered in Runcorn, UK, Nanoco continues to build out a world-class, patent-protected IP portfolio alongside its existing scaled up production facilities for commercial orders.

Nanomaterials are materials with dimensions typically in the range 1–100nm. Nanomaterials have a range of useful properties, including optical and electronic.

Quantum dots ("QDs") are a subclass of nanomaterial that have size-dependent optical and electronic properties. Nanoco exploits different characteristics of QDs 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 highly toxic cadmium and other 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.

While our CFQD® quantum dots are free of cadmium, some of our competitors and display manufacturers still use it today despite increasingly tight worldwide regulations, including European RoHS legislation.

Nanoco's HEATWAVE® quantum dots can be tuned to absorb light at different wavelengths across the Near-Infrared ("NIR") and Short Wave Infrared ("SWIR") spectra, rendering them useful for applications including cameras and image sensors.

Our year in brief

2025 was a transformational year for Nanoco, with strengthened leadership, fully revamped strategy, more competitive cost structure, and aggressive pursuit of commercial development targets.

- Appointed new Chairman of the Board, CEO and Global Business Director. Established commercial organisation on three continents.
- Reduced group cash expenditure, without sacrificing any critical capabilities that enable Nanoco to move forward in group development.
- Strengthened the Nanoco Environmental, Health and Safety ("EHS") approach. Maintained ongoing ISO 9001 and ISO 14001 accreditations, passing all certifications.
- Further improved capabilities of the Nanoco Device Lab at our Runcorn base in Cheshire, UK.
- Fully revamped the Nanoco growth strategy, informed by a combination of primary and secondary market research, resulting in clear articulation of priority market segments and commercial development targets.
- Executed Phase 1 of the Joint Development Agreement ("JDA") with a major Asian Image Sensor customer to a successful completion, meeting or exceeding all targets. Announced a further three-year extension post year end.
- Signed a second JDA with another major Asian customer, also targeting consumer applications in the Image Sensor area. Made rapid progress and exceeded customer expectations in the first months of the programme.
- Thoroughly screened the Image Sensor market and established commercial contacts with almost every major participant with a potential to develop QD-based image sensor technology.
- Initiated exploratory work in other market areas, including Flat Panel Displays ("FPD"), Photovoltaic ("PV"), Paints and Pigments, and Agriculture.
- Commenced patent infringement lawsuit against LG Electronics. The group agreed a no fault settlement for \$5m on 20 November 2025.
- Following strategic review in the beginning of the year, engaged with CDX Advisors to explore strategic alternatives for Nanoco's trading business. We expect the conclusion of this process to be announced in the coming months.

Revenue

£7.6m
-3%

Adjusted EBITDA¹

£1.5m
25%

¹ Alternative performance measure, see p31 for reconciliation

Billings²

£1.4m
-98%

² Alternative performance measure, see p30 for reconciliation

Cash

£14.0m
-31%

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For more on Nanoco, visit our website:
www.nanocotechnologies.com



Nanoco at a glance

We design, develop, scale up and manufacture novel nanomaterials for use in a wide range of potential applications

Our core competencies

- We custom design bespoke nanomaterials to exploit emission, absorption and other properties
- Our materials can be used in a wide variety of commercial applications
- Continuous expansion of our portfolio of materials
- Scale up capability to move from laboratory to industrial scale
- ISO-certified, low cost in-house production facilities in Runcorn, UK

World-class talent

- At 31 July 2025, 38 employees, of whom 9 are inventors
- 17 staff with PhDs
- 5 nationalities of staff: American, British, German, Indian and Turkish

Respected globally

- International partnerships with global players from the US to Europe and Asia
- R&D, scale up and twin production facilities all located in Runcorn, UK
- Customers operate in multi-billion dollar markets with a wide range of applications for our materials

Why invest in Nanoco?

Platform technology gives access to a wide range of large and rapidly growing end markets with our focus currently on consumer electronics, Internet of Things, automotive and multiple display devices.

Large and defensible IP portfolio

341

patents granted or pending

QD materials market valued at

\$1.3bn¹

by 2030

Significant manufacturing scale

1.0-1.4t

IP enabling QD displays

World's leading display company has taken a licence over Nanoco IP

Annual quantum dot production capacity for main product families

200m-1.5bn+

image sensor devices per annum can be enabled through our production capacity

Display

\$235m

addressable market by c.2030¹

- CFQD® film for LCD and mini-LED displays
- OLED displays
- MicroLED displays
- Electro-Luminescent ("EL") displays

SWIR imaging

\$265m

addressable market by c.2030¹

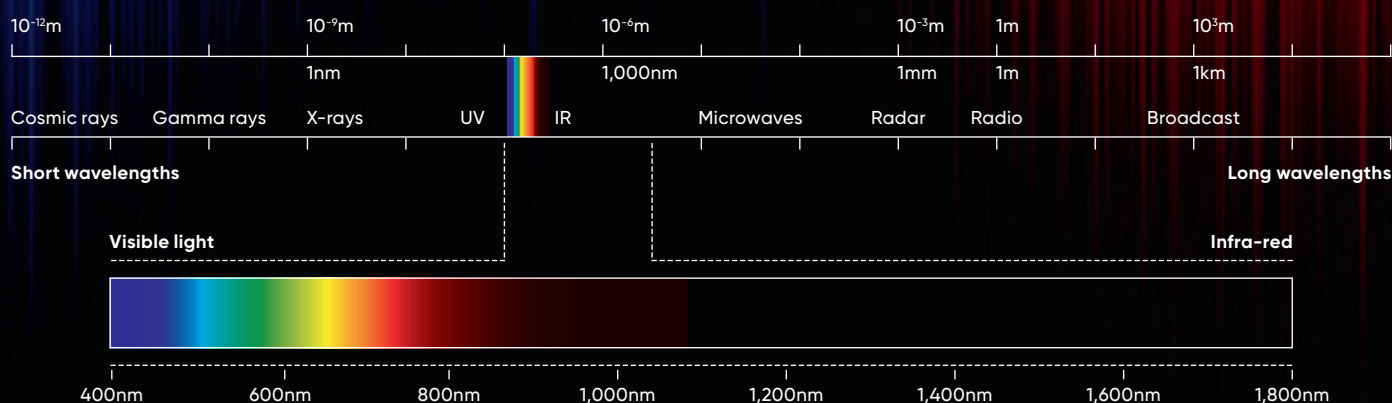
- Consumer electronics
- Automotive technology (LiDAR, ADAS and safety systems)
- Industrial (quality control, material sorting, food and agricultural inspection and geological surveys)
- Medical (dental, skin and vascular observation)
- Defence, aerospace, security and surveillance applications

¹ Source – IdTechEx, Yole Development.

What are nanomaterials and what is a quantum dot?

Nanomaterials are any material that has a dimension or structure measured at the nanoscale, typically 10,000 to 100,000 times narrower than human hair (1–100nm). Nanomaterials have unique optical, electrical and mechanical properties often not accessible in the bulk material. This can enhance properties such as light absorption, emission, strength, reactivity and conductivity.

Quantum dots are a subclass of nanomaterials whose optical and electronic properties depend on their size, shape and composition.



Visible light (400–800nm)

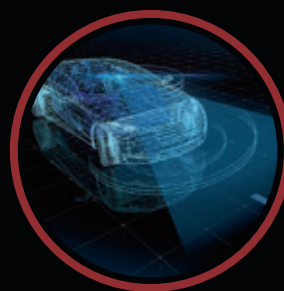
In the visible region, the emissive properties of QDs have revolutionised the display industry. The efficiency and nature of quantum dots leads to ultra-pure colour emission. After successful introduction of QDs into LCD and OLED displays, MicroLED and EL displays are the next-generation technologies that will rely on unique QD functionality.

In addition, emissive QDs in the visible spectrum enable other critical applications.



Near Infrared ("NIR") (800–1,000nm)

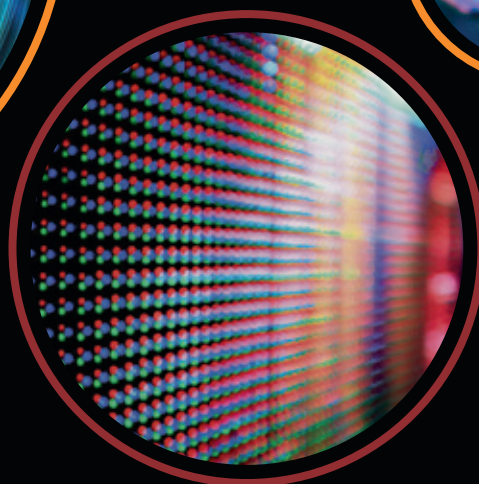
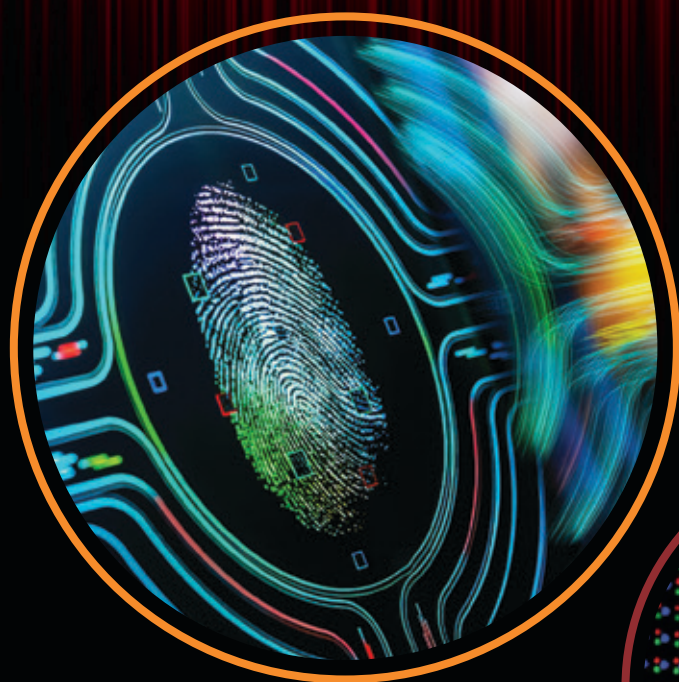
Quantum dots can both emit and absorb very pure light, the latter of which can be exploited for sensors. Traditionally, very expensive Indium Gallium Arsenide ("InGaAs") sensors have been used. QDs can be combined with low cost, mass produced silicon CMOS image sensors to extend the spectral range of silicon. In the NIR, applications include facial recognition and night vision. In addition, novel photovoltaic ("PV") technologies utilise NIR QDs.



Short Wave Infrared ("SWIR") (1,000–3,000nm)

Beyond the NIR, by selecting the correct type of quantum dots, the spectral range of CMOS image sensors can be extended into the SWIR at a much lower cost than InGaAs detectors. Potential applications in this region are wide ranging, including consumer electronics, industrial quality control, defence, surveillance, automotive, and medical industries. The ability of SWIR sensors to see through water vapour and fog enables LiDAR, while skin penetration in the SWIR is being explored for security applications such as anti-spoofing, as well as the development of novel optical diagnostic techniques.

Our core markets of sensing and display are forecast to experience rapid growth



Sensing

Yole Intelligence forecasts growth in SWIR imaging from \$322 million in 2022 to \$2.9 billion in 2028. This is expected to be driven by emerging markets in consumer electronics and automotive.

The CMOS imaging sensor market is forecast to increase from revenues of \$21.3 billion in 2022 to \$28.8 billion in 2028.

\$2.9bn

SWIR camera market
forecast for 2028

\$28.8bn

CMOS imaging sensor market
forecast for 2028

Display

Infinity business insights estimates the quantum dot display market was valued at \$3.2 billion in 2022 and is projected to reach \$13.1 billion by 2030, at a CAGR of 19.9%.

\$13.1bn

Quantum dot display market
forecast for 2030

Chairman's statement



Dr Jalal Bagherli
Chairman

A transformational year for Nanoco, focusing on the delivery of shareholder value

Summary

- Strengthened management and governance in support of commercial focus, with new Chairman, CEO and Global Business Director.
- Fully revamped group strategy with extensive market research, resulting in defining priority markets and applications.
- Refocused the group on growth by building a global commercial team on three continents.
- Achieved more competitive cost structure by reducing monthly cash expenditure.
- Achieved strong results in an Image Sensor JDA with a major Asian customer, with three-year JDA extension signed post year end.
- Signed a second JDA in Image Sensors targeting consumer applications, also with a major Asian customer.
- Commenced patent infringement lawsuit against LG Electronics. The group agreed a no fault settlement for \$5m on 20 November 2025.
- Following a review in the beginning of the year, engaged with CDX Advisors to explore strategic alternatives for Nanoco's trading business.

Post year end

- Reorganised the Nanoco technology team and brought in three additional technical resources to accelerate development work.
- After successfully completing the two-year JDA with a major Asian Chemical customer, signed a further three-year extension aiming to bring this project to commercialisation of QD-enabled sensors.
- Awarded a grant by Innovate UK for the development of a single step ink for our first generation PbS material.

Overview

2025 was a critical year for Nanoco. In what has been a rapidly changing operating environment, the Board acted decisively to stabilise and refocus the business following a challenging start to the year. This was in spite of a major European customer transitioning away from QD sensor technology.

Against this backdrop, the Nanoco Board remained focused on ensuring strategic delivery to preserve and enhance shareholder value, establishing and executing against four key priorities:

1. Bring on board a new CEO, and strengthen the commercial focus of the organisation.
2. Significantly reduce cash expenditure to lengthen Nanoco cash runway.
3. Develop and execute new strategy for Nanoco, focused around commercial development.
4. In parallel, evaluate strategic options for the organisation, including the potential sale of its operating business.

I am pleased to say that we were largely successful in all the above objectives.

Following the hiring of Dmitry Shashkov as the new CEO in October 2024, the group established a global commercial organisation and hired Jai Subramanian as Global Business Director to lead this work. In the span of a few months, our commercial pipeline had grown across several market segments.

Chairman's statement continued



We are well on the path of building Nanoco into a financially sustainable commercial entity."

Overview continued

During the period, we implemented significant cost savings, resulting in a reduction of our cash outflows each month, by selective personnel reductions, reducing the size and cost of the Board alongside additional operational efficiencies and cost savings. The above measures, while painful, did not impact critical Nanoco capabilities required to grow the business.

A new strategy for Nanoco was developed in a rapid but rigorous process involving primary and secondary market research. As a result, we defined the total available market for quantum dots ("QDs") around eight market segments. Within these segments, we reconfirmed that Image Sensors remains the core market for Nanoco. Outside of Image Sensors, we continue some work in Display, and also initiated small scale exploratory work and selective customer engagements in Photovoltaics, Paints and Pigments, and Agricultural areas.

To evaluate strategic options for Nanoco, we retained CDX Advisors, an investment bank with a strong focus on the high tech sector. Talks to divest the Group's trading business are ongoing, however there can be no certainty of an outcome and the Board remains highly cognisant of ensuring that any agreement is executable and reflects the inherent value within the trading business.

Commercial strategy

The Board has a clear vision for Nanoco's trading business. Underpinned by a significant competitive moat provided by our unique and validated IP, we aspire to be the pioneering and go-to manufacturer of cutting-edge QDs for the nanotechnology era. By focusing on our core competencies, we play to our key strengths while ensuring that we understand enough about the full device performance to be a credible and trusted supply chain partner to some of the world's largest companies.

Our sensing materials can provide significant improvements over existing technologies at a competitive price point while our display materials offer performance and clear environmental benefits over highly toxic, cadmium-based quantum dots.

We will continue to add to our IP assets – the value of which was amply proven in the litigation with Samsung – and defend it vigorously, as evidenced in our patent infringement filing against LG Electronics.

Our people

Nanoco has built an outstanding team which boasts a wealth of international talent based out of our headquarters in Runcorn. Our people are highly committed to executing Nanoco's strategy and focused on delivering against specific objectives we set for them. We are repaying that commitment through further investments in learning and development opportunities.

This commitment to staff was recognised when Nanoco was recognised in several prestigious awards, including the Halton Business Awards and the Sunday Times Best Places to Work 2025.

Sustainability and ESG strategy

The Board is committed to the promotion and achievement of environmental, social and governance objectives within the context of a small, listed group. During the year, we have strengthened the Nanoco Environmental, Health and Safety ("EHS") approach and maintained ongoing ISO 9001 and ISO 14001 accreditations, passing all certifications with minimal findings.

Governance

We remain committed to the highest standards of corporate governance and we comply with all of the provisions of the UK Corporate Governance Code as outlined on page 57.

Board and Annual General Meeting

Ahead of the Annual General Meeting ("AGM") to be held in January 2026, we continue to manage the size and cost of the Board.

In line with this priority, following the announcement of the pending retirement of Dr Nigel Pickett, Nanoco CTO and co-founder, we reorganised Nanoco's technology organisation and replaced Nigel's role with a non-Board Director of Technology position.

Additionally, after over eight years, this will be Dr Alison Fielding's final year as a Non-Executive Director of Nanoco Group plc.



Dividends

No dividend is proposed for the year (2024: none).

Outlook

The Board continues to be confident in the inherent value of the Nanoco technology, IP and trading business, while acknowledging that technological challenges and changing markets can impact the commercialisation and adoption of quantum dot enabled technology. In efforts to realise the inherent value, we have fully revamped the group strategy and reoriented Nanoco onto the path of commercial growth during 2025. With the increased commercial pipeline, the group is aiming to achieve break-even and financial sustainability in the calendar year 2027.

Following the appointment of CDX Advisors to review strategic options including the potential sale of the operating business, we are driving this process to its conclusion and expect to announce its results post year end.

Whether the CDX process results in a transaction for the operating business, or Nanoco continues to operate as a standalone business, we are confident the group is firmly on a growth path to deliver returns to its shareholders.

Dr Jalal Bagherli
Chairman
21 November 2025



Our industrial capacity positions us well to benefit from any widespread adoption of quantum dots in commercial applications whilst our validated IP creates a strong barrier to entry to the industry."

We are rapidly advancing capabilities of QD image sensors

At Nanoco, we are pursuing several QD chemistries that enable next-generation technology for image sensing – technology that can see things previously invisible, detect the undetectable, and make our lives safer and healthier.

In 2025, we worked in partnership with Emberion to incorporate Nanoco's HEATWAVE® quantum dots into Emberion sensors and cameras. We obtained a series of images that demonstrate the unique capabilities of Short Wave Infrared ("SWIR") sensors enabled by quantum dots. Such sensors can be utilised in a variety of applications, most of them under active development in a variety of blue-chip companies.

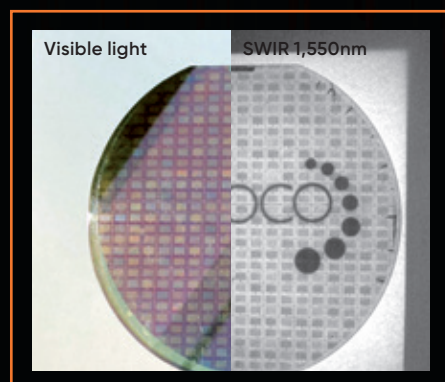
In consumer electronics, SWIR sensors enable the most accurate face detection and iris recognition with precision unachievable by existing sensors. In the automotive market, SWIR sensors are expected to play a critical role both under active illumination (for LiDAR applications) and under passive illumination, for a variety of driver assistance technologies such as driver safety and object detection and avoidance. On the industrial side, versatility of QD-based sensors and their ability to "tune" to a specific wavelength enable them to perform a wide variety of challenging tasks, including material sorting, in-line quality control and agricultural product inspection. Medical technologies under development take advantage of SWIR sensor capability

to see through the living tissue, enabling various dental, skin and vascular applications. Finally, on the defence and surveillance side, QD-based sensors enable visibility through a variety of adverse conditions such as rain, snow, fog, haze and smoke.

All of these applications are expected to mature over the next three to five years, with defence and industrial applications already taking off in small volumes, and with medical, consumer and automotive product introductions to follow. Nanoco is pursuing multiple collaborative developments in this area, leveraging our extensive IP and product portfolio and significant production experience for our HEATWAVE® QDs.



Two images of a packet of sweets – on the left is the image under visible light, and on the right is the image using a SWIR enabled camera with the sweets clearly visible.



Two images of a silicon sensor – on the left is the image under visible light, and on the right is the image using a SWIR enabled camera, with the Nanoco logo clear underneath.



Two images of a packet of sweets – on the left is the image under visible light, and on the right is the image using a SWIR enabled camera with the sweets clearly visible.

CEO's statement



Dmitry Shashkov
Chief Executive Officer

We are implementing Nanoco's growth strategy focused on Image Sensors, our core market, with several additional market areas under development

The Nanoco team worked throughout the year to develop and implement our new growth strategy informed by extensive primary and secondary market research that we conducted early in the year. One of the outcomes of this work was a clear definition of the Total Available Market ("TAM") for quantum dot-based materials. We defined this market around eight distinct segments:

1. **Image Sensor** technology that can enhance the capability of the conventional silicon-based CMOS image sensor by extending its sensitivity into the infrared region. QDs in such sensors can be "tuned" to respond to a particular wavelength of light, spanning the region from Near Infrared ("NIR"): 700nm-1,000nm; to Short Wave Infrared ("SWIR"): 1,000nm-3,000nm; and eventually to Mid Wave Infrared ("MWIR"): 3,000nm-5,000nm.
2. **Flat Panel Displays** ("FPD") including existing liquid crystal display ("LCD") and organic light-emitting diode ("OLED") products as well as two emerging display technologies, micro-LED and electroluminescent ("EL") displays. In all of these technologies, QDs play a critical role in creating and enhancing vibrant true-to-life colours and enhancing user experience while improving the display's energy efficiency.
3. The **Photovoltaic** ("PV") market for quantum dots is at an emerging stage and includes several different applications of QDs. One application which is gaining traction is down-converting coatings, where QDs absorb visible light between 400nm and 800nm, and converts it to longer wavelengths (800nm-1,000nm). The underlying solar cell has the highest photoconversion efficiency at these wavelengths, thus boosting the total energy yield of the panel.
4. The **Agriculture** market for QDs is at the early adoption stage. In this process, QDs are incorporated onto a polymer laminate film used to convert incoming solar light into the orange-red part of the spectrum. An increasing body of research has confirmed that light in this part of the spectrum speeds up fruiting of various types of produce, resulting in crop yields increasing by up to 30% without any major investment by the end user.
5. **Paints and Pigments** is a significant and relatively mature market; however, novel formulations continue to emerge in response to changing consumer demands and other specialised requirements. QDs can be incorporated into a paint, serving as a speciality pigment that either enhances the main paint colour or imparts another useful functionality – e.g. QDs tuned to the infrared region of the spectrum can be used to enhance vehicle visibility under LIDAR illumination.
6. **LED Lighting** is a maturing segment of the larger lighting market. Within this segment, there is a continuous search for enhancing LED energy efficiency and enabling speciality lighting applications. QDs can enable novel applications such as agricultural lighting and therapeutic lighting. In both applications, QDs enable precise tuning of the light wavelength to maximise agricultural productivity or therapeutic effect.
7. **Authentication** is another emerging market for QDs where their unique spectral response enables both document security and product authentication. In this field, novel solutions continue to emerge, to stay one step ahead of the forgers and counterfeiters.
8. **Biomedical** applications of QDs span multiple applications including drug delivery, diagnostic tools, and even surgical aids. All of these applications, however, are at a nascent stage of development and are not expected to generate significant market opportunities in the near term.

After extensive reviews, the Nanoco team re-confirmed that the primary focus of the group should remain on the Image Sensors market, since this offers the most attractive business potential. In addition, this market fits well with Nanoco's established capabilities and IP, including extensive patent portfolio, breadth of products, application knowledge, significant manufacturing capacity, and proven high volume production experience in Runcorn that differentiates Nanoco from its competition.

CEO's statement continued



In addition, we chose the next four market segments (Display, PV, Agriculture and Paints and Pigments) for additional exploration, either as customer engagements, or as stand-alone projects where Nanoco has a unique competitive advantage. As a small group, we are striking the balance between our core markets and a small number of exploratory projects that open the longer-term growth opportunities.

Business performance

Image sensors (HEATWAVE® quantum dots)

We have successfully executed Phase 1 of the Joint Development Agreement ("JDA") with a major Asian customer, focusing on heavy metal-free QDs utilised in sensors for consumer applications. Technical results of this work met or exceeded customer expectations throughout the project. Post year end, we announced the extension of this JDA into Phase 2, which will lead to the commercialisation of this technology at scale, assuming the market adoption takes place as expected.

In addition, in April 2025 we announced a second JDA, also with a major Asian customer. This one-year agreement is targeting consumer applications but with a different QD material and at a different wavelength, allowing us to spread the risks associated with such developments. The initial results of this work are encouraging, and we expect to extend it during 2026, similar to the first JDA.

Internally, we have developed Indium Arsenide ("InAs") QD materials at alternative wavelengths which, when testing in our device facility, exhibit the best in-class results in the industry on device.

Outside of these two JDAs, the Nanoco team has thoroughly screened the market and established commercial contacts with almost every company already involved in QD-SWIR sensor technology or considering its implementation in the future. These contacts may generate near-term commercial revenues as many of these participants target better developed industrial and defence applications

that utilise lead sulphide (PbS) based QDs where Nanoco has more experience and production capacity than any other supplier. In addition, we aim to convert some of these relationships into additional JDAs to target new materials, wavelengths and application areas.

At our Runcorn site, we have production capabilities to produce both first generation (PbS) and second generation (InAs) quantum dot materials for sensing applications. This means we can produce material for hundreds of millions of sensors per year once the technology is adopted, with a modest increase to the price per sensor.



Display (Cadmium free quantum dots (CFQD®))

Display materials remain a focus for Nanoco. Our analysis divides the market into existing display technologies and nascent display technologies. The former includes QD film (whether the QDs are in a barrier film "sandwich" or an extruded product) and QD-OLED. Recent market data confirms a growing share of quantum dot technology in these early generation displays, especially in the new mini-LED configuration of LCD technology that is growing rapidly, mainly with China and Taiwan producers. These devices are predominantly produced today with highly toxic cadmium-based QDs. This creates an opportunity for Nanoco to substitute them with our CFQD® material in this growing global consumer market.

In addition, established FPD technologies give us further potential IP licensing opportunities, following our successful settlement with Samsung that resulted in our technology licence and a \$150 million fee paid by Samsung. We continue to pursue such licensing opportunities, as evidenced by our filing of a patent infringement lawsuit against LG Electronics.

The emerging display technologies that have now been demonstrated at various trade shows and which are attracting significant investment include the use of quantum dots in micro-LED and in electroluminescent ("EL") displays. In particular, the application of quantum dots to micro-LEDs for small screen devices, such as smart watches or

phones, is an area of growing focus for a number of companies. In such applications, the volume of quantum dots, as a ratio to the area covered, is significantly higher than in a film for a television.

Our routes to revenue generation are therefore still threefold in display:

- development services for new materials;
- supply of consistent high quality materials from our Runcorn facility which can be easily expanded; and
- the licensing of our IP that protects our unique scale up process for the mass market production of cadmium-free nanomaterials.

Operations

During the year, we strengthened our Environmental, Health and Safety ("EHS") capabilities. In the beginning of 2025, we have implemented Behaviour-Based Safety Observation ("BBSO"), a proven EHS tool used to strengthen and codify safety culture. Throughout the year, nearly all Nanoco employees participated in the programme, helping identify potentially unsafe situations and prevent more serious accidents from happening. We systematically reviewed BBSO results in regular meetings, to ensure corrective actions are taken and the learnings and best practices are institutionalised.

Nanoco has also maintained ongoing ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System) accreditations. We passed both annual certifications with minimal findings. Going forward, we intend to maintain and further strengthen both systems as the backbone of our management systems. This approach positions Nanoco as a robust supply chain partner for electronic materials. Such certifications are often fundamental requirements of our electronics customers before they will even consider high volume supply relationships.

We continued to make investments in our capabilities throughout 2025, especially in the new device facility where we sourced several second-hand pieces of equipment from the discontinued Image Sensor project, along with test wafers and other critical materials. Our Device Lab significantly shortens the feedback loop between our chemistry and device performance and enables us to provide customer demos. A process that used to take up to three months now takes only one week. This is critical as long-term success in developing new materials is driven by the number of new reactions and recipes that can be run in a period of time. This new capability can be applied to various generations of our technology, and we have complete flexibility to operate the Device Lab with multiple customers, enhancing our operational capability.

CEO's statement continued

Leveraging intellectual property

We continue to proactively manage our IP portfolio to maximise value and protect our core competencies while carefully managing our IP maintenance spend. We finished the year with 341 patents and patents pending (2024: 366). Our annual IP maintenance spend is approximately £0.2 million, which is a reduction from the figure of approximately £0.4 million in 2020.

Finally, following the filing of a patent infringement lawsuit against LG Electronics, we continue screening our relevant markets (both FPD and Image Sensors) for future IP licensing opportunities. As in prior periods, we have to weigh the potential size of the opportunity against costly and time-consuming legal work that is required to enforce our IP.

People and community

Our people are our ultimate differentiator. They make Nanoco great and provide excellent service to our customers by delivering high quality materials on time and achieving challenging milestones and deliverables in our development work.

During 2025, we worked with all employees to develop and refine Nanoco's mission, vision and values. The group mission and vision are more than just slogans – they inform our strategy and inspire our people to deliver results, every day.

The group values are perhaps even more important – they define what is important to us, they shape our organisational culture, and ultimately they are our guiding principles that dictate everything we do and how we do it. This year, we started to use Nanoco values for the first time as part of our annual performance reviews, to make sure the values are lived and breathed by every employee.

Our Employee Voice Committee ("EVC") has been active throughout the year to support the group and all staff on matters of physical and mental wellbeing, relaying concerns to the Board and helping with our CSR activities.

We have awarded a general cost of living increase for all staff for FY25 of 3.5% of salary (excluding the Executive Directors who are receiving 2.5%). In FY24, we implemented a workplace health programme for all staff that has an equivalent cost of 1% of salary. We also completed a further benchmarking exercise post year end, and we believe that all employees are now fairly compensated. All staff are also eligible to participate in the group's Long Term Incentive Plan.

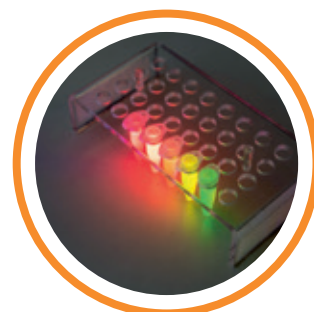
We will review other benefits options and further potential improvements to pension contributions as our financial situation improves and when the group becomes self-financing in its organic operations.

We are proud to have been recognised in the course of 2025 by three prestigious UK awards:

- November 2024 – Halton Healthy Workplace Wellbeing Gold Award;
- April 2025 – Halton Business Awards Finalist in the Employer of the Year (35+ employees) category; and
- May 2025 – Sunday Times Best Places to Work 2025 recognition.



We continue to strengthen our operational capabilities to ensure our critical place in complex global supply chains for electronic devices."



Our Vision

The pioneering and go-to manufacturer of cutting-edge quantum dots for the nanotechnology era.

Our Mission

To deliver innovation and scalable manufacture of cutting-edge quantum dots, built on our extensive portfolio of validated IP.

Together, we are harnessing the power of nanotechnology to enable a **BETTER, BRIGHTER** future

Our Values

Our values serve as the guiding principles behind every decision, action and interaction we undertake. These values are more than just words; they embody the ethos that drives our business forward, ensuring we operate with purpose and accountability, creating long lasting impact for our customers and people.

Quality

In everything we do

Development

To enable a better, brighter, safer future

Opportunities

To continuously improve and innovate

Team

We succeed through collaboration and our "One Team" approach

Service

We strive to deliver exceptional service with lasting impact

Post-year-end events and our response

Post year end, we announced the awarding of a grant by Innovate UK for the development of a one-step ink for our first generation Image Sensor material.

Subsequently, we have also announced a three-year extension to the JDA with the Asian Chemical Customer.

On 20 November 2025, the patent infringement lawsuit against LG Electronics was concluded with a no fault settlement for \$5m.

Outlook

The Board strongly believes that Nanoco has significant organic growth opportunities. They span a range of applications from the Nanoco core market (Image Sensors) as well as several other segments such as Display, Photovoltaic, Agriculture and Paints and Pigments. All these applications fit with our core capabilities and offer opportunities for competitive differentiation. Importantly, in our core Image Sensor market, we believe the next three to five years will bring a real inflection point as these products migrate from a small volume, artisanal manufacturing approach to high volume, semiconductor fab-based, full wafer-based, low cost manufacturing.

Nanoco's targeted markets span a range of timings, from several months to over five years, making for a more balanced portfolio with lower investment risk. Our engagements are also becoming increasingly diverse and include the whole spectrum of customers – from small, nimble, fast-moving innovators in various spaces to global giants with leading positions in their respective markets.

Based on this outlook, we believe Nanoco is now on track to achieve break-even point and financial viability in the course of approximately two years.

Dmitry Shashkov
Chief Executive Officer
21 November 2025

Our markets

Nanoco's market strategy is centred on capturing the attractive growth opportunities for QD materials while developing prospects in new and emerging fields.

With its deep expertise in developing and manufacturing RoHS compliant III-V QDs, the group leverages its position to enable next-generation optical and electronic applications. The largest existing commercial opportunity for colloidal QDs is in display and the most attractive emerging commercial opportunity is in sensors. In both these applications, QD materials deliver clear performance and cost advantages, creating strong prospects for adoption in high volume consumer and industrial markets. At the same time, the group is actively exploring opportunities in photovoltaics and agricultural lighting, two fast-growing sectors where tailored nanomaterials can enhance energy efficiency and crop productivity. Beyond these high growth areas, Nanoco continues to stay engaged in additional applications in lighting, biomedical imaging, authentication, and paints and pigments, which are expected to provide increasing value over a longer time horizon. Together, this multi-segment strategy balances near-term revenue potential with long-term innovation, ensuring Nanoco is well placed to generate sustainable growth across a diversified set of markets.

Image Sensors

Market	Application	Competing technology
→ Industrial	→ NIR and SWIR imaging	→ InGaAs
→ Defence and surveillance		→ Si-Ge
→ Medical	Wavelengths	→ Organic photodiodes
→ Consumer	→ 800-2,000nm	
→ Automotive		

Flat Panel Displays ("FPD")

Market	Application	Wavelengths	Competing technology
→ TVs	→ QD-LCD ("QLED")	→ 450-650nm	→ WOLED
→ Monitors	→ QD-OLED		→ KSF and other phosphor-based technologies
→ Notebooks	→ MicroLED		→ RGB microLED
→ AR/VR	→ QD-EL		
→ Automotive			

Photovoltaics ("PV")

Market	Application	Wavelengths	Competing technology
→ Industrial	→ Down-converting layer	→ 500-1,000nm	→ Phosphor-based technologies
→ Specialised	→ Luminescent solar concentrators		
→ Building integrated			

Agriculture

Market	Application	Wavelengths	Competing technology
→ Produce	→ Passive greenhouse film	→ 550-700nm	→ Phosphor-based technologies
→ Cannabis	→ Active greenhouse lighting		

Paints and pigments

Market	Application	Wavelengths	Competing technology
→ Automotive	→ Primary colourant	→ Visible to SWIR	→ Conventional paints and pigments
→ Visual art	→ Functional coating		→ Phosphors and dyes
→ Functional paint			

LED Lighting

Application	Wavelengths	Competing technology
→ General lighting	→ Visible to SWIR	→ Phosphors
→ Specialised lighting (e.g. therapeutic)		→ Alternative LED technologies

Biomedical

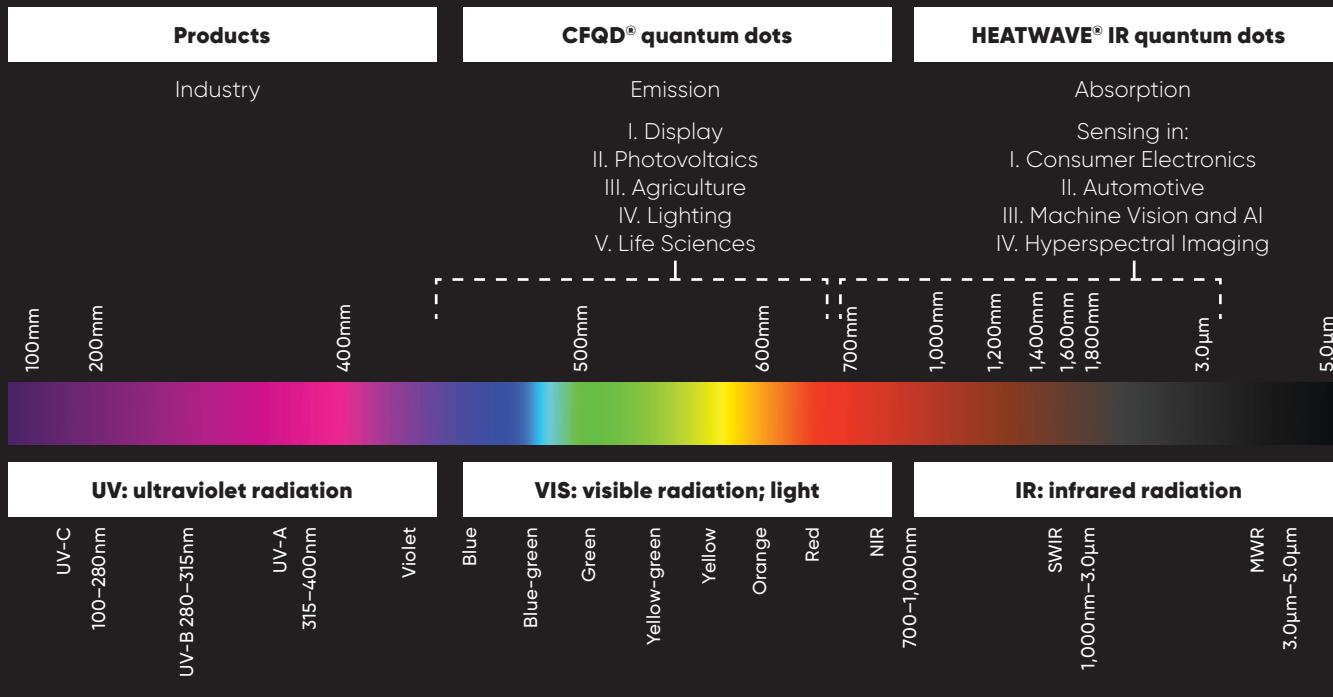
Application	Wavelengths	Competing technology
→ Diagnostics	→ Visible to SWIR	→ Phosphors and dyes
→ Fluorescent markers		

Authentication

Application	Wavelengths	Competing technology
→ Document security	→ Visible to SWIR	→ Phosphors and dyes
→ Product authentication		→ Alternative authentication technologies



Nanoco's leading QD materials harness the power of light to deliver next-generation optical and electronic technologies



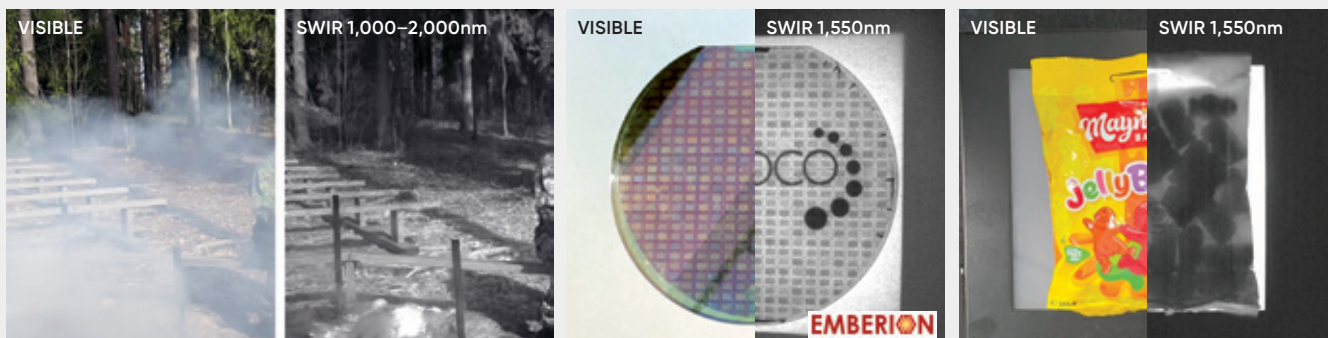
Key market 1 – SWIR image sensors

Imaging the invisible – growth segment for the image sensor industry

This series of images compares images recorded with a standard phone camera (visible) with the same image captured using an Emberion QD SWIR camera, built with Nanoco's HEATWAVE® QDs. The images show key areas of application where SWIR imaging offers unique capabilities that go beyond what is possible in the visible range. On the left, the image shows a scenario where SWIR imaging offers enhanced vision through fine airborne particles (smoke) and enables clear vision of the fire and details in the background of the image, which are obscured by the smoke in the visible image. The middle image shows a silicon wafer, which is opaque in the visible range due to the absorption of silicon in that wavelength range. SWIR

imaging provides vision through the wafer, as silicon is transparent beyond 1,100nm, thus revealing the Nanoco graphic behind the silicon wafer (blocked in the visible image). This demonstrates how SWIR imaging can be used in semiconductor processing, allowing to image through silicon. On the right, we show an image of food plastic packaging, where visible light is blocked by the plastic. Here, imaging in the SWIR wavelength facilitates seeing through the plastic, revealing the content of the package. Such imaging provides enhanced capabilities in industrial quality control applications.

Applications



Our markets continued

Significant potential for revenue generation from multiple commercial markets

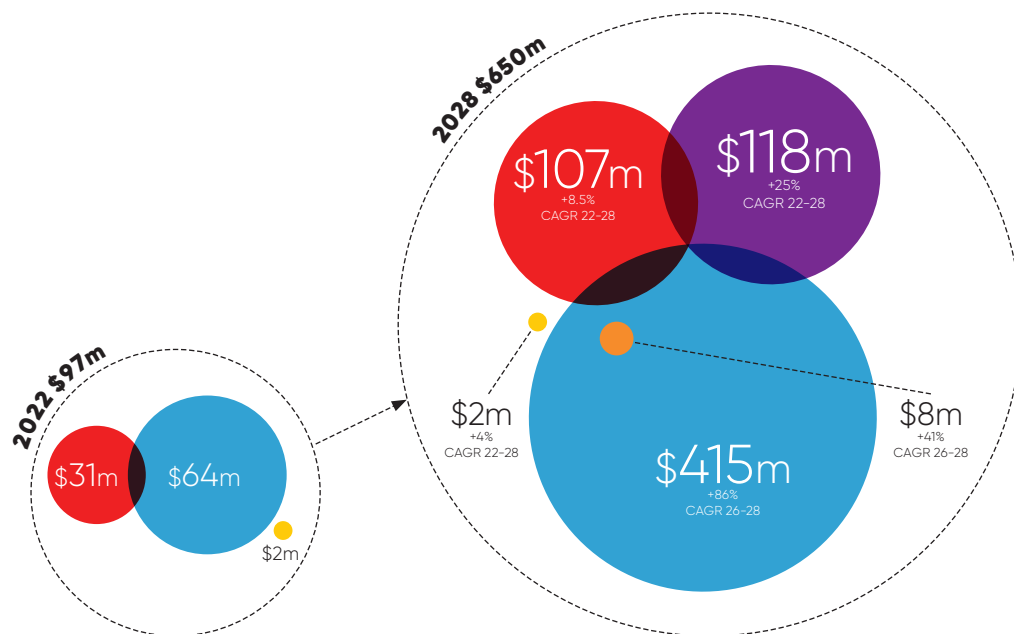
Market forecast

Cameras and modules

Key

- Defence, aerospace and research
- Industry
- Medical
- Consumer
- Automotive

Source – Yole custom report 2025.



Market

The Short Wave Infrared ("SWIR") imager market is currently a niche of the overall Image Sensor market, valued at approximately \$100 million in 2024. Independent market researcher Yole Group estimates that the market is poised for significant expansion to reach around \$650 million by 2028. This trajectory reflects both sustained investment in traditional applications and the emergence of entirely new high volume markets, enabled by emerging low cost technologies, such as Quantum Dot CMOS.

Amongst market segments, defence currently represents the largest part, accounting for roughly two-thirds of the current market. Growth is expected to remain steady, supported by increased government spending on security, and the demand for advanced surveillance and reconnaissance capabilities. Industrial markets, meanwhile, are poised for faster acceleration. Forecasts suggest expansion from just over \$40 million in 2024 to more than \$100 million by 2028, as SWIR imagers become indispensable in semiconductor inspection, process control, and advanced recycling applications where spectral precision translates directly into efficiency gains.

The most transformative change, however, is expected in the consumer sector. From negligible volumes currently, consumer applications are projected to reach over \$400 million in revenue by 2028, driven by the adoption of SWIR imagers into mobile handsets and wearables. Key enablers include secure under-display 3D sensing and the integration of health-related

monitoring functions into everyday consumer electronics. Automotive and medical applications, while smaller in scale, are also emerging as growth areas. Automotive adoption is forecast to exceed \$8 million by 2028, reflecting the need for enhanced driver-assistance systems with robust visibility in poor weather and low light conditions.

Overall, Yole projects a compound annual growth rate of nearly 40% for SWIR imagers between now and 2028. This expansion is underscored by emerging QD CMOS SWIR sensors. As a scalable and cost-effective alternative to indium gallium arsenide ("InGaAs"), the technology facilitates mass market adoption in consumer and industrial applications, while still delivering the high performance required for demanding defence and automotive use cases.

With deep experience in the development and manufacture of electronic-grade nanomaterials, Nanoco is uniquely equipped to supply the highest quality of QD materials for QD-CMOS sensors operating at SWIR wavelengths. The materials have integration into established semiconductor fabrication environments. Early use cases are expected to emerge in low volume applications outside mobile devices, with significant scaling anticipated in the second half of this decade as consumer adoption accelerates. Nanoco's Runcorn production facility has the capability to supply sensing materials for hundreds of millions of CMOS sensors annually, providing the capacity required to serve high volume markets.

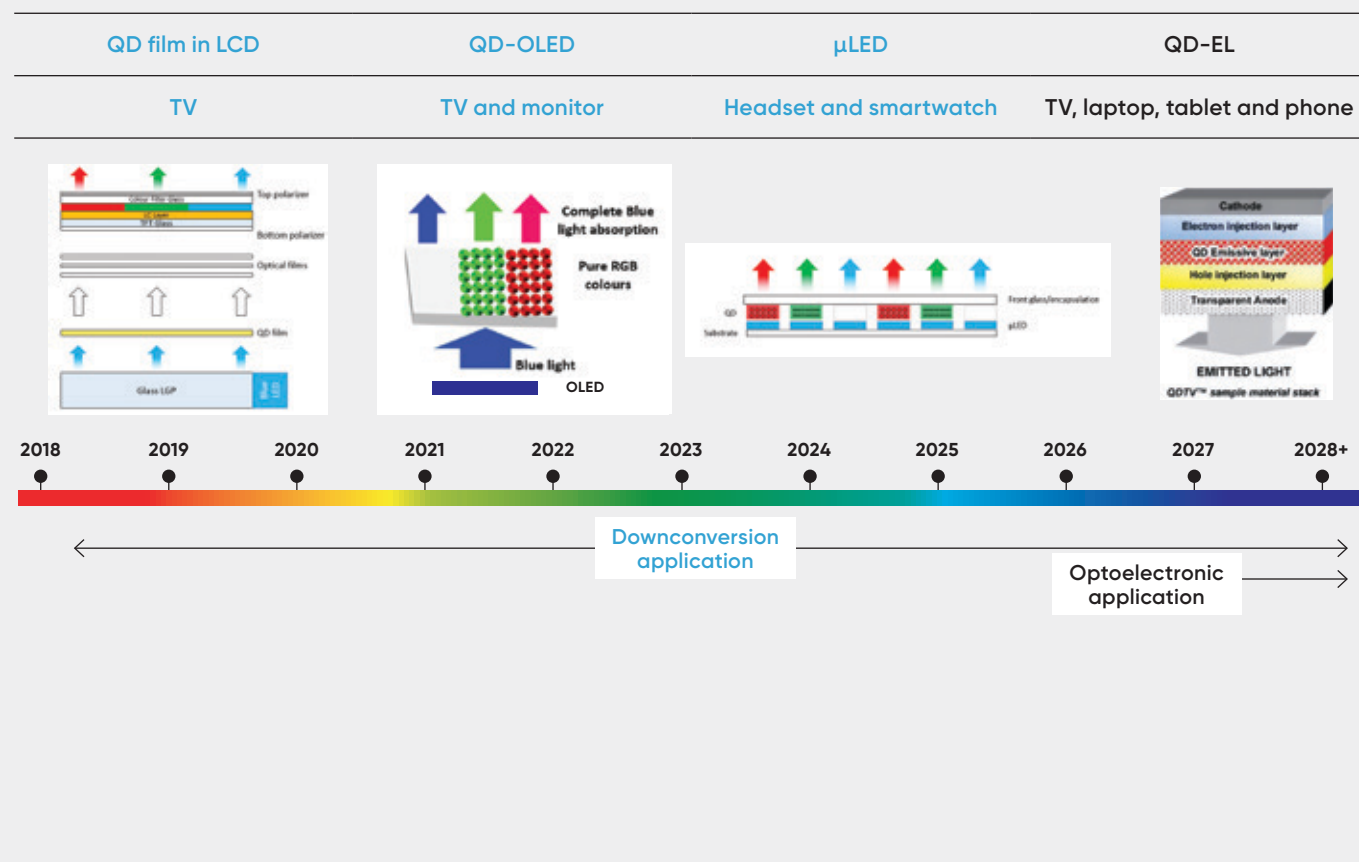
Key market 2 – Flat Panel Display

QD displays – established applications drive stable and continuous growth

Quantum dots are now firmly established as a critical technology in display applications, delivering superior colour performance, energy efficiency and design flexibility across a range of market segments. QD film in LCD remains the most widely adopted solution, serving the mainstream television and monitor market by offering cost-effective, high performance displays with enhanced brightness and colour. At the premium end, QD-OLED targets high value consumer electronics such as ultra-high definition TVs and professional monitors, combining self-emissive contrast with outstanding QD colour reproduction. In parallel, microLED ("μLED") is

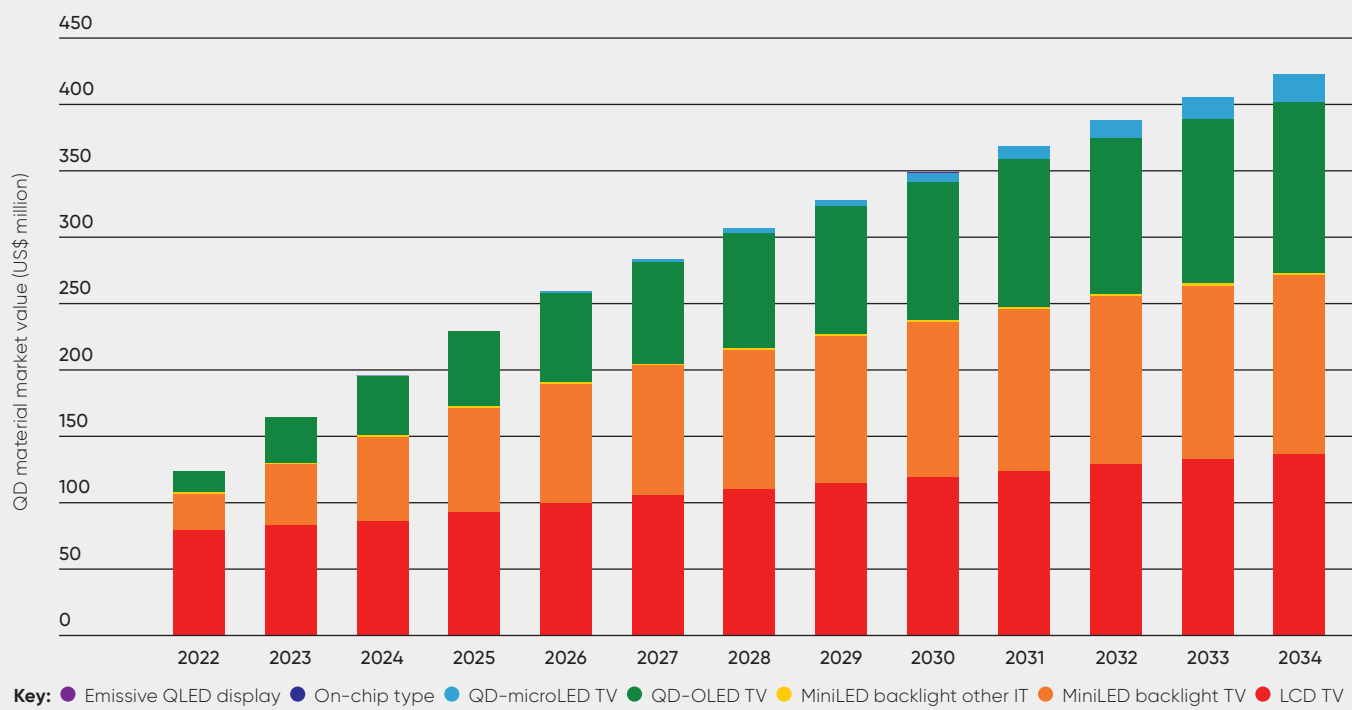
emerging as the leading solution for ultra-high brightness applications, from luxury TVs to wearable and automotive displays, where durability and efficiency are critical. Looking further ahead, quantum dot electro-luminescence ("QDEL") represents the next frontier, with its fully emissive architecture positioned to disrupt the display landscape through simplified manufacturing and scalability across consumer, commercial and industrial sectors. Together, these technologies demonstrate how quantum dots address diverse needs across the display market, from mass adoption to high end innovation and future-ready platforms.

Applications



Our markets continued

Evolution of the quantum dot display market 2022–2034



Source – IDTechEx – QD Materials and Technologies 2024–2034.

Market

The global market for flat-panel TVs is approximately 250 million units per year and is expected to expand modestly, at around 1% annually, through 2030. Within this market, quantum dot (“QD”) technology is playing an increasingly important role. The share of TVs incorporating QDs is estimated at around 24 million units in 2025 and is projected to approach 40 million units by 2030 (approximately 14% of the forecast market). QDs are particularly effective in enhancing miniLED TVs, enabling them to deliver superior brightness and colour performance at larger screen sizes where OLED remains prohibitively expensive. As a result, QD-enabled miniLED is expected to show steady growth over the next decade. While volumes of QD-OLED TVs are projected to experience smaller growth, the higher value of QD solutions in this market will further drive significant growth for QD materials suppliers.

While TVs remain the largest application, adoption of QDs has also expanded into other display formats, most notably monitors and laptops. In the monitor market, QD-OLED is gaining momentum, offering enhanced image quality and performance for high end applications. Laptops are similarly benefiting from QD-based solutions, reflecting broader consumer demand for richer colour and energy-efficient displays in portable devices.

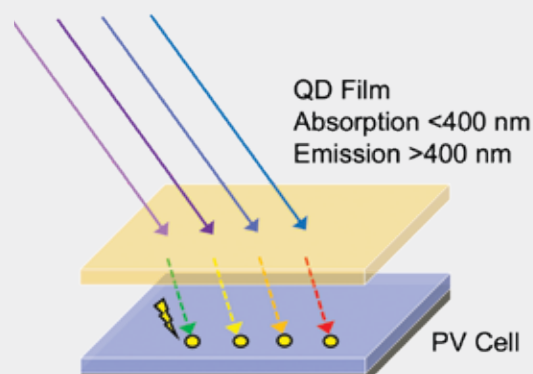
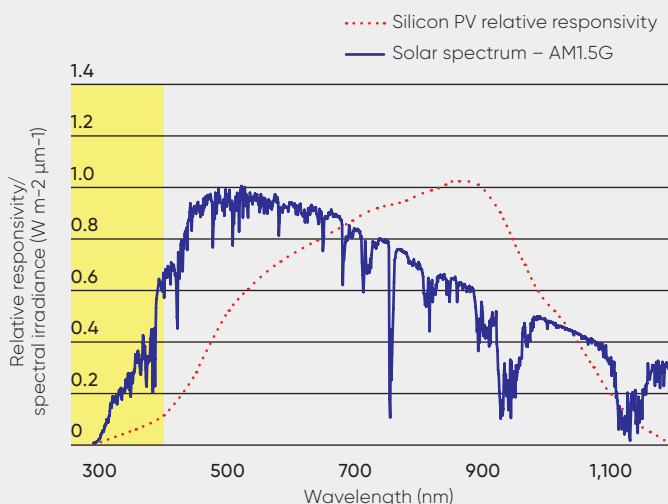
Looking forward, new display technologies such as microLED and QD electro-luminescence (“QD-EL”) have yet to be commercialised but represent substantial long-term opportunities. These platforms are expected to expand QD use beyond televisions, monitors and laptops into additional form factors. The largest display category globally – smartphones and tablets – is currently dominated by OLED, but microLED (with QD colour conversion) and QD-EL both hold strong potential to disrupt this market by offering potentially lower manufacturing costs with superior brightness and colours. Together, these trends highlight the growing role of QD technology in reshaping the competitive landscape across the full spectrum of display applications.

A key competitive advantage in the display market lies in the transition to cadmium-free quantum dot materials, driven by regulatory pressures such as RoHS and growing consumer demand for sustainable technologies. Today, a significant proportion of QD TVs sold by manufacturers other than Samsung still rely on cadmium-based solutions, but this share is expected to decline steadily as environmental regulations tighten and OEMs seek safer alternatives. Nanoco is uniquely positioned to capture this opportunity as one of the few companies able to design, scale and manufacture high quality cadmium-free QDs at volume. This capability not only supports the expansion of QD-enabled TVs and monitors, but also provides a long-term, compliant supply chain solution as the industry transitions away from cadmium. Nanoco’s proven expertise and production infrastructure therefore provide clear differentiation and a strong foundation for growth in cadmium-free QD adoption across display applications.

Future market 1 – Photovoltaics

QD down-conversion film – Improving PV cell efficiency with drop-in solution

Applications



Quantum dot down-conversion coatings are emerging as a promising solution in the photovoltaics industry, where they can significantly enhance solar cell efficiency by converting high energy ultraviolet and blue photons into longer wavelengths better matched to a cell's absorption profile (<50% below 500nm for silicon PV). This enables higher power output without requiring fundamental changes to established solar technologies, making the approach especially attractive for mainstream crystalline silicon modules while also supporting next-generation thin-film and tandem architectures. Importantly, in photovoltaics, higher

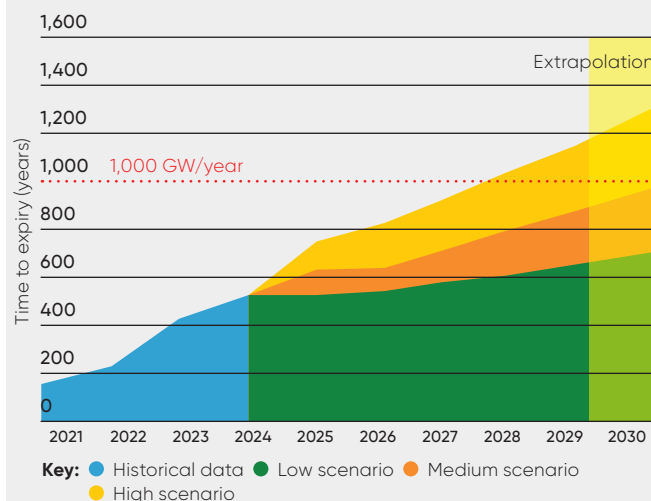
efficiency directly translates into greater energy yield and stronger returns on investment, underscoring the economic as well as the technical value of QD innovation. Much like in the display sector, where quantum dots are enabling diverse applications from mass-market LCDs to emerging emissive platforms, QD down-conversion in solar represents a scalable, cost-effective pathway to improved performance across a wide range of applications, including building-integrated photovoltaics ("BIPV") and portable power solutions.

Market

The global solar photovoltaic ("PV") market is set for sustained growth, with total installed capacity expected to rise from roughly 2.2 TW in 2024 to over 3 TW by 2029–2030. Annual installations are projected to average 700–800GW in the second half of the decade, supported by declining costs, strong policy commitments, and the growing demand for clean energy worldwide. Beyond scale alone, the industry is also benefiting from steady gains in efficiency, as innovations such as tandem cells, advanced coatings and QD down-conversion technologies contribute to higher power output from the same footprint. This combination of volume expansion and performance improvement positions solar as the fastest-growing renewable energy source, underpinning both global decarbonisation goals and attractive long-term returns for investors.

Annual TW solar market likely to be reached by 2030

Global cumulative solar PV market scenarios 2025–2030



Source – <https://lightsourcebp.com/uk/news/solarpower-europe-launches-global-market-outlook-for-solar-power-2025-2029/>

Revenue streams

All revenue streams can contribute to our growth

Products

Our Runcorn facility has the capacity to make high volumes of CFQD® quantum dots and HEATWAVE® nanomaterials for IR sensing applications. The revenue generation capacity can be easily scaled by adding additional shifts with the overall potential return on the asset base being attractive and benefiting strongly from operational leverage if extra shifts and volumes are added. Revenue potential: HIGH.

Services

Our highly skilled R&D and scale up teams are able to design, develop and scale new materials for customer-specific applications. We are able to charge customers for professional services when we carry out these sorts of development activities for them, with rewards often linked to achieving technical milestones or outcomes. The last two financial years have seen significant revenue generated in this area. Revenue potential: MEDIUM.

Licences

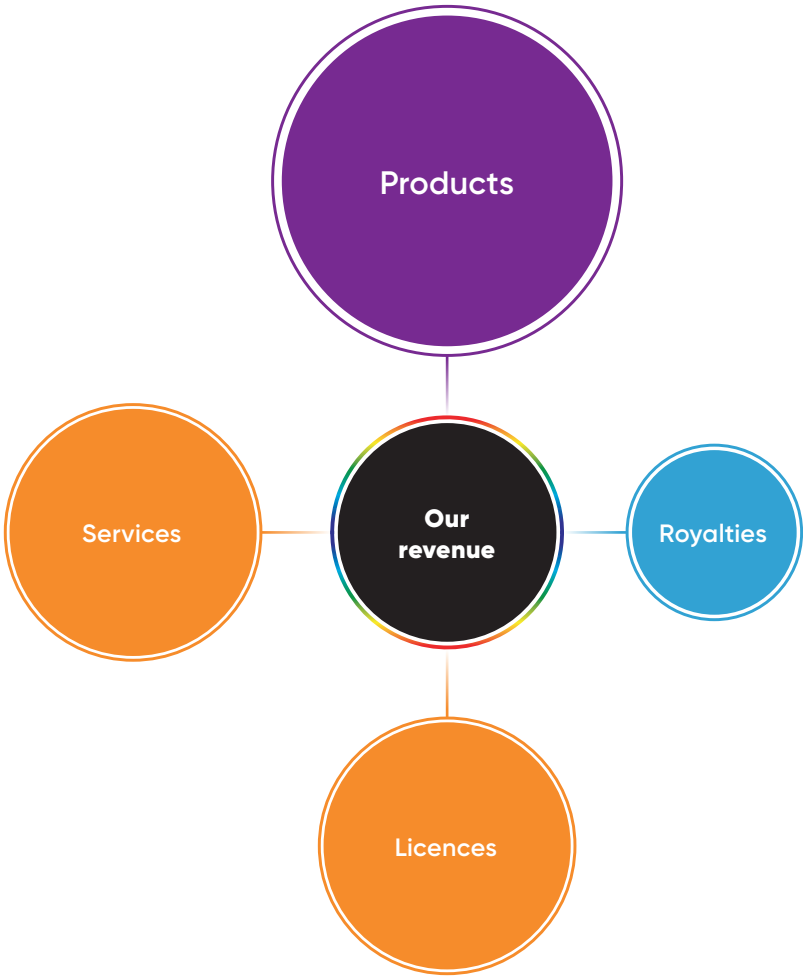
When a channel partner initially acquires a right of access to, or use of, Nanoco technology and IP, it typically pays a one-off licence fee. These fees reflect the costs already previously incurred by Nanoco in developing its technology and IP and hence represent a return on those historical investments. Success in the Samsung litigation has increased the potential of this income stream. Revenue potential: MEDIUM.

Royalties

As well as the ability to make and sell materials directly to our customers, the agreements with our channel partners allow them to manufacture or distribute our materials themselves and then pay a royalty on the value of their sales to their customers. This revenue stream has the potential for high leverage since it is not constrained by manufacturing scale and also has minimal costs associated with incremental sales via this channel. Success in the Samsung litigation has increased the potential of this income stream. Revenue potential: LOW.

Key

- Low – <£5 million per annum
- Medium – <£10 million per annum
- High – >£10 million per annum



Section 172(1) statement

How we engage with our stakeholders

Section 172(1) report

In line with section 172(1) of the Companies Act 2006, the Directors of the group must act in a way which they consider, in good faith, would most likely promote the success of the group for the benefit of its members as a whole, and in doing so must have regard to a number of other key matters.

Likely long-term consequences of decisions (s.172(1)(a))

Given the nature of the business, the Board takes a medium-term approach to its decision making to ensure that the group is able to deliver its strategy of creating value for all of its stakeholders. Risk management is also key to understanding the likely consequences of actions.

The Board plays a key role in reviewing the group's approach to risk, including an assessment of its emerging and principal risks. See pages 33 to 35 of the Strategic report for a description of the identified risks and how these are being controlled or mitigated. Given the group's finances, the Board has been continually reviewing the group's current and forecast financial position. This year, the Directors selected a four-year timeframe over which to assess the viability of the group. The Viability statement can be found on pages 36 and 37 of the Strategic report.

Maintaining a reputation for high standards of business conduct (s.172(1)(e))

The group has in place a Code of Conduct which acts as a guide for employees to do the right thing. The group also has well-embedded policies in place which assist with ensuring high standards of conduct, including with respect to the

following key areas: health, safety and environment; whistleblowing; anti-bribery and corruption; human rights; and modern slavery. The environmental, social and governance ("ESG") disclosures section of the Directors' report, from pages 38 to 49, provides further insight into measures put in place by the Board to assist with maintaining a reputation for high business conduct standards.

Acting fairly between members of the Company (s.172(1)(f))

The Directors also have regard to the need to act fairly between members of the Company, aiming to understand their views and act in their best interests. The ownership of the Company follows a "one share, one vote" structure, which assists with promoting parity in shareholder rights. The Board ensures that there is fair and equal dissemination of information to all shareholders and has a dedicated Investors section on the group's website which is available to all shareholders.

This provides easy access to RNS announcements and reports and publications. All members are invited to attend the Annual General Meetings of the Company, offering an opportunity for members of any size shareholding to have a conversation with, and ask questions to, each of the Directors. For any Annual General Meetings where in-person attendance is not possible, all shareholders will be offered the opportunity to submit questions to the Board ahead of the meeting with answers being made available to them.

Having regard to specific stakeholder groups (s.172(1)(b) to s.172(1)(d))

The table which follows on the next page seeks to provide insight into how the Board carries out its duty under this section.

Case study

Return of capital to shareholders

Background

The Company completed the £33 million return to shareholders of the Company through a tender offer and subsequent share buy-back.

s.172 factors considered:

- **Long-term consequences:** The cash resources required for the group to continue to operate.
- **Interests of shareholders:** The group retained enough cash to see it through to break-even, whilst also returning excess cash to shareholders.
- **Impact on customers:** Customers have increased faith in the financial security of Nanoco as a supplier.
- **Impact on suppliers:** Suppliers can offer improved terms to Nanoco due to the financial security provided.

Case study

Delivery of milestones in customer SoWs

Background

Nanoco has continued to achieve all milestones in the customer statement of works ("SoWs").

s.172 factors considered:

- **Long-term consequences:** Investment in, and development of, new quantum dot technologies.
- **Interests of the group employees:** Our staff are developing the ideas which are leading to breakthroughs in this area.
- **Impact on customers:** Achievement of their targets helps aid adoption of the technology in the wider market.

Section 172(1) statement continued

Section 172(1) report

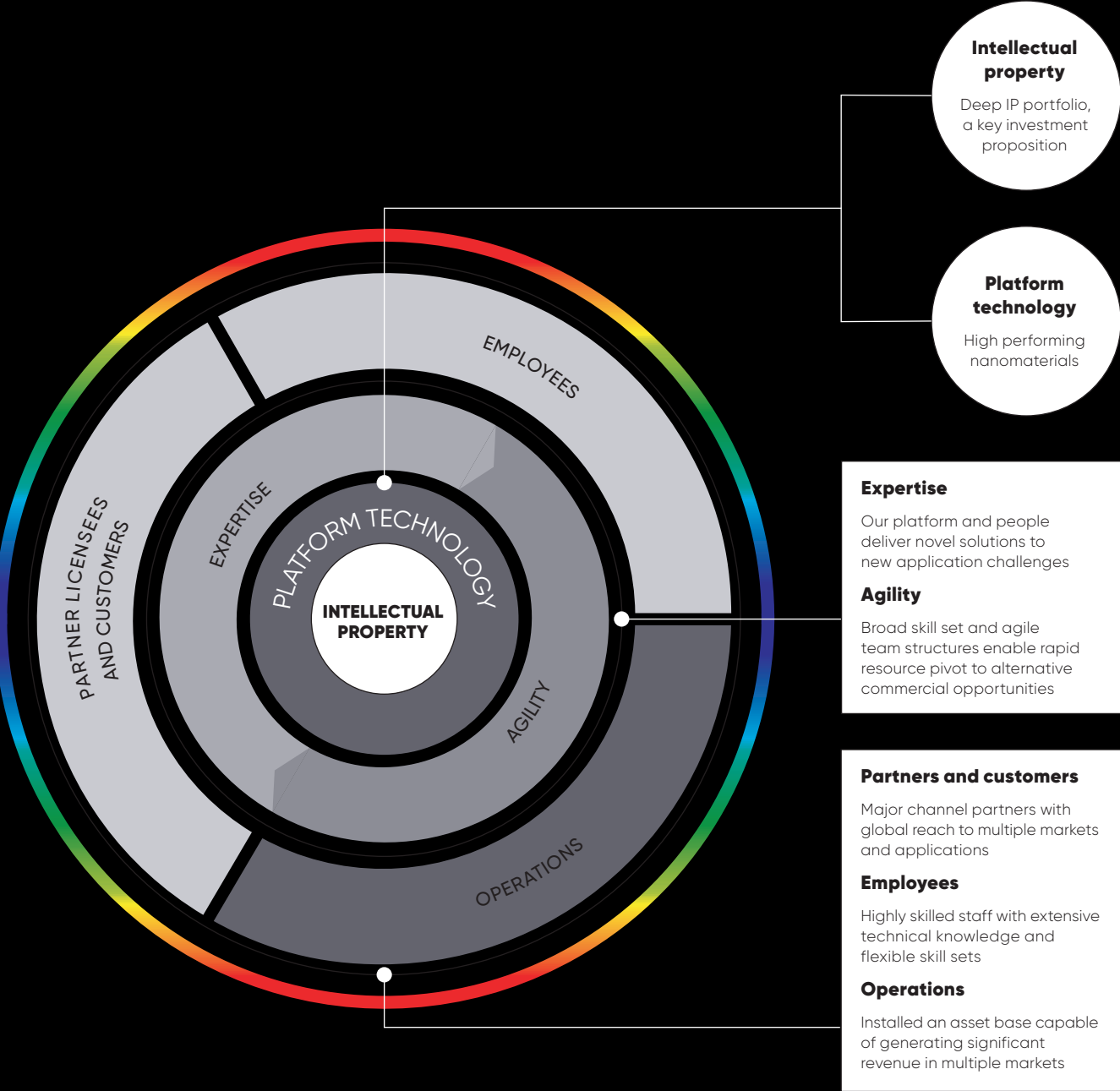
Having regard to specific stakeholder groups (s.172(1)(b) to s.172(1)(d)) continued

	Why we engage	How we engage and respond
 Shareholders	<ul style="list-style-type: none"> → To enable shareholders to understand Nanoco's strategic aims and results → To help shareholders to understand management's aims, responsibilities and incentive structures → To help shareholders to understand our commitment to our staff, communities and the wider environment 	<ul style="list-style-type: none"> → We build relationships with our investors through our investor relations activities → In our Annual Reports, we update all stakeholders on our strategic progress and explain any financial implications → We consider investor feedback and what impact this may have on the business
 Employees	<ul style="list-style-type: none"> → To ensure employees feel valued for their contributions → To empower our employees → To enhance our employees through training and progression 	<ul style="list-style-type: none"> → We communicate key decisions and collaborate through our Employee Voice Committee ("EVC") → An Executive Director, Liam Gray, was appointed from the workforce to the EVC in the prior year, and communicates the views of employees to the Board → We give employees the tools to work effectively → We encourage our employees to provide solutions to problems
 Customers	<ul style="list-style-type: none"> → To ensure we can provide the best service and products possible to meet the customers' needs → To protect our customers' technology → To ensure we are complying with regulatory requirements 	<ul style="list-style-type: none"> → We ensure open and constant communication with customers to ensure our products and services are world leading → We welcome feedback from customers and work collaboratively to achieve our customers' goals
 Suppliers	<ul style="list-style-type: none"> → To develop long-term, collaborative partnerships for key, difficult-to-source materials → To mitigate the risk of not being able to succeed commercially → To comply with regulatory requirements 	<ul style="list-style-type: none"> → We create close, collaborative working relationships with key suppliers to ensure clear communication, active issue resolution and effective qualification of products → We encourage open engagement to ensure compliance with the relevant regulatory requirements
 Regulators	<ul style="list-style-type: none"> → To ensure compliance with regulatory requirements → To protect our staff and communities → To ensure best practice 	<ul style="list-style-type: none"> → We review our operations periodically to ensure compliance with regulations → We actively maintain standards through external reviews (e.g. ISO 9001 accreditation)
 Community	<ul style="list-style-type: none"> → To make a meaningful contribution to the community → To create a positive working culture → To attract and retain talent 	<ul style="list-style-type: none"> → Our Employee Voice Committee looks at ways in which we can help the community → We invite both members and non-members to ask questions at our general meetings
 Environment	<ul style="list-style-type: none"> → To improve our ESG credentials → To mitigate environmental damage from business activities 	<ul style="list-style-type: none"> → We engaged an external party to review our materiality assessment → We have established an ESG strategy → We are looking at ways of reducing our environmental footprint → We are ensuring we recycle where possible → We are engaging with our landlord to make facilities more environmentally friendly

	Impact of engagement	Engagement during the year
	<ul style="list-style-type: none"> → We aim to create long-term investor value through growing from an R&D services business to a commercially viable niche production business → The successful conclusion to the Samsung litigation provided a means to return capital to shareholders in the short term 	<ul style="list-style-type: none"> → We engaged openly with shareholders through briefings, subsequent Q&A sessions and general meetings → We continue engagement through Investor Meet Company presentations → We ensured an open forum at the general meetings held during the year → During the year we completed the return of capital to shareholders
	<ul style="list-style-type: none"> → Our employees feel empowered to achieve solutions to problems → Our employees feel more valued and aligned to the business → We improve as our employees improve 	<ul style="list-style-type: none"> → We were again awarded a Sunday Times Best Places to Work award following a poll of our employees → We held a number of all-company days to explain our group strategy to employees → We were commended as an employee of the year at the Runcorn Business Awards → Following feedback from employees, we reviewed our employee value proposition to ensure it aligned with what employees most valued
	<ul style="list-style-type: none"> → We build strong relationships with customers, who believe in the capabilities of our platform technology and our employee expertise → Our customers trust us to be able to meet their requirements to create world-leading products 	<ul style="list-style-type: none"> → Through the year, we collected feedback and actively engaged in weekly technical updates to aid development and collaboration → We openly discussed any logistical challenges due to import/export regulations, helping customers with their own compliance goals → We discussed technical specifications with a wider remit of customers to ensure our materials could meet the market demands
	<ul style="list-style-type: none"> → This helps us to attain best value from our supply chain and mitigates the risk of a breakdown in process negatively impacting the business → Through regulatory checks, we ensure our suppliers are complying with regulatory requirements, e.g. payment of minimum wage 	<ul style="list-style-type: none"> → We performed audits on suppliers to ensure their compliance with legislation → We engaged with a number of suppliers on the qualities of our raw materials and considered their impact on our products for our customers → We maintained dialogue on the availability of raw materials and took action when there was a risk that this could be compromised → We have begun conversations on the scope 3 impact of our raw materials
	<ul style="list-style-type: none"> → Compliance with regulatory requirements enables the business to operate in a safe manner, protecting our employees and wider communities 	<ul style="list-style-type: none"> → We were re-certified to ISO 9001 and ISO 14001 during the financial year → We constantly reviewed operating procedures to ensure best practice → We monitored changes to European RoHS regulations to remove exposure to toxic cadmium from EU customers
	<ul style="list-style-type: none"> → Our EVC looks at ways in which we can have a positive impact on the local community → Being involved with the local community improves morale across the employees and improves external perceptions of Nanoco as a group 	<ul style="list-style-type: none"> → We held a number of group events, organised by the EVC, which benefited the communities → We introduced a sponsored charity and have started arranging fundraising events → We implemented a salary sacrifice charity donation scheme → We allowed employees to donate blood during work time
	<ul style="list-style-type: none"> → To reduce carbon emissions as a result of business activity → To ensure waste is recycled where possible → To improve our impact on the environment 	<ul style="list-style-type: none"> → We have looked at purchasing raw materials in bulk to reduce emissions from deliveries → We discussed a number of ESG projects with landlords (such as installation of electric car charging points) → We have implemented a process to consolidate waste to reduce emissions from deliveries and excess packaging

Our business model

Our platform technology is the basis for our growth and commercialisation is the ultimate goal for all stakeholders



About our business model

Our business model has a number of key strengths. It also enjoys a diverse range of potential income streams. This was amply demonstrated over the last two years where services income featured strongly compared to previous years. Our overarching medium-term goal is to maximise our revenue from direct product sales.

Intellectual property ("IP")

IP and process technology know-how are foundational assets for the group and a key strength. Our technology is heavily patented to secure its use for the group. New IP is continually generated through our R&D activities and all potential patents are reviewed by our internal Patent Review Board for commercial value before being filed. We continue to strengthen our IP position by patenting technology we believe will have real commercial value in the future.

It is worth noting that on top of our formal IP portfolio, we also have significant know-how around our methods and processes. We tend to hold this information as commercial secrets rather than as formally registered IP.

Platform technology

Our nanomaterials have a wide range of electronic properties, usually opto electrical in nature. These include absorption of different forms of energy and its emission and potentially its conversion to a different form of energy (electricity to light, for example) or a different variety of the same energy (blue light to green light, for example).

One specific class of our materials is our CFQD® quantum dots that avoid the use of toxic cadmium in display applications. The same absence of toxic chemicals means we can also develop dots that can be applied in life sciences applications for use in the human body, although this is not currently something the group is working on.

Expertise and agility

We take advantage of our extensive technical expertise and agile workforce to be able to respond to complex and challenging customer requirements. We can also do this much faster than many of our competitors. Whilst development cycles may take a number of years, we believe our expertise in these areas means we can solve technical challenges quickly to develop and scale up novel, new nanomaterials.

Employees

Our staff are highly skilled in a number of specialist areas. There are 17 employees with PhDs and other postgraduate qualifications. In R&D, our expertise ranges from chemistry to physics. Staff are also adept at taking lab scale processes and scaling them up to industrial production scale. We also have strong process improvement and yield optimisation skills that improve both production volumes and our input costs. We further invest in our employees through training to ensure they are developing their capabilities further.

Production capacity

Our Runcorn production facility has two distinct production labs. One is focused on CFQD® quantum dots for use in display. The other facility is focused on nanomaterials for use in infra red sensing applications. In combination, they create an extensive revenue-generating capacity for the group through direct product sales to our customers. The nature of the facilities means they also deliver strong operational leverage if additional volumes are added with additional shifts, and we continue to identify ways to improve our efficiencies.



Operator assessing the performance of raw materials.

Our strategy

We are expanding our “dot only” strategy to a “dot plus” strategy that will continue to deliver world-class nanomaterials for our customers while also developing our knowledge and understanding of the interaction of our materials with the devices into which they are placed.

Our IP and staff ensure we continue to be at the forefront of quantum dot advancements.

1

Growth

Objective

- To become a full service production business
- To become self-sustaining financially

How

- Own manufacture and direct supply to customers
- Non-exclusive technology licensing
- Professional services
- Royalty income

Future focus

- Converting current opportunities into revenues with a strong emphasis on nanomaterials
- Exploring opportunities with a number of potential customers

KPIs

- Revenue
- Adjusted EBITDA
- Billings

Risks

- Strategic
- Operational
- Financial

2

Investment

Objective

- To maintain our competitive advantage
- To continue investing for future product pipeline

How

- Continuing to create and patent new IP with clear short to medium-term commercial opportunities
- Continuing to develop in-house manufacturing capabilities

Future focus

- Continuing to invest in R&D in order to remain at the forefront of this technology
- Exploring ways to open up new market opportunities

KPIs

- Year-end cash
- Investment in R&D
- Portfolio of patents and patents pending

Risks

- Strategic
- Compliance

3

IP monetisation

Objective

- To utilise our core IP to generate future revenue streams

How

- Assisting licensees in maximising their manufacturing opportunities
- Potential litigation against infringers of our IP

Future focus

- Giving partners the best performing dots
- Identifying companies which may be infringing our IP

KPIs

- Investment in R&D
- Portfolio of patents and patents pending

Risks

- Strategic

We have a strong foundation
from which to build

£7.6m
(3%)



In combination with gross margins and overheads, it shows whether the group is getting closer to the targeted break-even position.

£1.5m¹
25%



The group's EBITDA, excluding licence revenue, is a very good proxy for its organic cash flows and shows how close the group is to being self-financing.

Strategy link

£14.0m
(31%)



In combination with the group's operating plans and budgets, the current balance underpins the Directors' going concern and viability statements.



- Key**
- Strategy link
- 1 Growth
 - 2 Investment
 - 3 IP monetisation

Billings

£ million

£1.4m¹
(98%)

2025		1.4
2024		61.0
2023		63.0
2022		2.7
2021		1.7

Measurement

The value of invoices raised during the year for goods and services delivered or to be delivered to customers including those relating to the sale of IP (excluding VAT).

Why it is important

Billings are a useful indicator of current cash generation.

What it means

Billings are a leading indicator of cash generation in the year.

¹ Alternative performance measure, calculation provided on page 30.

Strategy link

1

Investment in R&D

£ million

£2.0m²
21%

2025		2.0
2024		1.6
2023		1.8
2022		1.8
2021		2.2

Measurement

The sum of all costs incurred in research and development ("R&D") activities. This includes salary costs and other direct R&D costs.

Why it is important

Nanoco prides itself on the scale and quality of its R&D efforts – which feed its IP portfolio and commercial opportunity pipeline as it develops new materials for potential new markets and applications.

What it means

R&D spend is a leading indicator of new product development. It also impacts potential customer pipelines.

Strategy link

2

3

Portfolio of patents and patents pending

Number of patents

341
(7%)

2025		341
2024		366
2023		375
2022		503
2021		559

Measurement

The group's IP lawyers report monthly on patents granted or filed in the respective patent offices in various countries.

Why it is important

Our IP portfolio is a key strength of Nanoco and a strong reason to invest. It supports our efforts to monetise our investments in R&D.

What it means

The overall quality of our IP portfolio continues to improve. We continue to proactively review the portfolio for relevance and value. As our business focus changes, this can lead to a decision to allow no longer relevant IP to lapse.

Strategy link

2

3

Financial review



Liam Gray
Chief Financial Officer

Financially underpinned group with growth opportunities

Highlights	2025 £ million	2024 £ million	% change
Revenue	7.6	7.9	(3%)
Grant income	–	0.1	(94%)
Adjusted EBITDA	1.5	1.2	25%
Net loss	(2.2)	(1.3)	20%
Loss per share (p)	(1.13)	(0.43)	(21%)
Billings	1.4	61.0	(98%)
Cash and cash equivalents	14.0	20.3	(31%)

Summary

- Revenue decreased by 3% to £7.6 million (2024: £7.9 million), driven by the loss of a key contract, partly offset by the new development agreement in the year. Excluding licence income, revenue declined by 26%.
- Adjusted EBITDA has increased to £1.5 million (2024: £1.2 million), reflecting some of the cost saving initiatives undertaken.
- Completed restructuring following loss of major contract to rationalise cost base.
- Completed broker managed market buy-back to return a further £1.0 million to shareholders.
- Began litigation for IP infringement against LG, incurring £0.3 million in fees.
- Began the process for reviewing strategic options for the business, incurring £0.3 million in fees.

Revenue decreased by £0.3 million to £7.6 million (2024: £7.9 million). The decrease is due to the loss of the European electronics customer in August 2024, partly offset by increased licence revenue and a new development agreement which began in May 2025. Excluding Samsung licence income, revenue declined by 26%. The sale of products and services rendered accounted for 18% (2024: 23%) of revenue, with the balance being licence income. Revenue from services has decreased from £1.4 million

to £1.2 million due to the time gap between the loss of the previous development agreement and the new agreement being started. Revenue from the sale of products, including development products, was £0.1 million (2024: £0.4 million).

Billings, including those to Samsung, decreased by £59.6 million to £1.4 million (2024: £61.0 million). Excluding the impact of Samsung related billings in 2024, billings declined by £0.4 million.

Billings reconciliation	2025 £ million	2024 £ million
Revenue	7.6	7.9
Movement in deferred income	(6.3)	19.6
Movement in accrued income	0.1	33.1
FX movement between billing and recognition	–	0.4
Billings	1.4	61.0

The movement in deferred income reflects the licence income in the period. Other operating income generated £nil (2024: £0.1 million) related to grant income for one project which was successfully completed during the year. The additional £1.8 million gain in 2024 related to the foreign currency contract on the second tranche of the Samsung litigation proceeds.

Non-GAAP measures

The non-GAAP measure of adjusted earnings/(loss) before interest, tax, depreciation, amortisation, share-based payment charges and exceptional items ("EBITDA") is provided in order to give a clearer understanding of the underlying profit for the year that more closely reflects the recurring operational earnings of the business. The calculation of these non-GAAP measures is shown in the table below:

	2025 £ million	2024 £ million
Operating (loss)/profit	(1.6)	1.7
Litigation costs	0.3	—
Strategic review fees	0.3	—
Gain on derivative financial instrument	—	(1.8)
Requisitioned general meeting	0.2	—
Restructuring costs	0.1	—
Foreign exchange	—	(0.9)
Share-based payment charge	0.7	1.0
Employer's NI on SBP	0.1	0.0
Depreciation	1.2	0.8
Amortisation ¹	0.2	0.4
Adjusted EBITDA	1.5	1.2

1 Includes impairment of intangible assets (2025: £0.1 million; 2024: £0.2 million).

Finance income and expense

During the year, the group generated finance income of £0.7 million on the group's cash deposits. The finance expense in the year of £0.1 million (2024: £0.7 million) is predominantly the inherent interest charge on finance leases under IFRS 16. The reduction on prior year is due to the repayment of loans in 2024.

The loss before tax was £1.0 million (2024: £1.9 million profit).

Taxation

The tax charge for the year was £1.2 million (2024: £3.1 million charge). This comprises a UK corporation tax charge of £nil (2024: £nil) and an overseas corporation tax charge of £0.6 million (2024: £0.6 million), offset by an R&D tax credit of £0.3 million (2024: £0.2 million) and the derecognition of deferred tax assets of £0.9 million (2024: £2.7 million).

The group has £29.0 million of accumulated losses to offset against future profits (2024: £30.0 million), on which it has a deferred tax asset of £1.6 million (2024: £2.4 million). In addition, the group incurred withholding tax in Korea in prior years of which £0.9 million has been recognised as an asset as it can be offset against future profits (2024: £1.8 million).

Cash flow and balance sheet

During the year, cash, cash equivalents, deposits and short-term investments decreased to £14.0 million (2024: £20.3 million) caused by a net cash outflow of £6.3 million (2024: £12.1 million inflow). The decrease reflects the £1.0 million returned to shareholders via the buy-back, £0.3 million investment in new equipment and £6.0 million operating cash outflow (including lease payments). Interest on cash deposits of £0.7 million was received in the year. Tax receipts from research and development credits of £0.3 million (2024: £0.8 million payment) were received during the year.

Expenditure incurred in registering patents totalled £0.1 million (2024: £0.1 million). Capitalised patent spend is amortised over ten years in line with the established group accounting policy.

IP impairment charges during the year were £0.1 million (2024: £0.1 million). This reflects the ongoing rationalisation of the patent portfolio to ensure the remaining patents are commercially and technologically viable in the short to medium term.

Expenditure on tangible fixed assets decreased to £0.3 million (2024: £1.5 million) reflecting the prior year investment in the new device facility.

During the prior year, the group repaid all of its outstanding loans totalling £5.1 million, leaving the group debt free.

Capital reduction

On 8 April 2025 the group carried out a capital reduction that was approved by the High Court in England to eliminate the capital redemption reserve. This increased the group's distributable reserves following the completion of the return of capital.

Return of capital

During the year the Company completed the buy-back which began in 2024 with the on-market purchase and subsequent cancellation of 7,963,459 shares. The Company's outstanding share capital was 194,608,038 shares as at 31 July 2025.

Financial review continued

Foreign exchange management

The group invoices most of its revenues in US Dollars. The group is therefore exposed to movements relative to Sterling. The group will use forward currency contracts to fix the exchange rate on invoiced or confirmed foreign currency receipts should the amount become significant and timing predictable.

There were no open forward contracts as at 31 July 2025 (2024: none). The indicative impact of movements in the Sterling exchange rate on the group's net profits and equity based on the retranslation of the closing balance sheet is summarised in note 26 to the financial statements.

Credit risk

The group only trades with recognised, creditworthy third parties. Credit risk is increased by the concentration of receivables to a small number of customers. Receivable balances are monitored on an ongoing basis and any late payments are promptly investigated to ensure that the group's exposure to bad debts is not significant.

Treasury activities and policies

The group manages its cash deposits prudently. Cash balances are regularly reviewed by the Board and cash forecasts are updated monthly to ensure that there is sufficient cash available for foreseeable requirements.

More details on the group's treasury policies are provided in note 26 to the financial statements.

Going concern

The group retains a cash balance of £14.0 million at 31 July 2025. Given the remaining cash balance, our low cost base and the identified commercial opportunities, the Directors have a reasonable expectation that the group has access to adequate resources to continue in operational existence through to November 2026.

Accordingly, the Board concluded that it remains appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements. Further detail is included in the going concern statement on page 37.

Macroeconomic factors

We continue to see inflationary pressures on raw materials. We attempt to mitigate these by regularly reviewing suppliers where possible, negotiating with new suppliers and trying to achieve volume breaks. We will continue to review market conditions and assess the impact on all stakeholders.

Summary

Nanoco is now financially underpinned with a stable cost base and significant inherent value in its IP that has been validated by the US PTAB and we have commercial opportunities in large and growing markets. We look forward to updating shareholders on progress against our strategic objectives in due course.

Liam Gray

Chief Financial Officer
21 November 2025

Principal risks and uncertainties

Managing risk is key to the delivery of the group's strategic objectives

In common with all businesses at Nanoco's stage of development, the group is exposed to a range of risks, some of which are not wholly within our control or capable of complete mitigation or protection through insurance or risk management.

Specifically, a number of the group's products and potential applications are at an early stage in their development, or still being validated by customers, and hence it is not possible to be certain that a particular project or product will lead to a commercial application. Other products require further development work to confirm a commercially viable application. The technology, particularly in the sensing division, is still in its infancy and has yet to see end market adoption in higher volume applications.

Equally, a number of products are considered commercially viable but have yet to see demand for full scale production. It is also the case that the group is often only one part of a long and complex supply chain for new product applications.

The group therefore has little visibility of demand other than from contracts already in place. There are therefore a range of risks that are associated with the different stages of product development as well as for the group as a whole.

Where all practical measures to prevent or mitigate risks have been taken and a residual element of risk still remains, these risks are accepted by the group.

Risks are evaluated with respect to the probability of occurrence and the potential impact if a risk crystallised. Where the group has identified risks, these are monitored with controls and action plans to reduce the probability of a risk crystallising and the impact of each potential event if it did occur. The residual risk score, after mitigating controls, is then plotted on a "risk heat map". The group's principal risks are shown on the heat map below and are discussed in further detail in the following pages.

partially mitigated by a second Asian chemical customer working to develop and commercialise sensor technology.

Other principal risks

Risks are broadly categorised as strategic, operational, financial or compliance. The table overleaf focuses on those risks that the Directors believe are the most important currently faced by the business. Other risks may be unknown at present and some that are currently rated as low risk could become more material risks in the future. The group's risk management process tracks risks as they evolve and change.

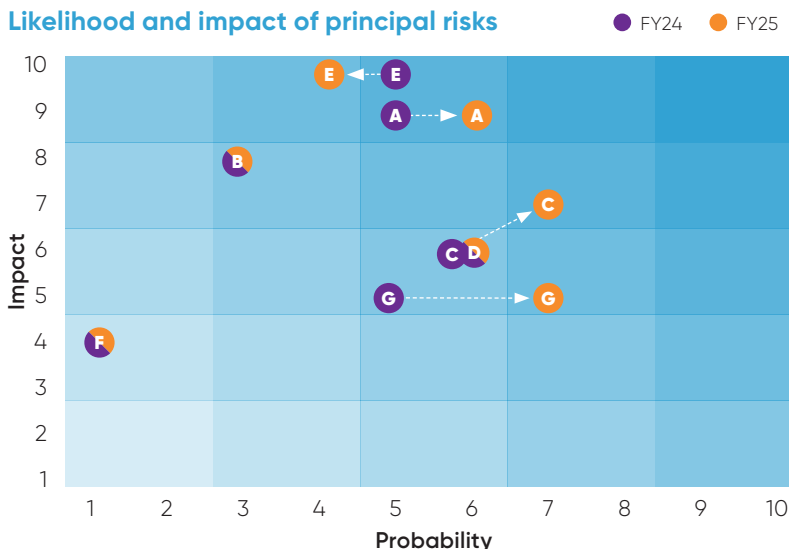
Principal overarching risk

The historical principal overarching strategic risk faced by the business was that the group exhausted its available funding before achieving a self-financing level of commercial revenue. This risk has been mitigated in the short to medium term following the proceeds from the Samsung litigation settlement. The underlying risk relating to market adoption of Nanoco's sensor technology remains following the decision by the European customer to cancel the ongoing project. However, this has been

Risk management process











The group has established a process for carrying out a robust risk assessment that evaluates and manages the principal risks faced by the group. A detailed review of individual risks was undertaken initially by the leadership team and then reviewed by the Board during the financial year ended 31 July 2025. That review also incorporated climate-related risks, as required by TCFD reporting. The Board has also established an acceptable level of risk (risk appetite) that informs the scale and urgency of actions required. Where risks are deemed to be outside of management control, efforts are focused on mitigating any potential impact.

Likelihood and impact of principal risks






Principal risks and uncertainties continued

Likelihood and impact of principal risks continued



Risk description	Potential causes and impact	Mitigation	Change	Link to strategy
Strategic				
A Lack of market adoption of technology Responsibility: CEO/CTO	Market fails to commercially adopt technology incorporating the group's nanomaterials.	The group targets a wide range of potential applications in the sensing industry. Work with industry leaders to differentiate products from current offerings. Make products commercially competitive. De-risk Nanoco as a supply chain partner. Maintain capacity to scale to meet demand from very large customers.	 Potential delays to commercialisation of sensor technology. Continued to expand range of materials addressing more potential market applications. Engaged a second significant customer in this field following the loss of the European customer.	
B Competing technology in sensing applications Responsibility: CEO/CTO	A different competing technology achieves commercialisation in sensors ahead of Nanoco (whether QD or another technology).	The group works with a number of market-leading companies in this area. The R&D leaders in the group stay abreast of advancements to understand their implications. The group's technology enjoys a very significant cost advantage over competitor products.	 The European customer cancelling the project on second generation materials may delay market adoption and allow a competing technology to advance. However, Nanoco is not aware of a different product offering.	
C Customer concentration risk Responsibility: CEO/CTO	Reliance on a small number of key customers exposes the group to risk of delays in the customers' own supply chains over which the group can exert limited influence (one customer was 66% of revenue excluding licences in FY24). These delays can then have a knock-on adverse effect on the group's expected revenue streams.	Commercial strategy in the medium term is to dilute customer concentration risk by selling into various markets, through various channels and to a range of customers. Continue to work with new customers to develop commercial offerings.	 Signed a contract with a second customer in the sensing industry. Increased presence of business development team at conferences has increased customer engagements.	 
Operational				
D Loss of key personnel Responsibility: CFO	While the group maintains a high level of protected documented IP, our staff remain a critical asset with significant levels of technical and sector know-how. Loss of key personnel would have an adverse impact on the group's development and commercialisation.	The group offers rewarding careers that allow staff to develop new skills while pursuing interesting research ideas. The group reviews remuneration to ensure that appropriate reward packages accompany the fulfilling work environment. Post-employment obligations and protected IP expose potential competitors to the threat of litigation.	 Cancellation of project with European customer may create further uncertainty amongst staff, partially mitigated by second Asian chemical customer contract. Staff turnover below industry.	 



Key

Risk change

-  Up
 Neutral
 Down

Strategy

-  Growth
 Investment
 IP monetisation

Risk description	Potential causes and impact	Mitigation	Change	Link to strategy
Financial				
E Lack of adequate resources to sustain the group until it becomes self-sustaining Responsibility: CFO	Revenues from own product sales, services rendered and licensee royalties do not materialise as planned. The group is unable to carry out its operations and hence cannot deliver on medium-term or strategic goals.	Cash will continue to be prudently managed. Focus on revenue-generating activities without abandoning worthwhile and focused R&D work. Cost reduction actions identified if necessary.	 Delays in large scale commercialisation of first and second generation of material may result in the group being loss making for an extended period. However, sufficient cash resources available to the group at year end.	 
Compliance				
F Major Environmental, Health and Safety ("EHS") issue Responsibility: CEO	Failure to follow existing procedures or a new unforeseen risk could result in injury to staff, damage to equipment, reputation and finances and potential loss of operating licences.	Extensive and ongoing efforts to continuously improve procedures. Renewed leadership focus on the "tone at the top" and cultural change. Continuous training of staff in risks and how to mitigate risks.	 Continued focus on EHS including incentivisation of staff.	 
Governance				
G Shareholder relations Responsibility: CEO/CFO	Shareholder activism has an impact on a number of stakeholders, including, but not limited to, customers, suppliers and employees, and also has significant financial and non-financial implications.	Continued engagement with shareholders. Focus on the commercial business being successful. Open and transparent communication with stakeholders.	 Delays in commercialisation and decline in share price may increase shareholder activism.	 

The Executive team manages a greater number of more detailed risks on an ongoing basis, none of which are considered of strategic importance to the group. The Board reviews the detailed risk register annually to ensure that all strategic risks are being appropriately considered at the Board level while business as usual ("BAU") risks are actively managed by the senior leadership team.

Viability statement

Nanoco retains sufficient resources to continue to deliver on its strategy for the foreseeable future

In accordance with the provisions in the UK Corporate Governance Code (Provision 31 of the 2018 UK Corporate Governance Code), the Directors have assessed the viability of the group's business model and determined that a four-year period is a suitable period to be utilised, which is in line with the prior year. A four-year period is considered appropriate given the increased financial stability of the group. However, it should still be emphasised that the early stage of development and evolving nature of the markets for the group's products mean that forecasting time horizons with any degree of certainty remains relatively short.

The Directors' assessment has been made with reference to the current position of the group and the group's current strategy and principal risks as described on page 33 in this Strategic report.

While inflationary pressures have weakened over the last year, the group remains vigilant in monitoring input costs, particularly employee costs which represent approximately 44% of the group's cost base.

Changes during the year

We continue to see progress with our customers in sensing. The group began a year-long development programme with a new Asian chemical customer in May 2025.

The existing Asian chemical customer extended its development agreement with the group for another three years in November 2025 to further develop

the material and to scale up the manufacturing process. If successful, the customer anticipates production level orders in 2028.

We have continued to add other customers in the year in both sensing and other new markets, although these are currently relatively small and early-stage engagements.

The viability assessment process

In assessing the viability of the group, the Directors have utilised their forecasts for the period to 31 October 2029, which take into account the group's current and expected business activities and commercial opportunity pipeline, the current cash resources (£14.0 million as at 31 July 2025), the contracted receivables, the contracted revenue and prospects for FY26, and any liabilities as they fall due. These inputs form the basis of a conservative base case with the main assumptions shown below in the section on going concern. The events between 31 July 2025 and the signing date as described in the Strategic report were factored into the viability forecasts.

The base case assumptions were then flexed to create a "severe but plausible" downside stress test. This includes the assumption that commercial production is delayed by a year and that no new development engagements are started for two years. The group remains viable in this scenario with significant cash reserves. Given the cash resources of the group, in all scenarios, all outstanding liabilities are settled.

Conclusion


As a result of the assessment outlined above, the Directors have confirmed that they have a reasonable expectation that the group will remain viable and able to continue in operation and meet liabilities as they fall due over the four-year period of their assessment.

Going concern

All of the following matters are taken into account by the Directors in forming their assessment of going concern:

- the group's business activities and market conditions are set out on pages 9 to 27;
- the principal risks and uncertainties are shown on pages 33 to 35;
- the group's financial position is described in the Financial review on pages 30 to 32; and
- note 26 to the accounts summarises the group's financial risk management objectives, policies and processes.

For the purposes of their going concern assessment and the basis for the preparation of the 2025 Annual Report, the Directors have reviewed the same trading and cash flow forecasts and sensitivity analyses that were used by the group in the viability assessment as noted above, with the going concern assessment covering the period to November 2026. The same base case and downside sensitivities were also used.



The base case represents the Board's current expectations. Assumptions in the base case are:

- existing services revenue contracts will be renewed for future years;
- ramp up of product sales from FY27, moving to larger scale in FY29;
- costs associated with being a listed entity and other costs reflect the current inflationary environment; and
- the current cost base is capable of supporting significant increases in revenue above those assumed in the base case so there is no immediate requirement for short-term increases or new capital expenditure.

The downside case then flexes those assumptions as follows:

- a full-year delay in ramp up of commercial production revenues; and
- a temporary reduction in costs due to lower activity levels in the delay period.

Both cases above produce cash flow forecasts that demonstrate that the group has sufficient cash throughout the period of the going concern forecast.

Going concern conclusion

Considering the current financial resources and monthly cash costs of the group, and after making appropriate enquiries, the Directors have a reasonable expectation that the group has access to adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Directors continue to adopt the going concern basis in preparing the 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.

Sustainability report

Nanoco recognises that sustainability is core to building a business for the long term and the achievement of our strategy

Highlights:

- Improvements led by cross-functional ESG committee
- ISO 9001 and 14001 recertification
- Implementation and continued improvement in ESG strategy
- Sunday Times Best Places to Work 2025 – Small Organisations

approach to managing and tracking our environmental and social performance, whilst developing the frameworks and reporting systems to be able to monitor key metrics and putting in place the building blocks which will underpin our strategy and reporting.

In the prior year, a new ESG steering committee with Board representation from the CFO was established with the aim of increasing our understanding of the risks and opportunities for the business posed by ESG issues. This has helped to identify the areas that are most significant to the business and implement an ESG strategy, aligned with the core business strategy to address those significant risks and opportunities. Liam Gray, CFO, said: "The ESG committee highlights our commitment to sustainability. The committee will help drive improvements, identify risks and opportunities and set targets to ensure Nanoco is consistently improving on its ESG credentials."

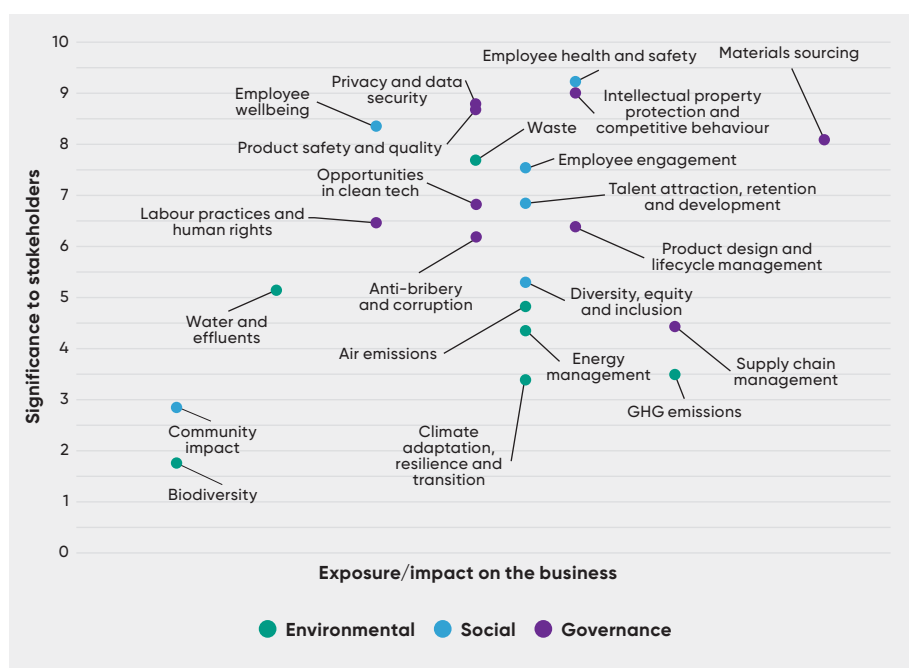
Nanoco has continued to improve its environmental management systems, resulting in a successful surveillance audit under ISO 14001 in May 2025. The group is currently working to combine its quality, environmental and health and safety management systems into a single holistic system to further embed environmental and health and safety considerations into everything we do.

Using the materiality assessment undertaken last year and the resulting double materiality matrix which assessed each issue against its significance to stakeholders and the business' exposure to risks and opportunities, the group has focused this year on collating baseline data to be used to assess progress against our strategic objectives.

The three pillars of our ESG strategy form the basis of our ESG roadmap for the coming years and are discussed in detail in the following pages. The pillars are linked to the UN's Sustainable Development Goals to highlight Nanoco's commitment to having a positive impact on wider society.

Our progress in the year

As a business, we have made significant progress in our environmental, social and governance ("ESG") approach during the year and are developing a better appreciation of ESG risk management and performance. We are in the early phases of taking a more strategic



Our ESG strategy



Sustainability report continued



Future-forward chemistry

The first pillar of our sustainability strategy is preparing the group for a long-term future in an increasingly environmentally focused world. This pillar covers the ESG impact of our products and processes across the full lifecycle, including product design, material sourcing, waste and other emissions.

Product design and lifecycle management

Integrating considerations such as energy efficiency and possible materials used in production of products and services into the business' decision-making processes.

Why it's important: Issues will arise if Nanoco acts too slowly in integrating environmental considerations of products into its buying decisions and product development.

Where we are: Nanoco's products are inputs into consumer goods and macroeconomic pressures driven by climate-related hazards could impact the future revenues of the business. The group also acknowledges the potential reputational consequences of failing to meet the climate expectations of stakeholders as the world transitions to a low carbon economy. In consideration of climate-related opportunities, Nanoco's product portfolio has potential to support the energy transition.

Nanoco's CFQD® display products are notably free of toxic cadmium, which reduces emissions associated with managing the disposal of toxic waste and removes a dangerous chemical from the supply chain for QD televisions. In May 2024, the European Commission published a new Delegated Directive to amend Exemption 39 of the RoHS Directive that allows the use of cadmium in certain display applications. To reflect the advancement in cadmium-free QD technology, the existing Exemption 39(a), which permitted the use of cadmium selenide-based QDs in display applications and was relied on by a number of manufacturers of QD display films, will expire on 21 November 2025. A new Exemption 39(b) has been added to allow the use of cadmium in LED semiconductor chips for display and projection applications (<5µm per mm² of LED chip surface area with a

maximum amount per device of 1mg) until 31 December 2027. This represents a significant tightening of the use of cadmium in displays, which after the expiry of Exemption 39(a) will be limited to "on-chip" technology until the end of 2027.

HEATWAVE® QD sensing products sit in the energy efficiency and low environmental impact arena and, as such, will enable customer companies to increase the uptake of their products while reducing their impact on the environment.

The first generation of HEATWAVE® QDs contains lead, which, as a heavy metal with the potential to cause environmental harm, is coming under increased external scrutiny, reducing the likelihood that those products will see adoption in a consumer mass market. The second generation currently being developed is lead free and will combine improved performance with reduced potential for harm.

Nanoco implemented a new chemical management system in 2025 which was used to conduct a full review of all materials used in core products against key harms registers in the UK, Europe and the US.

What next: Nanoco will continue work on the development of its second generation of lead-free HEATWAVE® QDs and adapting its CFQD® products for new markets. The group is developing a third generation HEATWAVE® product, again working towards combining improved performance with a reduction in the risk of harms. In addition, a new grant project seeks to improve the efficiency with which existing products can be used.

Nanoco's chemical management system will be used to identify further areas where use of potentially harmful chemicals can be reduced whilst maintaining or improving the quality of Nanoco products.

Product safety and quality

Business exposure to possible recalls or product safety concerns and the quality management efforts in manufacturing.

Why it's important: There is the potential for product defects or failures. These could harm users, which in turn would damage the group's reputation and potentially result in legal liabilities.

Where we are: Nanoco has a well-established quality management system and has held ISO 9001 Quality Management Systems certification since

2016. In addition to this, Nanoco implemented a new environmental management system and achieved ISO 14001 Environmental Management Systems certification in May 2024.

What next: Nanoco is currently working on the integration of its existing systems into a single management system which will embed quality, environment and health and safety into everything we do.

Material sourcing

The ability to manage potential material shortages, supply disruptions, price volatility and reputational risks, which is made more difficult by the fact that commonly sourced materials come from supply chains that often lack transparency.

Why it's important: Issues may arise when Nanoco is reliant on critical materials which may have few or no available substitutes and are therefore vulnerable to many shocks, which could lead to the inability to source materials. There is also an environmental risk from the provenance of raw materials and the associated reputational risk that may result.

Where we are: Nanoco purchases the majority of its raw materials from large, reputable multi-national suppliers and has historically relied on those primary suppliers to manage their own supply chains while also holding sufficient levels of material stocks to mitigate any short or medium-term disruption to supply. However, the international nature of the supply chains makes them vulnerable to interruption from environmental, social or political disruption around the world.

As part of the implementation of ISO 14001, Nanoco has begun to include environmental factors in its supplier assessments and audits in order to mitigate the environmental risks associated with its raw materials.

What next: During FY26 Nanoco will conduct a review of the supply chain for each of its core raw materials to ensure a full understanding of the environmental, social and governance risks associated with those supplies. The risks identified from that review will be managed in line with our risk management procedures and any required mitigating actions performed. Future plans also include embedding environmental considerations such as energy efficiency, reusability, supply chain emissions and lifecycle impact into all purchasing decisions but this is still at an early stage.

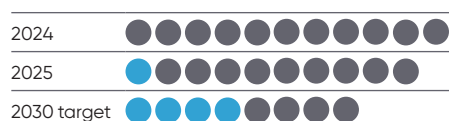


Nanoco's future management system will embed quality, environment and health and safety into everything we do."

Waste

The management of waste and potential environmental contamination and toxic or carcinogenic waste arising from operations.

Why it's important: Risks will arise if Nanoco is unable to manage operational waste and any toxic waste in line with regulation and stakeholder/societal expectations.



Risk change

● Recycled

● Recovery

Where we are: During the year, the group generated 9.7 tonnes of waste (2024: 10.6 tonnes) and recycled 0.3 tonnes of this (2024: 0.0 tonnes). Waste incinerated with energy recovery was 9.4 tonnes (2024: 10.6 tonnes); no waste was sent to landfill (2024: none). The group engages specialist contractors to dispose of materials no longer required. All waste contractors are assessed to ensure the waste hierarchy approach is applied to all of our waste and that their operations and systems are compliant with the relevant legislation. Audits are performed every three years in line with our duty of care as a waste producer. New waste management systems were introduced in the year in compliance with new legislation. The focus during FY25 has been to remove any historical waste, including obsolete and expired materials from site to ensure a clear picture of waste being produced in ongoing processes.

What next: Nanoco has set the ambitious target of reducing its waste production by 30% by 2030. As the group is expected to be in a rapid growth phase during this period, level of waste

will be measured both as a gross figure and in relation to employee numbers and against revenue (excluding licence income). FY24 will be used as the baseline for this target. Focus in FY26 will be on implementing a system to track waste by type and by process in order to target areas of high waste production.

Greenhouse gas ("GHG") emissions

Mitigating climate change by understanding, managing and reducing direct and indirect GHG emissions in line with global ambitions.

Why it's important: Risks will arise if Nanoco is unable to understand, manage and reduce direct and indirect GHG emissions in line with national/global ambitions, the rising expectations of stakeholders and increased regulation.

Where we are: Under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the group is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the business is responsible, including the combustion of fuel and the operation of its facilities, and resulting from the purchase of electricity, heat, steam or cooling by the business for its own use. This data has been included in our Annual Report since 2016 and forms the baseline for our carbon reduction targets.

As the group's UK facility is in a multi-occupancy site, we place reliance upon the landlord to provide the data needed to determine emissions. Our laboratories require continuous negative pressure environments and, consequently, it is challenging to set realistic reduction targets in the consumption of electricity. Our gas consumption is used for heating the facility and site costs are shared between tenants on the basis of area of occupancy. In the absence of significant amounts of revenue from the sale of commercial products, the emissions of the business primarily arise from the activities of its research and administration facilities rather than from revenue related production operations.

Reported scope 3 emissions historically only included air travel as no other transport emissions were considered to be under operational control. In the current year this has been extended to include emissions from all business travel, employee commuting, direct waste disposal and inbound/outbound transportation arranged by the group.

Our emissions, based on appropriate conversion factors published by the Department for Energy Security and Net Zero, for the current year are shown in the charts below.

Our reduction in scope 2 emission this year is due to the reduction in average emissions in the national power supply; actual energy consumption has increased due to the expansion in space part way through 2024.

The majority of emissions from business travel are due to long distance flights resulting from increased business development activity in 2025.

No significant measures have been taken in the year to reduce GHG emissions as the group is still in the data gathering and analysis phase of its reduction programme.

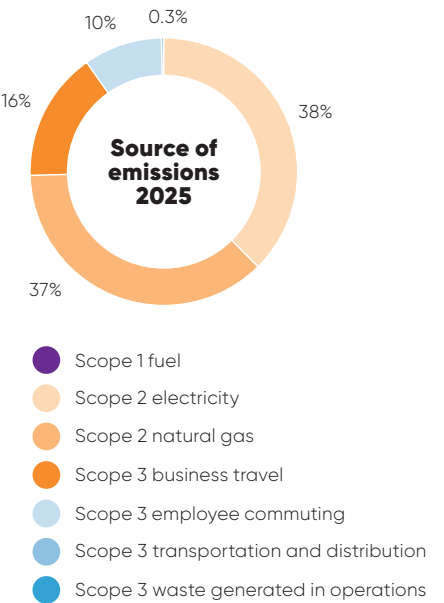
What next: Due to Nanoco's current reliance on both our landlord and the wider national electricity generation landscape to determine the GHG impact of our energy use, we have set our initial net zero target for 2050 in line with the UK national target from the Climate Change Act 2008. The group hopes to be more ambitious with its target in the future as it gains a more in-depth understanding of its GHG emissions and opportunities for improvement. The target for FY26 is to implement continuous tracking and monthly reporting of GHG emissions and to identify target areas for reductions in emissions.

	2025 tonnes	2024 tonnes	2030 target tonnes
Gross waste	9.7	10.6	7.4
Waste per employee	0.24	0.23	0.16
Waste per £ million revenue (ex licence)	7.17	5.83	4.08

Sustainability report continued

Future-forward chemistry continued

Greenhouse gas ("GHG") emissions continued



Whole portfolio carbon generation (energy use)

		2025 tCO ₂ e	2024 tCO ₂ e	Change
Scope 1	Fuel	0.2	0.2	0%
Scope 2	Electricity	204.8	240.1	-15%
	Natural gas	201.6	189.3	7%
Scope 3	Business travel	85.4	0.0	-100%
	Employee commuting	51.9	N/A	
	Transportation and distribution	1.6	N/A	
	Waste generated in operations	0.0	N/A	
Total		545.5	429.5	27%

Intensity (tCO₂e/average number of employees)

		2025	2024	Change
Scope 1 & 2	Intensity	9.9	9.3	6%
Including measured scope 3	Intensity	13.3		

Energy consumption used to calculate scope 2 emissions (MWh)

	2025	2024	Change
	2,259	2,194	3%

Data notes

Reporting period	1 August 2024 to 31 July 2025
Boundary	Operational control
Reporting method	The Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard
Emissions factor source	Department for Energy Security and Net Zero 2025
Data changes and restatements	None

Investing in people

Nanoco considers its employees to be one of the biggest assets of the group and the wellbeing of its employees is the most direct impact that the group has on the society in which it operates. As such investing in its people is a core pillar of the group's ESG strategy.

Employee health and safety

Ensuring protection of employee health and safety through the use of strict protocols and standards to embed a culture of zero harm.

Why it's important: Failing to manage these areas properly can lead to serious consequences for Nanoco, especially if regulations aren't followed or if the local community is negatively affected.

Where we are: Nanoco recognises that providing a safe, secure and healthy working environment is essential and contributes to productivity and improved performance. The health, safety and

welfare of all of our employees, contractors and visitors are taken seriously across the entire organisation, with ultimate responsibility lying with the CEO. Health and safety performance is a standing item on each Board and Executive team agenda and is also discussed within departmental meetings. The group's health and safety policy is reviewed annually. In addition, there is an Environmental, Health and Safety ("EHS") Committee to oversee the implementation of policy and involve staff in generating improvement plans.

There are various improvement and reporting systems in place to monitor the performance of the group's health and

safety management system. These initiatives include:

- i) reporting all incidents (including near misses) with appropriate ownership, root cause analysis and action tracking systems;
- ii) communication of relevant topics and incidents via weekly toolbox talks to all departments;
- iii) monthly and quarterly leadership safety and observation audits with the focus on immediate action resolution by the Executive or senior manager leading the audit;
- iv) monthly departmental audits with assigned action tracking processes in place to address issues;
- v) monthly health and safety reports issued across the organisation to communicate performance against annual metrics and progress on key improvement initiatives and projects;
- vi) annual health checks for staff, including tests for chemical exposure where required; and
- vii) annual occupational chemical exposure tests using fixed and personal monitors.

A risk assessment programme is in place to identify and mitigate the risks from our operations. These assessments include but are not limited to:

- i) the storage, handling and processing of hazardous substances;
- ii) fire safety and emergency evacuation;
- iii) use of mechanical and electrical equipment; and
- iv) other workplace operations involving manual handling and ergonomic risks, working at height and other hazards identified as part of the EHS improvement programme.

All risk assessments are documented and actions assigned and reviewed according to the defined frequency. All research and development functions are actively encouraged to, wherever possible, eliminate or reduce the levels of hazardous substances used in our products and processes. All relevant chemical legislation and regulatory frameworks are used to assess the suitability of a substance prior to use as part of the risk assessment process. Standard operating procedures are documented and regularly reviewed. The group's robust EHS control environment is evidenced by there being no externally

reportable incident in any category in the last five years.

All controlled documents are reviewed and approved via the electronic document management system. A health and safety induction programme is in place for all new staff and visitors/contractors performing work on our premises. Staff are trained in standard operating procedures, hazard awareness, generic workplace health and safety risks and behavioural safety expectations applicable to their role within the group.

A cross-functional employee health and safety team meets on a monthly basis with representation from all areas of the group, including the Executive team. Effective inputs and outputs from the team are designed to facilitate a greater focus on health and safety and to actively encourage discussions within respective groups.

What next: Nanoco is committed to the continuous improvement of the health and safety management system. This is measured by annual employee safety surveys.

Employee engagement

The relationship between management and employees, the strength of worker protections and their employee engagement efforts.

Why it's important: Issues will arise if Nanoco is unable to keep employees satisfied in their roles and responsibilities due to lack of communication and engagement. We believe that building a positive partnership between strategic management and the wider workforce is crucial to Nanoco's success. Our people are our best problem solvers and possess the insight into how we can make Nanoco a top organisation to work for.

Where we are: Aligning the entire Nanoco organisation to ensure that we focus on what is important to achieve our goals is critical to our success. In order to help us navigate the exciting opportunities in front of us, it is crucial that as Nanoco employees and managers we make conscious, careful and informed choices about how we allocate our time and energy – as individuals and members of teams.

Nanoco is committed to a policy of engaging employees in the activities and growth of the group. Human resources and senior management review communication channels via the use of employee surveys and plan

communication activities to ensure employees are fully informed of current business strategy and financial results or corporate news.

Corporate communication is key to the engagement of our workforce. We have focused on improving the look, feel and content of group-wide electronic communications in order to make these more engaging to employees.

Communication channels at Nanoco include all-company meetings, leadership meetings and senior team meetings, where managers are expected to cascade the information to their teams. Communication media used includes the group intranet, all-group email briefings and online meeting software. Our line managers hold regular team meetings, cross-functional working group meetings and management one-to-one updates with their team members.

The Employee Voice Committee gives employee representatives a forum to raise concerns and communicate directly with Board members. During the year, the EVC has organised a number of work-based events, such as meditation under Mars, a group bake off and a summer barbecue.

A meaningful employee voice will support us as an organisation undergoing change and responding to industry changes. A direct link with the Board also enables our Board members to better understand the diverse nature of the group, allowing them to execute their roles more effectively.

The effectiveness of our employee engagement was highlighted when Nanoco was included in the Sunday Times Best Places to Work list for 2025. This was a great achievement and highlights the positive relationship between the group and its employees.

What next: Nanoco will maintain its overall position as one of the best places to work and ahead of the industry average. The ambition is to continuously improve employee engagement by working with staff and addressing feedback positively. This will be measured using the employee survey.

Sustainability report continued

Gender diversity and gender pay gap

Scientific research is a sector challenged by a lack of gender diversity, but we feel that we have an opportunity to challenge this status quo. Nanoco believes in being an inclusive and diverse organisation where everyone is able to reach their full potential. The challenge in our organisation and across Great Britain is to eliminate any gender pay gap; we therefore voluntarily analysed gender pay gap data as at 31 July 2025. We can use these results to assess the levels of gender equality in our workplace and the balance of male and female employees at different levels.

At the snapshot date of 31 July 2025, Nanoco employed 38 employees (2024: 47) in the UK, of whom 21% were female (2024: 21%). Employees work across a variety of roles in research and production environments.

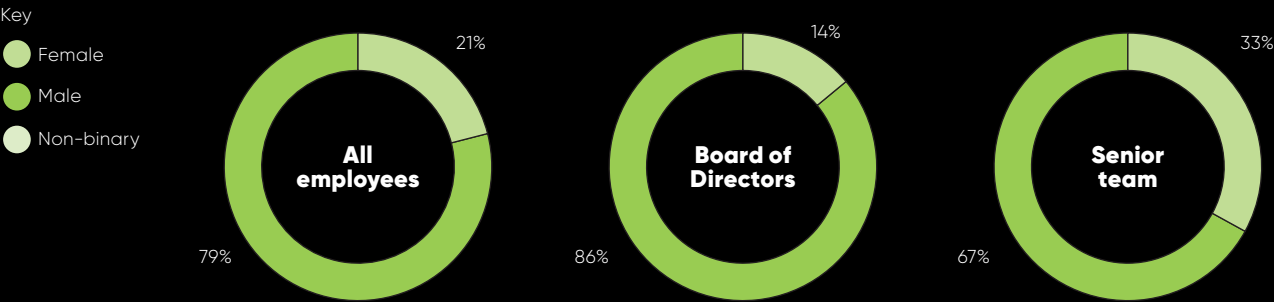
Female representation across the quartile pay bands is focused on the lower middle quartile with no female employees in the lowest quartile.

The median gender pay gap for all Nanoco employees excluding Directors is 1% (2024: -24%). This means that for every £1.00 the median man earns at Nanoco,

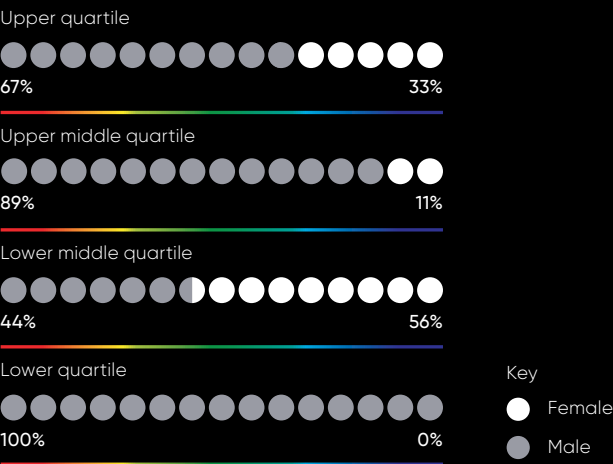
the median woman earns £0.99. The national average pay gap in 2025 for all UK employees is 7%¹ in favour of men compared to Nanoco's 1%. In research and development, the national average gender pay gap is 12%¹ in favour of men, again compared to Nanoco's 1%.

¹ Source – Gender pay gap in the UK: 2024 – Office for National Statistics.

Gender diversity at Nanoco (at 31 July 2025)



Proportion of males and females in each income quartile



Gender pay gap

Mean hourly earnings	Median hourly earnings
<div><div>£28.42</div><div>Total¹</div></div>	<div><div>£24.73</div><div>Total¹</div></div>
<div><div>£27.47</div><div>Male¹</div></div>	<div><div>£24.96</div><div>Male¹</div></div>
<div><div>£31.18</div><div>Female¹</div></div>	<div><div>£24.73</div><div>Female¹</div></div>

¹ Excluding Directors.

Investing in people continued

Talent attraction, retention and development

Technology businesses and those that require specialist skills face competition and challenges in recruiting qualified employees, and compensation for such employees is a significant cost component for the industry.

Why it's important: An inability to attract and retain talent can hinder the group's competitive advantage and long-term growth.

Where we are: Recruiting technical specialists has always been key to Nanoco's success. In a highly competitive market, this means that we strive to offer a competitive benefits package and an attractive workplace culture to ensure that we attract and retain the best of the best. The number of long-serving employees demonstrates Nanoco's ability to retain top talent; out of 35 employees at 31 July 2025 (excluding Directors), 29% had over ten years' length of service and a further 17% had between five and ten years' service.

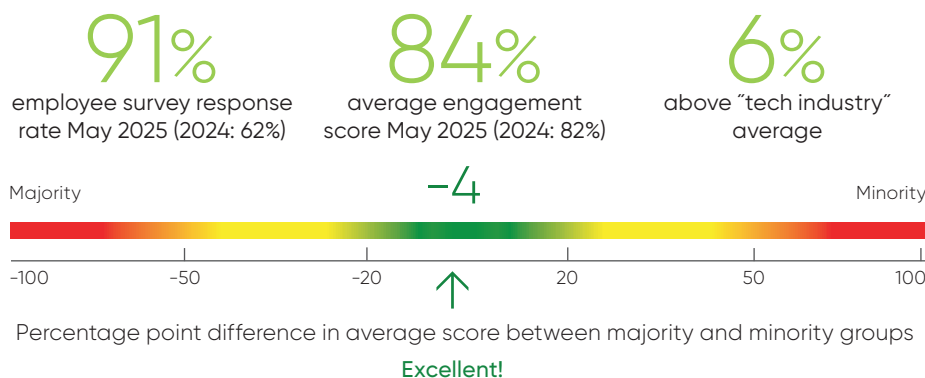
Nanoco is committed to diversity, equity and inclusion in all aspects of its business in order to access the best talent and allow all employees to perform at the

best of their abilities. See page 44 to read about the importance of the issue to the business and what we are doing to make continuous progress.

Nanoco is proud to be a Living Wage Employer, ensuring that all our employees earn a wage which is enough to live on. Nanoco also provides a health insurance scheme open to all employees to enhance the ongoing wellbeing of our staff.

Nanoco, as part of its wellbeing strategy, puts particular focus on mental health. We encourage an open door policy where employees are able to disclose and receive support for any mental health issues they may face. Nanoco also has one employee who is trained in mental health first aid.

Employee survey data highlights



250,000 have taken the "Workplace Happiness Survey" in 26 industries (powered by WorkL Sunday Times); 70,000 organisations have participated



Employees with disabilities

It is Nanoco's policy that people with disabilities, including job applicants and employees, should be able to participate in all of Nanoco's activities fully on an equal basis with people who are not disabled. Nanoco strives to promote an environment free from discrimination, harassment and victimisation.

Nanoco has a disability inclusion policy that states that Nanoco will not, on the grounds of a person's disability, or for a reason relating to a person's disability, treat that person less favourably than

it treats, or would treat, others to whom the same reason does not or would not apply, unless genuinely justified.

At the point of appointment, Nanoco obtains occupational health advice as to reasonable adjustments. For disabled employees we put together a "Reasonable Adjustment Action Plan" to support employees with disabilities or health conditions by removing or minimising workplace barriers. These plans are reviewed collaboratively between managers and employees to ensure

that they remain relevant. Culturally, we believe that it is important to offer adjustments in a proactive manner where appropriate rather than waiting for our employees to request these.

Nanoco currently employs one person with a disability with a series of reasonable adjustments in place to support this important member of staff.

Sustainability report continued

Diversity at Nanoco

The group’s employees are from many different backgrounds, including five different nationalities: American, British, German, Indian and Turkish.

In addition, group employees come from a range of business backgrounds, not purely research and development. Indeed, of the Board members, previous roles and responsibilities include those in the supply of chemicals and the engineering, electronics, life sciences and fast-moving consumer goods industries.

Nanoco will appoint, train, develop, reward and promote on the basis of merit and ability. Nanoco’s equal opportunities policy states that employees will not receive less favourable treatment or consideration on the grounds of age; disability; gender or gender reassignment; marriage or civil partnership status; pregnancy or maternity; race; religion or belief; sex; sexual orientation; or part-time status, nor will they be disadvantaged by any conditions of employment that cannot be justified as necessary on operational grounds relevant to the performance of the job.

The group’s equal opportunities policy is reviewed annually and is available to employees on the group intranet. A copy can be obtained upon request from the Company Secretary.

Nationalities represented by our employees

5

Investing in people continued

Talent attraction, retention and development continued

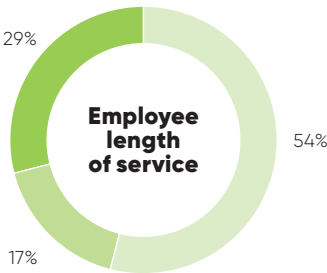
The employee assistance programme, as part of the wellbeing policy, provides caring and compassionate support to help people cope and build resilience. Both telephone counselling and face-to-face counselling are available to all employees through the programme. This support aims to reduce absence and improve wellbeing by addressing issues head on and reducing their impact.

During FY25 Nanoco launched its new values (QDOTS) and worked to embed them throughout the group.

What next: Nanoco is committed to maintaining its accreditation as a Living Wage Employer and rewarding all its employees on a competitive basis. The group is also committed to the continual development of its employees and as such has a target of funding 25% of its employees to undertake developmental training above and beyond what is required for the conduct of their existing roles. 46% of employees received such training in FY25.

Employees undertaking developmental training

56%



- Key**
- 0-4 years
 - 5-10 years
 - >10 years

Our values

Our values serve as the guiding principles behind every decision, action and interaction we undertake. These values are more than just words, they embody the ethos that drives our business forward, ensuring we operate with purpose and accountability, creating lost lasting impact for our customers and people.



"FUTURES" – Nanoco's summer intern programme

As part of our commitment to supporting STEM career pathways, Nanoco offers summer internships for undergraduate students in Chemistry, Physics or related disciplines.

Interns gain valuable experience working alongside scientists on nanotechnology projects involving quantum dots, contributing to real research and development activities while gaining valuable laboratory, quality and teamwork experience.

In 2025 Nanoco delivered three internships in R&D chemistry, R&D device engineering and quality control.

During 2025 Nanoco has also supported staff giving careers talks at their former schools, provided demonstration materials to education institutes and attended careers fairs to help inspire the scientists of the future.



Innovation protection

IP protection

While intellectual property ("IP") protection is inherent to the business model of entities in the semiconductor industry, entities' IP practices can be a contentious societal issue.

Why it's important: IP protection, on the one hand, is an important driver of innovation; on the other hand, some entities may also acquire and enforce patents and other IP protection in efforts to restrict competition, particularly if they are dominant market players.

Where we are: All employees at Nanoco receive training on the importance of and correct approach to all types of IP to ensure its proper use and protection. Regular meetings are held between the IP team and the R&D teams to ensure all potential IP is identified, assessed and documented in line with the correct procedures.

Throughout FY25, Nanoco has worked to bring new analytical processes in house. This included the purchase of new equipment, training of staff and development of methodologies. This will build on our internal know-how and skills and allow the development of new internally generated IP which can then be protected.

What next: Further work will be conducted to extend the scope of the in-house analysis and ensure all IP is protected at the appropriate level according to its nature and value to the business.

Privacy and data security

The protection and security of both personal information and confidential or proprietary information that aren't covered by patents.

Why it's important: Establishing strong frameworks is vital to prevent mishandling of this information, considering the significant fines for GDPR violations and the potential repercussions of divulging group secrets.

Where we are: Nanoco aims to demonstrate and promote high standards of honest and ethical conduct throughout the group. Formal policies and procedures are reviewed annually and the policies listed below are available on the group intranet or upon request from the Company Secretary. All group employees are required to adhere to specified codes of conduct, policies and procedures, including, but not limited to, the:

- anti-bribery and corruption policy;
- whistleblowing policy; and
- equal opportunities policy.

All Nanoco employees are required to complete annual training in the areas of cyber security, GDPR and information security to ensure they remain up to date and alert to the signs of fraud and unethical practices. IT security metrics are monitored on a monthly basis.

What next: Nanoco will maintain its data security via ongoing regular training of employees and monitoring of performance. The IT systems will be managed on the basis of continual improvement to ensure the group remains secure against evolving threats.

Summary

Nanoco is developing its strategic approach to ESG and is committed to continued progress.

On behalf of the Board

Dmitry Shashkov
Chief Executive Officer
21 November 2025



TCFD disclosure 2025

As a company listed on the Main Market of the London Stock Exchange, Nanoco is obliged to make climate-related financial disclosures consistent with the TCFD framework in line with UK Listing Rule 6.6.6R(8). Despite being a small organisation with only 38 employees at year end (excluding Non-Executive Directors) and turnover of c.£7.6 million, the business has made progress towards meeting its TCFD obligations, although more work is required for the group to be fully aligned with the TCFD recommendations at this time.

Governance

The Board takes responsibility for the oversight of all strategic risks facing the business. ESG issues, including the risks associated with climate change, currently fall within the remit of the ESG steering committee. The ESG steering committee is a cross-functional group with representation at Board level from the CFO. The CFO ultimately takes responsibility for reporting any relevant environmental or climate-related risks to the Board and its Committees and keeps the Board abreast of developments in reporting and performance requirements. ESG matters are currently discussed ad hoc but will be included as a standing item on the Board agenda and reported to the Board every six months going forward.

Board members have relevant capabilities related to climate risks and opportunities, including significant experience navigating energy markets. The Board acknowledges it can improve upon its broader ESG skill set and knowledge base, which will be considered by the Nominations Committee as part of any future appointments. Training is also occurring at Board level on ESG matters to improve the existing skill set. Read more about the Board's roles and responsibilities on pages 38 to 49.

The leadership team is responsible for the day-to-day management of operational risks. To support oversight of operational risks, the leadership team maintains a risk register of identifiable risks to the business. Within this register, the potential impact of climate change is currently highlighted as a macroeconomic risk factor. However, no specific significant risks were identified relating to climate-related factors. If any risks are identified in the future, these will be added to the risk register. Read more about our approach to governing and managing risks on page 33.

Strategy

Nanoco developed a new ESG strategy during FY24 which incorporates the climate-related risks and opportunities for the group; see pages 38 to 47.

Risk management

Climate-related risks are reviewed under the environmental management system ("EMS") which has been accredited in the year as compliant with ISO 14001. Under the EMS, all environmental aspects and impacts of the group were reviewed, risks and opportunities associated with those aspects were identified and objectives were implemented to manage those risks. Environmental risks are reviewed on a regular basis by the ESG steering committee, including reviews of new or changing legislation and changes within the business, its markets or supply chains.

As part of the group risk management process, all potential risks are assessed according to the probability of the risk occurring and the potential impact should the risk be realised. These include risks related to current and emerging regulations.

Nanoco incorporated potential ESG risks into the register, which included a robust assessment of the group's exposure to climate-related risks. Read more about

the group's approach to risk management on page 33.

Metrics and targets

Nanoco monitors and reports environmental performance indicators including waste and energy efficiency metrics. The group's greenhouse gas emissions, including its scope 3 emissions related to business travel, can be viewed on page 42.

Scenario analysis

Nanoco has employed three different climate change scenarios based on low (SSP1-1.9), intermediate (SSP2-4.5) and high (SSP3-7.0) emission IPCC pathways to evaluate the physical and transition risks associated with different trajectories of global decarbonisation. These scenarios help identify what shifts might occur in the global economic, social and regulatory landscapes under varying climate outcomes and the necessary adaptation and mitigation strategies to undertake. Nanoco is well placed to meet the enhanced transition risks and take advantage of the increased opportunities offered by a low-emissions scenario. The increased physical risks from a high-emissions scenario are predominantly delayed beyond the business's current planning horizons although Nanoco will still need to implement measures to mitigate the risks from already embedded global warming. The insights derived from applying these scenarios guide strategic decisions related to product development, resource allocation, risk management and operational adjustments. Nanoco leverages findings from these scenarios to strengthen its ESG strategy, planning for both transition and physical risk factors and adaptation to the ever-evolving climate-related challenges affecting Nanoco's operations and global value chains.

4 TCFD pillars	11 TCFD recommended disclosures	Description and reference	
Governance	→ Describe the Board's oversight of climate-related risks and opportunities.	Key risks and responsibilities – page 48, Corporate governance – page 52. Summarised left	Ⓒ
	→ Describe management's role in assessing and managing climate-related risks and opportunities.	Key risks and responsibilities – summarised left	Ⓒ
Strategy	→ Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Sustainability report page 38	Ⓒ
	→ Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Sustainability report page 38	Ⓒ
	→ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Summarised left	Ⓒ
Risk management	→ Describe the organisation's processes for identifying and assessing climate-related risks.	Key risks and responsibilities – summarised left	Ⓒ
	→ Describe the organisation's processes for managing climate-related risks.	Key risks and responsibilities – summarised left	Ⓒ
	→ Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Key risks and responsibilities – summarised left	Ⓒ
Metrics and targets	→ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability report page 38	Ⓒ
	→ Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas ("GHG") emissions and the related risks.	Sustainability report page 38	Ⓒ
	→ Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Sustainability report page 38	Ⓒ

Ⓒ Compliant with TCFD recommendation

Strategic report approval

The Strategic report on pages 5 to 49 incorporates:

- Chairman's statement
- Operational review
- Our business model
- Our strategy
- Our key performance indicators
- Principal risks and uncertainties
- Viability statement
- Sustainability report
- TCFD disclosure

Dmitry Shashkov
Chief Executive Officer
21 November 2025

Board of Directors

We continue to improve our Board with industry-focused experience



Dr Jalal Bagherli
Non-Executive Chairman



Jalal was appointed Chairman of Nanoco Group plc in January 2025, having joined the Board as a Non-Executive Director in April 2024.

Skills and experience

Jalal is Co-Chair of the UK Semiconductor Advisory Panel, representing the views of the UK semiconductor industry. He was the CEO of Dialog Semiconductor plc ("Dialog") from 2005 until the successful sale of the company to Japan's Renesas in 2021. Under Jalal's leadership, Dialog became a world leader in mobile power management and connectivity products, selling to most of the major companies in the consumer electronics and mobile phone sector. His earlier career included roles as CEO of Alphamosaic and before that at Sony Semiconductor and Devices Europe as Vice President and Managing Director.

Other roles

Jalal is currently a Director of a number of private businesses and Co-Chair of the UK Semiconductor Advisory Panel.



Dmitry Shashkov
Chief Executive Officer

Dmitry was appointed Chief Executive Officer in October 2024.

Skills and experience

Dmitry has over 20 years of experience managing businesses in the electronics and biomedical fields, with technical expertise in metals and other advanced materials as well as significant exposure to semiconductors, flat panel displays ("FPD"), photovoltaic ("PV"), light emitting diode ("LED"), and medical device industries.

Most recently, Dmitry was the CEO of the CPS Group of companies (later part of Exyte) from 2020 to 2024, which was focused on high tech equipment for semiconductors and life science facilities. Under his leadership, the revenues of the business tripled and the profitability increased four-fold, before it was successfully sold to a strategic investor.

Dmitry started his career with management consultancy McKinsey and Company, where he advised clients in the pharmaceutical, chemical and telecommunications industries.

Dmitry holds a PhD in Materials Science and Engineering from Northwestern University and a BS/MSE degree in Physics of Metals from the Moscow Institute of Steel and Alloys.

Other roles

Dmitry is a board member of QuesTek Innovations LLC.



Dr Nigel Pickett
Chief Technology Officer

Nanoco's technology team is led by Nigel, who is a co-founder of Nanoco and inventor of Nanoco's key quantum dot scale up technology. In 2000, he moved to Manchester where he co-founded Nanoco Technologies in 2001.

Skills and experience

Nigel has co-authored over 70 academic papers and is an inventor on 150 patents and pending applications. He has a passion for, and experience in, taking research work from the academic bench through to full commercialisation. Nigel graduated from Newcastle University in 1991 and chose to remain at Newcastle to pursue a PhD in the field of main group organometallics.

After graduation in 1994, he undertook a postdoctoral fellowship at St Andrews University, Scotland, in the field of precursor design for metalorganic vapour phase epitaxy ("MOVPE") growth and synthesis of nanoparticles using chemical vapour deposition ("CVD") techniques. In 1996, he won a Japan Society for the Promotion of Science ("JSPS") fellowship and spent the following year working at Tokyo University of Agriculture and Technology, Japan. In 1998, he became a Research Fellow at Georgia Institute of Technology, US, working on the design and evaluation of precursors used in MOVPE.

Other roles

None.



Liam Gray
Chief Financial Officer and
Company Secretary

Liam was appointed to the Board in November 2021. He originally joined the group as Group Financial Controller in March 2019, before becoming Finance Director and then subsequently joining the Board.

Skills and experience

Liam started his career at KPMG LLP, where he qualified as a Chartered Accountant working primarily in audit on both large and medium-sized public and private companies.

After six years at KPMG LLP, he moved to Renold plc (LSE: RNO), initially as Group Financial Controller before moving into the European division as Commercial Finance Manager. He holds an Accountancy degree from the University of Liverpool.

Other roles

None.

Key

A Audit Committee **N** Nominations Committee **R** Remuneration Committee **○** Chair



Dr Alison Fielding
Non-Executive Senior
Independent Director

A N R

Alison was appointed to the Board in April 2017.

Skills and experience

Alison is an experienced entrepreneur and Non-Executive Director, with significant expertise in strategy development and implementation for start-ups, AIM/Main Market-listed and not-for-profit organisations. Her early career included Zeneca plc and McKinsey & Company. She co-founded Techtran Group, which was acquired by IP Group in 2005. Alison spent 13 years with IP Group plc as Chief Technology Officer, Chief Operating Officer and latterly Director of Strategy and IP Impact.

Alison holds an MBA from Manchester Business School, a PhD in Organic Chemistry and a first-class degree in Chemistry from the University of Glasgow and an MSc in Mindfulness from the University of Aberdeen.

Other roles

Alison is currently a Non-Executive Director of Maven Income and Growth VCT PLC and a Non-Executive Director of Thomas Swan & Co. Limited.



Chris Batterham
Non-Executive
Director

A N R

Chris was appointed to the Board in April 2019.

Skills and experience

Chris has considerable financial and operational experience and became the Finance Director of Unipalm Group plc, from 1996 to 2001. He then went on to become CFO of Searchspace Group Limited from 2001 until 2005. Chris then went on to hold a number of non-executive roles across a range of companies with a technology focus in many cases.

Chris holds a Natural Sciences degree from Cambridge University. He then qualified as a Chartered Accountant with Arthur Andersen LLP in 1979 where he spent his early career.

Other roles

Chris is currently Chairman of Racing Digital Ltd and Send Technology Ltd, both of which are private companies.



Dieter May
Non-Executive
Director

N R

Dieter was appointed to the Board in February 2024.

Skills and experience

Dieter was Chairman and CEO of Osram Opto Semiconductors GmbH, one of the world's leading optoelectronic components companies, participating in electronics applications such as facial and iris recognition, health monitoring, vehicle navigation and virtual and augmented reality as well as uLED displays. As CEO, Dieter developed relationships with leading companies throughout the sector. His earlier career spanned Senior Vice President positions in semiconductor technologies (Infineon), and connected devices and digital consumer services in both mobile consumer products (Nokia) and automotive (BMW).

Other roles

Dieter is currently Chairman of Nordic Semiconductor ASA.

Corporate governance statement



Dr Jalal Bagherli
Chairman

The group strives for best practice whilst ensuring flexibility

I am pleased to present the Corporate governance report for the year ended 31 July 2025. This section of the Annual Report describes our corporate governance structures and processes and their application throughout the year ended 31 July 2025.

The Board's view on corporate governance

The UK Corporate Governance Code embodies core principles of accountability, transparency, probity and a focus on long-term success. The Board firmly believes that a group governed in accordance with these principles is more likely to be successful and that this is all the more important in times of significant uncertainty.

The Board and its Committees play a central role in the group's governance by providing an external and independent perspective on matters material to Nanoco's stakeholders, and by seeking to ensure that effective internal controls and risk management processes are in place.

The Board also promotes a culture of good governance throughout the group by creating an environment of openness, transparency and accountability.

The members of the Board bring a wide range of skills and experience to the group as set out on pages 50 and 51. The diverse skill set allows the Board to appropriately challenge and lead the group's strategy.

Board focus during the year

Agreeing strategic priorities with the Executive Directors

The Board has devoted considerable time to strategic discussion in the current year. There were two priorities this year. The first was the strategic review, which included the possible divestment of the trading entity. The second, which supported the first, was the continued efforts to expand its commercial offering beyond cadmium-free quantum dots into a range of dot-based nanomaterials for sensing and other applications. Our customers continue to invest in these areas with Nanoco, and have reported pleasing results, with Nanoco's materials being described as "world class".

Board succession

Dr Jalal Bagherli was proposed and appointed as Non-Executive Chairman at the AGM in January 2025, after Dr Chris Richards stepped down following nine years as Non-Executive Chairman.

Dmitry Shashkov was appointed on 22 October 2024 as CEO, replacing Brian Tenner, who had previously announced his intention to stand down.

Post year end, co-founder and CTO Dr Nigel Pickett confirmed his intention to step down. This position will not be replaced at Board level.

This will also be Alison Fielding's final year as a Non-Executive Director of Nanoco Group plc, and she will step down during FY26, having been with Nanoco for over eight years.

Strong corporate governance

The Board is committed to ensuring that a strong governance framework operates throughout the group, recognising that good corporate governance is a vital component to support management in its delivery of our strategic objectives and to operate a sustainable business for the benefit of all stakeholders.

Monitor performance

The Board reviews performance of the business on a monthly basis through formal communications from the Executive Directors. The Board provides oversight and challenges to the Executive Directors to ensure robust decisions are made.





















Learn and improve

The Board is committed to continual development. During the year, updates on corporate governance and legal developments were provided by corporate lawyers. The Board intends to carry out further training on accounting developments and ESG issues.

Overall management of risk and change within the group

The rapidly evolving challenges brought about by Brexit, the Ukraine crisis and the cost of living crisis, against a background of other macroeconomic factors, have required active real-time engagement between all members of the Board.

These focus areas were in addition to the normal ongoing responsibilities for approving the annual operating and capital expenditure budgets and any material changes to them.

Attendance	Board	Audit Committee	Nominations Committee	Remuneration Committee
Number of meetings	10	5	2	2
Executive Directors				
Dmitry Shashkov	 ²	—	—	—
Dr Nigel Pickett		—	—	—
Liam Gray		 ¹	—	
Non-Executive Directors				
Dr Jalal Bagherli				
Dr Alison Fielding				
Chris Batterham				
Dieter May		—		

The Non-Executive Directors met four times during the year without any Executive Directors present.

1 Executive Directors attended these meetings by invitation and are not members of these Committees.

2 Dmitry Shashkov joined Nanoco on 22 October 2024 and attended all Board meetings from that date.

A typical Board agenda

Each full Board meeting is structured around a standard agenda of standing items that then includes a number of additional specific focus items for that month's meeting. These focus items are either recurring items (such as risk management) or are in response to emerging issues in our markets, regulation or the business itself. An example of an agenda taken from the July 2025 meeting is shown below:

→ minutes and matters arising from previous meetings (standing item);

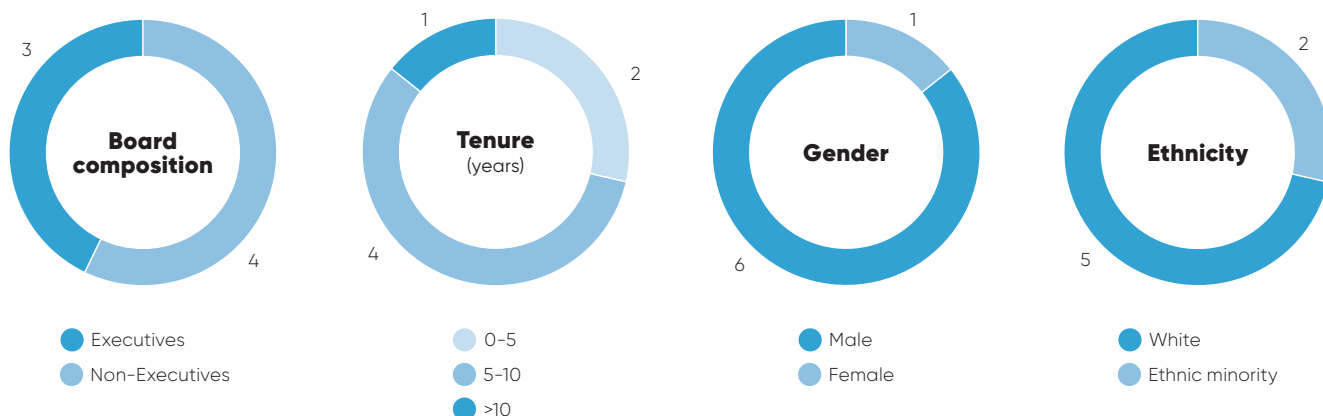
- CEO report on business performance (standing item);
- CEO report on progress and customer deliverables (standing item);
- CFO report on financial performance and rolling forecasts (standing item);
- CTO report on technical and IP matters (standing item);
- Company Secretary report on governance issues and any material litigation (standing item);

- reports from Committee Chairs (Audit, Nominations, Remuneration and EHS) (standing item); and
- any other business (standing item).

Certain key senior management members are invited to give presentations at Board and Committee meetings where appropriate.

Other areas, including the review of the group risk register, the strategic plan, the annual budget, contentious matters and succession planning, etc, are reviewed by the Board during each year at intervals commensurate with their importance.

Board composition



Corporate governance statement continued

Board composition continued

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	6	86%	6	3	100%
Women	1	14%	1	0	0%

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
White European	5	71%	5	2	67%
Other ethnic group	2	29%	2	1	33%

The data in this table is sourced directly from the individuals concerned and based on their self-identification.

My role as Chairman

The structure of the Board, its Committees and their respective responsibilities are summarised on pages 55 and 56. My key focus is to ensure that Nanoco has an effective Board which is collectively responsible for the long-term success of the group. One of my most important jobs is to ensure that the Board and its Committees have the right balance of skills, experience and knowledge suitable for Nanoco's evolving strategy and growth aspirations as we progress through a new phase of our development.

Board and Committee evaluation

Regular and appropriate Board and Committee evaluation is vital to improving Board effectiveness. I completed an internal evaluation of the Board's effectiveness, and each Committee Chair has done the same.

Shareholder engagement activities

Engagement with shareholders remains an important activity for the Board. The group maintained its more formal calendar of engagement with shareholders and potential investors.

Longer-term viability statement

The Board utilised the forecast for the next four years to assess the group's long-term viability. This reflects the strong financial underpinning of the group. Further details are provided on pages 36 and 37.

Statement of compliance with the Code

I am pleased to confirm that the group adopts the 2018 UK Corporate Governance Code (the "Code"), and the Board confirms that, throughout the year ended 31 July 2025, the group has applied the principles and complied with the provisions of the Code.

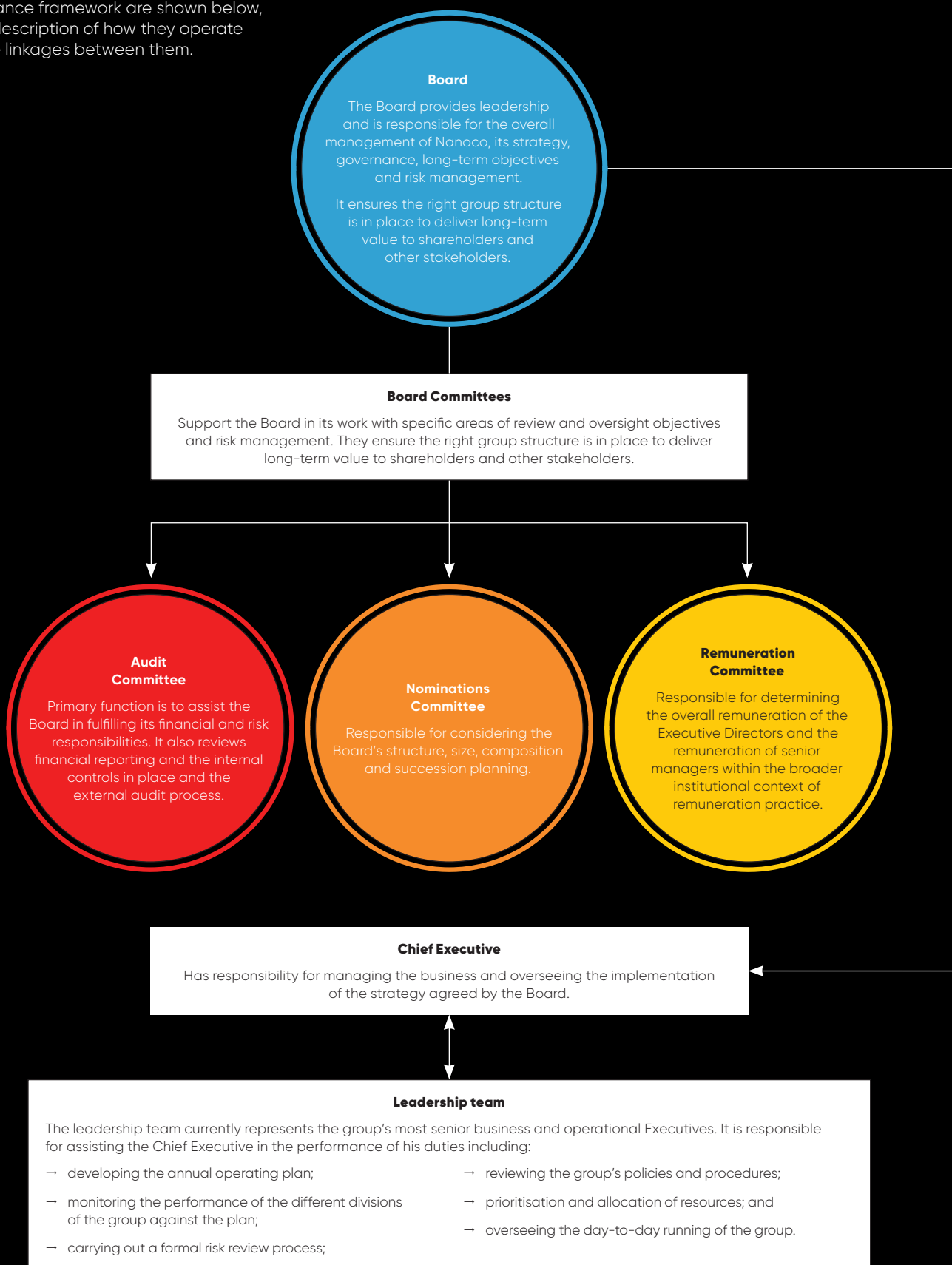
Dr Jalal Bagherli

Chairman

21 November 2025

Governance framework

The different parts of the group's governance framework are shown below, with a description of how they operate and the linkages between them.



Corporate governance statement continued

Board composition and division of responsibilities































Role profiles are in place for the Chairman, Chief Executive Officer and other Directors, which clearly set out the duties of each role.

Role	Responsibilities
Chairman of the Board (Dr Jalal Bagherli)	Is responsible for the running of the Board and promoting a culture of openness and debate. The Chairman, in conjunction with the CEO and other Board members, plans the agendas, which are issued with the supporting Board papers in advance of the Board meetings. These supporting papers provide appropriate information to enable the Board to discharge its duties which include monitoring, assessing and challenging the executive management of the group.
Chief Executive Officer (Dmitry Shashkov)	Together with the senior management team, is responsible for the day-to-day running of the group and regularly provides performance reports to the Board. The role of CEO is separate from that of the Chairman to ensure that no one individual has unfettered powers of decision making. The CEO works directly through the leadership team (CTO, CFO and Operations Director).
Chief Financial Officer (Liam Gray)	Works closely with the CEO and CTO to support them in the delivery of their roles. Key objectives are to ensure the smooth running of many of the back office functions. Includes responsibility for all financial matters including costings and plant efficiencies as well as commercial margins.
Chief Technical Officer (Dr Nigel Pickett)	Is responsible for all research and development activities of the group. Includes stewardship of the group's IP portfolio, new additions and maintenance. Takes leadership position on critical new research areas.
Senior Independent Director (Dr Alison Fielding)	Provides a sounding board for the Chairman and serves as an intermediary for other Directors, employees and shareholders when necessary. The main responsibility is to be available to the shareholders should they have concerns that they have been unable to resolve through normal channels or when such channels would be inappropriate.
Other Non-Executive Directors (Chris Batterham, Dieter May)	Maintain an ongoing dialogue with the Executive Directors which includes constructive challenge of performance and the group's strategy.
Company Secretary (Liam Gray)	Ensures good information flows within the Board and its Committees and between senior management and Non-Executive Directors. The Company Secretary is responsible for facilitating the induction of new Directors and assisting with their professional development as required. All Directors have access to the advice and services of the Company Secretary to enable them to discharge their duties as Directors. The Company Secretary is responsible for ensuring that Board procedures are complied with and for advising the Board through the Chairman on governance matters. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Experience of the Board

The members of the Board bring a wide range of skills and experience to the group. This diverse skill set allows the Board to appropriately challenge and lead the group's strategy.

The chart below summarises its key areas of significant experience.

Name	Strategy development	Chemical	Human resources	Corporate governance	Financial management	M&A	ESG
Dr Jalal Bagherli					–		–
Dr Nigel Pickett			–	–	–	–	–
Dmitry Shashkov				–			–
Liam Gray		–				–	
Dr Alison Fielding			–				
Chris Batterham		–	–				–
Dieter May		–		–	–		–

Dr Jalal Bagherli

Chairman

21 November 2025

Compliance with the UK Corporate Governance Code 2018

The below provides a guide to the most relevant explanations for how the group has complied with each principle.

Board leadership and Company purpose	Page reference
A. An effective and entrepreneurial Board promotes the long-term sustainable success of the group, generating value for shareholders and contributing to wider society.	38-56
B. Purpose, values and strategy are set and align with culture, which is promoted by the Board.	50-56
C. Resources allow the group to meet its objectives and measure performance. A framework of controls enables assessment and management of risk.	28-37
D. Engagement with shareholders and stakeholders is effective and encourages their participation.	21-23 and 38-56
E. Oversight of workforce policies and practices ensures consistency with values and supports long-term sustainable success. The workforce is able to raise matters of concern.	38-56
Division of responsibilities	Page reference
F. The Chair is objective and leads an effective Board with constructive relations.	50-61
G. The Board comprises an appropriate combination of Non-Executive and Executive Directors, with a clear division of responsibilities.	50-54
H. Non-Executive Directors commit appropriate time in line with their role.	50-90
I. The Company Secretary and the correct policies, processes, information, time and resources support Board functioning.	50-61
Composition, succession and evaluation	Page reference
J. There is a procedure for Board appointments and succession plans for Board and senior management which recognise merit and promote diversity.	62-64
K. There is a combination of skills, experience and knowledge across the Board and its Committees. Tenure and membership are regularly considered.	50-56
L. Annual evaluation of the Board and Directors considers overall composition, diversity, effectiveness and contribution.	54
Audit, risk and internal control	Page reference
M. Policies and procedures ensure the independence and effectiveness of internal and external audit functions. The Board satisfies itself of the integrity of financial and narrative statements.	65-69
N. A fair, balanced and understandable assessment of the group's position and prospects is presented.	5-37
O. Procedures manage and oversee risk, the internal control framework and the extent of principal risks the group is willing to take to achieve its long-term strategic objectives.	33-35
Remuneration	Page reference
P. Remuneration policies and practices are designed to support strategy and promote long-term sustainable success, with Executive remuneration aligned to group purpose, values and strategic delivery.	70-87
Q. A transparent and formal procedure is used to develop policy and agree Executive and senior management remuneration.	70-87
R. Independent judgement and discretion are exercised over remuneration outcomes taking account of the relevant wider context.	70-87

The Code is published by the Financial Reporting Council, a full copy of which can be viewed on its website, www.frc.org.uk.

Corporate governance statement continued

This section of the Corporate governance report contains the group's other reporting disclosures on corporate governance required by the Companies Act 2006, the UK Corporate Governance Code 2018 (the "Code") and the FCA's Disclosure Guidance and Transparency Rule 7 including the required statement of compliance. A copy of the Code is publicly available at www.frc.org.uk.

Disclosure and Transparency Rule 7

This statement complies with sub-sections 2.1, 2.2(i), 2.3(i), 2.5, 2.7 and 2.10 of Rule 7 of the FCA's Disclosure Guidance and Transparency Rules. The information required to be disclosed by sub-section 2.6 of Rule 7 is shown in the Statement of Directors' responsibilities on page 92 and is incorporated in this section by reference.

The Board

The group is controlled through its Board of Directors. The Board's main responsibilities and those of its various sub-Committees are set out on page 55.

To enable it to discharge its key responsibilities as set out above, the Board receives appropriate and timely information prior to each meeting. A formal agenda is set by each Chair and Committee papers are distributed several days before meetings take place. Any Director may challenge group proposals, and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting. Specific actions arising from meetings are agreed by the Board and then appropriately followed up.

The terms of reference of the Committees are publicly available at www.nanocotechnologies.com. The same pages of the Annual Report show the key officers and the division of responsibilities and duties between each role holder.

The Directors

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, which is led by the Nominations Committee.

All Directors are then subject to election by the shareholders at the next general meeting following appointment to the Board. In accordance with best practice, they are then subject to annual re-election thereafter. The contracts of all Directors are available for inspection by shareholders at the AGM.

The Chairman has sufficient time to devote to his duties as Chairman and this has been demonstrated by his active participation in the group's activities.

The Non-Executive Directors constructively challenge and help develop proposals on strategy and bring strong, independent judgement, knowledge and experience to the Board's deliberations.

The Directors are given access to independent professional advice at the group's expense when the Directors deem it is necessary in order for them to carry out their responsibilities.

The Board composition is partially compliant with Listing Rules UKLR 6.6.6R(9) and UKLR 6.6.15, namely that at least one of our senior Board positions is held by a woman (Dr Alison Fielding is our Senior Independent Director) and at least one member of the Board is from a minority ethnic background. Data is shown on page 54.

We are not currently compliant with the requirement to have at least 40% female representation at Board level. The Company operates a fair, equitable system for selecting members for the Board taking into consideration the skills and expertise needed for the role. There were limited female candidates with the requisite skills needed to fill the vacancies in the year. Nanoco remains committed to diversity on the Board, and will consider our commitment to diversity when making future appointments.

The group maintains, for its Directors and officers, liability insurance for any claims against them in that capacity.

Donations

During the year the group made no political donations (2024: £nil). Charitable donations of £176 were made in the year (2024: £100).

Independence and conflicts of interest

The group has effective procedures in place to deal with potential conflicts of interest. The Board is aware of the other commitments of its Directors and changes to these commitments are reported to the Board. The Companies Act 2006 requires Directors to avoid situations where they have, or could have, a direct or indirect interest that conflicts or potentially conflicts with the interests of the group.

Directors are required to declare in advance of a Board meeting whether any of the business to be discussed in that meeting gives rise to a conflict or potential conflict. That Director will then be excluded from the relevant discussions unless agreed otherwise by the Directors of the group in the limited circumstances specified in the Articles of Association. They will not be counted in the quorum or permitted to vote on any issue in which they have an interest.

The Board considers its independent Non-Executive Directors to be independent in character and judgement. No Non-Executive Director has been an employee of the group; has had a material business relationship with the group; receives remuneration other than a Director's fee; has close family ties with any of the group's advisers, Directors or senior employees; or holds cross-directorships.

Professional development

On appointment, each Director takes part in an induction programme in which they receive comprehensive information about the group; the role of the Board and the matters reserved for its decision; the terms of reference and membership of the Board and Committees and the powers delegated to those Committees; the group's corporate governance practices and procedures, including the powers reserved to the group's most senior Executives; and the group's latest financial information. Throughout their period in office, the Directors are updated on the group's business, the competitive environment in which it operates, corporate social responsibility matters and other changes affecting the group and the industry it operates in as a whole.

The group acknowledges the importance of developing the skills of the Directors to run an effective Board. To assist in this, Directors are given the opportunity to attend relevant courses and seminars to acquire additional skills and experience to enhance their contribution to the ongoing progress of the group. All of the Directors are given briefings on trends and developments in corporate governance.

Performance evaluation

The Board has established a formal process for the annual evaluation of the performance of the Directors. This evaluation is based on a performance evaluation questionnaire completed by each Director. The Chairman's performance is reviewed annually by the Non-Executive Directors and led by the Senior Independent Director, Dr Alison Fielding. The evaluation of the Chief Executive Officer is performed by the Chairman and the evaluation of the other Executive Directors is performed by the Chief Executive Officer.

Directors' dealings in the group's shares

The group has adopted a model code for Directors' dealings in securities of the group which is appropriate for a company quoted on the Main Market of the London Stock Exchange. The Directors comply with the rules relating to Directors' dealings and also take all reasonable steps to ensure compliance by the group's "applicable employees" as defined in the rules. The Directors' interests in the ordinary share capital and in options over such shares of the Company are shown in the Directors' remuneration report on pages 73 to 87.

Investor communications

Nanoco recognises the importance of good and timely communication. Its primary communication channel is the internet. All press releases are published on the group's website shortly after they are issued via the regulatory news service in the United Kingdom. In addition, a broad range of other relevant information is available on the group's website.

The group also endeavours to ensure that all published information is capable of being readily understood on a standalone basis without the need for a one-to-one meeting. This is an extension of the "fair, balanced and understandable" requirement inherent in the Annual Report and Accounts.

Investor engagement

Meetings with analysts and institutional shareholders are held following the interim and final results and on an ad hoc basis. These are usually attended by the Chief Executive Officer and Chief Financial Officer. There are times when other members of the Board, such as the Chairman or CTO, also attend these meetings. Following feedback from shareholders, the group plans for the CTO to attend more shareholder meetings going forward.

Engagement during the year	Number
One-to-one meetings	6
Conference calls	5
Investor conferences	2

The group takes care to ensure that meetings with shareholders or potential investors are structured around information that is already available to all shareholders on an equal footing.

Feedback from these meetings and regular market updates are prepared by the group's broker and are shared with the Board.

The Chairman and other Non-Executive Directors are available to shareholders to discuss strategy and governance issues at a shareholder's request, and attend general meetings to meet shareholders where possible.



The Chairman and other Non-Executive Directors are available to shareholders to discuss strategy and governance issues at a shareholder's request."

Corporate governance statement continued

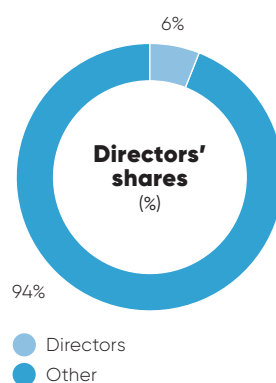
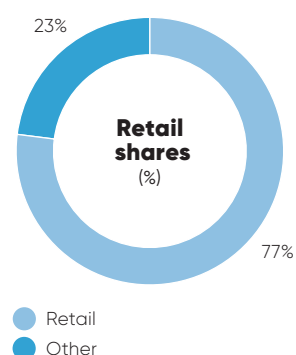
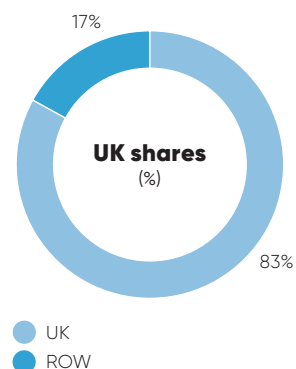
Shareholder analysis

Shareholders at 31 July 2025 are analysed as follows:

Territory	Shares	%
UK	162,388,801	83.44%
Europe (ex. UK)	10,102,421	5.19%
North America	10,856,074	5.58%
Asia	3,589,694	1.84%
Rest of World	7,671,048	3.94%
Total	194,608,038	100.00%

Type of holder	Shares	%
Retail investors	150,149,094	77.15%
Hedge funds	14,337,832	7.37%
Directors	11,562,061	5.94%
Corporate	9,569,875	4.92%
Other	8,989,176	4.62%
Total	194,608,038	100.00%

Investment style	Shares	%
Retail	147,715,906	75.90%
Hedge funds	14,337,832	7.37%
Directors	11,562,061	5.94%
Corporate	9,569,875	4.92%
Trading	7,189,454	3.69%
Other	4,232,910	2.18%
Total	194,608,038	100.00%



Annual General Meeting ("AGM")

At the AGM, separate resolutions will be proposed for each substantially different issue. The outcome of the voting on AGM resolutions is disclosed by means of an announcement on the London Stock Exchange.

All shareholders are encouraged to attend the AGM and talk to the Directors there. All Directors, including the Chairs of the Audit, Remuneration and Nominations Committees, are available at the meeting to answer questions.

Shareholders not attending the AGM can contact the group via email at info@nanocotechnologies.com.

The table below shows the different resolutions proposed at the 2024 AGM, the proportions of possible votes that were cast and the proportions in favour of and against each resolution (resolutions 1 to 15 were passed as ordinary resolutions and resolutions 16 to 20 were passed as special resolutions).

The Board takes steps to ensure that the views of major shareholders are considered through regular contact. As appropriate, the Board takes due note of their views insofar as these are relevant to the group's overall approach to corporate governance. This is achieved, as noted previously, through feedback from meetings with significant shareholders and feedback from the group's brokers.

No.	Resolution	Votes for			Votes against			Votes withheld	
		Votes	% of total votes cast	% of total voting rights	Votes	% of total votes cast	% of total voting rights	Votes	% of total voting rights
1	To receive the Annual Report and Accounts	62,087,248	99.9%	31.9%	76,294	0.1%	0.0%	105,609	0.1%
2	To re-appoint the auditors	62,019,209	99.8%	31.9%	133,268	0.2%	0.1%	116,674	0.1%
3	Authority to agree the auditors' fee	62,005,983	99.8%	31.9%	140,499	0.2%	0.1%	122,669	0.1%
4	To re-elect Dr Nigel Pickett	61,829,333	99.7%	31.8%	167,756	0.3%	0.1%	272,053	0.1%
5	To re-elect Dr Alison Fielding	48,301,809	77.8%	24.8%	13,760,503	22.2%	7.1%	206,839	0.1%
6	To re-elect Chris Batterham	57,151,338	92.1%	29.4%	4,900,914	7.9%	2.5%	216,899	0.1%
7	To re-elect Liam Gray	57,102,204	92.0%	29.3%	4,960,108	8.0%	2.5%	206,839	0.1%
8	To elect Dieter May	50,859,219	82.0%	26.1%	11,182,406	18.0%	5.7%	227,526	0.1%
9	To elect Dr Jalal Bagherli	50,850,433	82.0%	26.1%	11,182,962	18.0%	5.7%	235,756	0.1%
10	To elect Dmitry Shashkov	61,850,931	99.7%	31.8%	172,123	0.3%	0.1%	246,097	0.1%
11	Approval of Directors' remuneration report	50,737,248	81.8%	26.1%	11,296,303	18.2%	5.8%	235,600	0.1%
12	Approval of Directors' remuneration policy	50,613,301	81.6%	26.0%	11,415,294	18.4%	5.9%	240,556	0.1%
13	Approval of amendment to 2015 LTIP	48,038,962	80.7%	24.7%	11,495,954	19.3%	5.9%	2,734,235	1.4%
14	Approval of amendment to 2015 DBP	47,975,762	80.6%	24.7%	11,531,154	19.4%	5.9%	2,780,238	1.4%
15	Authority to issue and allot new ordinary shares	48,105,701	80.8%	24.7%	11,449,936	19.2%	5.9%	2,713,514	1.4%
16 ¹	Disapplication of pre-emption rights	46,054,166	77.4%	23.7%	13,419,896	22.6%	6.9%	2,795,089	1.4%
17 ¹	Disapplication of pre-emption rights on acquisition or investment	46,054,170	77.4%	23.7%	13,424,893	22.6%	6.9%	2,790,088	1.4%
18 ¹	Authority to make purchases of own shares	58,395,313	98.4%	30.1%	966,402	1.6%	0.5%	2,670,493	1.4%
19 ¹	Reduced notice of general meetings	60,395,313	97.2%	31.0%	1,766,999	2.8%	0.9%	106,839	0.1%
20 ¹	Cancellation of capital redemption reserve	48,297,897	81.2%	24.8%	11,191,165	18.8%	5.8%	2,780,089	1.4%

1 Proposed as special resolutions.

Nominations Committee report



Dr Jalal Bagherli
Nominations Committee Chair

Skills and experience
are now more
industry focused

The Board has a wide variety of skills and experience that has served us well in recent years.

Following the announcement that Brian Tenner intended to step down as CEO, we appointed Dmitry Shashkov on 22 October 2024. Dmitry brings a wealth of industry experience to the position.

And after nine years with Nanoco, Christopher Richards stepped down as Non-Executive Chairman and was replaced by me.

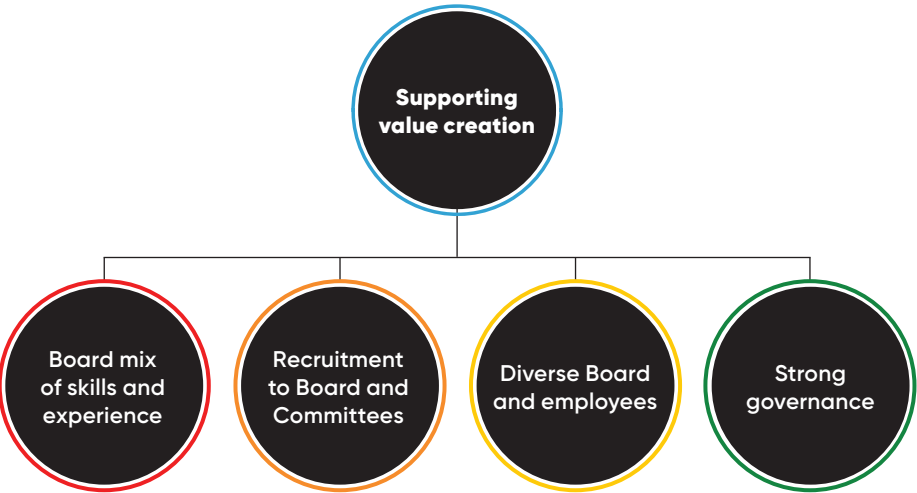
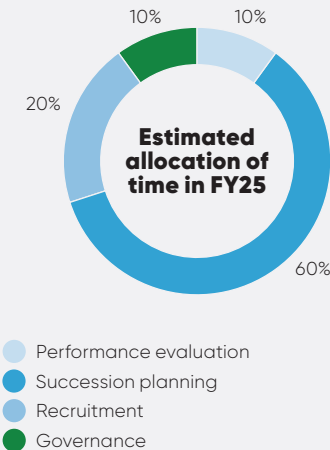
Roles and responsibilities

The Committee is primarily responsible for assisting the Board in ensuring the appropriate composition of the Board and any Committees of the Board to match Nanoco's stage of evolution. This includes considering new appointments and potential succession plans. The Committee evaluates the balance of skills, knowledge and experience and the size, structure and composition of the Board and Committees of the Board. This extends to reviewing appointments of additional and replacement Directors and Committee members by making appropriate recommendations to the Board on such matters by reference to the parameters set out below:

Members

- Dr Jalal Bagherli (Chair)
- Dr Alison Fielding
- Chris Batterham
- Dieter May

Estimated allocation of time in FY25



Governance

The responsibilities of the Committee were expanded a number of years ago to include a focus on continuous improvement in governance. The Committee's terms of reference therefore include:

- reviewing and considering the group's procedures and controls for ensuring compliance with:
 - the UK Corporate Governance Code;
 - the FCA Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, and any other applicable rules and regulations that apply to the group; and
 - the timely and accurate disclosure of all information that is required to be disclosed in order to satisfy the group's legal and regulatory obligations under the corporate governance requirements;
- recommending any proposed changes in the management of corporate governance to the Board;
- reporting on such compliance to the Board;
- reviewing potential conflicts of interest involving Directors and determining whether such Director or Directors may vote on any issue as to which there may be a conflict; and
- reviewing any related party transactions, with appropriate input from advisers, determining whether such transactions are appropriate for the group to undertake and advising the Board accordingly.

Committee membership

In accordance with the UK Corporate Governance Code, the Nominations Committee consists only of Non-Executive Directors. I have chaired the Committee since my appointment as Non-Executive Chairman in January 2025. The Board considers it is appropriate for me to chair the Nominations Committee in order to achieve a balance with the Audit and Remuneration Committees, which are each chaired by other Non-Executive Directors.

The Committee's other members are Dr Alison Fielding, Chris Batterham and Dieter May. All members of the Committee are considered to have experience and competence relevant to the duties and responsibilities of the Committee.

Summary biographies of all members of the Committee are detailed on pages 50 and 51.

Meeting frequency and attendance

The terms of reference of the Committee require at least two meetings per year. When specific issues or changes need to be addressed, such as the appointment of a new Board member, the Committee meets on additional occasions. The Committee met two times during the financial year and was attended as shown in the table below:

Committee member	Meetings/ attended
Dr Jalal Bagherli (Chair)	2/2
Chris Batterham	2/2
Dr Alison Fielding	2/2
Dieter May	2/2

As well as the members of the Committee, the Chief Executive Officer

may be invited to attend, where there are no perceived conflicts of interest. On matters of remuneration of new appointees, the Chair works closely with the Remuneration Committee.

Meetings of the Nominations Committee are either scheduled around existing Board meetings or on an ad hoc basis, for example during a recruitment process. The Committee Chair provides the Board with a full briefing on all relevant matters.

The Chairman would not chair this Committee should it be considering the appointment of a new Chairman. The Senior Independent Director would chair the Committee in this situation.

Board structure and activities during the year

Towards the end of the prior year, Brian Tenner, CEO, announced his intention to resign from Nanoco. On 22 October 2024, Nanoco announced that it had appointed Dmitry Shashkov as CEO.

Succession planning

Post year end, it was announced that Dr Nigel Pickett, co-founder of Nanoco Technologies, had communicated his intention to step down from the Board of Nanoco Group plc. We identified an internal candidate, Dr Ombretta Masala, who was appointed as Director of Technology. The Director of Technology is not an Executive Board position.

Board structure in FY26

After over eight years with Nanoco, Alison Fielding will be stepping down from the board of Nanoco Group plc during FY26.

Nominations Committee report continued

Meeting frequency and attendance continued

Employee engagement

The Employee Voice Committee ("EVC") was established in 2020 as an employee representative body which would aim to formally meet with a designated member of the Board at least twice a year. Liam Gray, CFO, took responsibility for formal engagement with the EVC, and took part in two of its meetings during the year. The EVC gave valuable feedback on employee concerns and issues, which has supported management initiatives to improve morale and employee engagement. Examples included holding "all-company meetings", giving more attention to mental health awareness, and considering alternative forms of reward and recognition.

Diversity

The group has always aimed to employ the right person for the right job, irrespective of sex, gender, race or disability. When recruiting at Board level, the Nominations Committee requires that any executive search firms used by the group have signed up to its industry's voluntary code of conduct (prepared in response to the Davies Review of Women on Boards). The group follows a policy of appointing talented people on merit at every level and does not have a specific target for numbers of female Directors or employees. This reflects a market for industry skills that unfortunately still attracts more male candidates than female. The Board will also ensure that its own development in this area is consistent with its strategic objectives and enhances Board effectiveness. Other aspects of diversity in the group are commented on in the Sustainability section on pages 38 to 47.

Review of the Nominations Committee's effectiveness

During the financial year, I performed an evaluation of the Board's effectiveness. I am satisfied that the degree of rigour and challenge applied in performing the Committee's responsibilities is appropriate and effective and continues to improve.

Dr Jalal Bagherli
Nominations Committee Chair
21 November 2025



The Committee is primarily responsible for assisting the Board in ensuring the appropriate composition of skills to match Nanoco's stage of evolution."

Audit Committee report



Chris Batterham
Audit Committee Chair

To provide oversight of financial reporting and disclosures and to ensure an appropriate risk management framework is in place as the group develops and grows

Overview

The Audit Committee provides oversight of the group's financial and narrative reporting statements, monitors the effectiveness of systems of internal control and risk management processes, and monitors the integrity of the group's external audit processes.

The Audit Committee monitors internal and external risk factors on behalf of the Board. These are maintained in the group's risk register. The status and assessment of matters in the risk register also inform the drafting of the Viability statement. The Committee does not just respond to external factors but also supports and challenges management to anticipate future risks and opportunities.

Committee membership

The composition of the Committee currently comprises me, Chris Batterham (Chair), Dr Alison Fielding and Dr Jalal Bagherli. In accordance with the provisions of the Code, the Committee is made up of independent Non-Executive Directors. The Board considers that I have recent and relevant financial experience to act as Chair of the Committee, by virtue of being a qualified Chartered Accountant with extensive relevant experience as a former CFO and finance director of a number of private and public companies. All members of the Committee are considered to have experience and competence relevant to the material science sector.

Summary biographies of all members of the Committee are detailed on pages 50 and 51.

Meeting frequency and attendance

The terms of reference of the Committee require at least four meetings per year. The Committee met five times during the financial year. As well as the members of the Committee, the meetings are usually attended on an invitational basis by the Chairman, the Chief Executive Officer and the Chief Financial Officer. The external auditors attend each meeting unless the business of the meeting does not need them to be present. The Committee also has meetings with the external auditors without the Executive Directors being present. Attendance of each member is set out below:

Committee member	Meetings/attended
Chris Batterham (Chair)	5/5
Dr Alison Fielding	5/5
Dr Jalal Bagherli	4/5

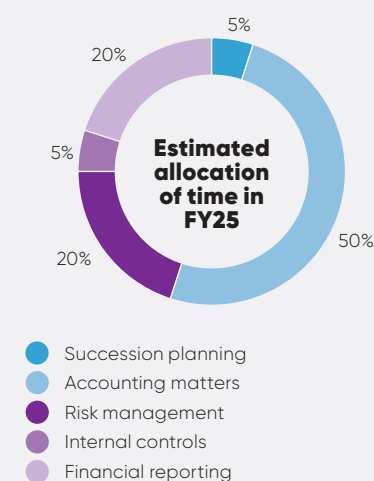
Meetings of the Audit Committee are scheduled to occur in the run up to key events in the group's reporting calendar. Each meeting precedes a Board meeting to allow the Committee Chair to fully brief the Board on all relevant matters.

The Committee has a pre-determined series of subjects and issues to be reviewed each year. These are then supplemented by additional review of emerging issues or changes in the financial reporting or governance regimes. In this way, the Committee ensures that key recurring themes are regularly reviewed while maintaining the flexibility to adapt to changing circumstances.

Members

- Chris Batterham (Chair)
- Dr Alison Fielding
- Dr Jalal Bagherli

Estimated allocation of time in FY25



In addition to the scheduled Committee meetings, the members of the Committee meet and discuss emerging issues for the business with the CEO and CFO to ensure that the work of the Committee remains appropriately focused on the risks and needs of the business.

Continuous improvements in the quality, relevance and timeliness of information being provided to the Committee and the Board as a whole ensure that similar gains are also made in the quality review, challenge and scrutiny by the Committee.

Audit Committee report continued

Audit Committee responsibilities

The key areas of focus for the Audit Committee are set out below. This includes specific duties of the Committee in each area, how it operates and any changes and improvements made over time. The subjects referred to are a mix of annually recurring areas and also specific issues that have arisen or been reviewed during the last year.

Financial reporting

The primary objective is to ensure that internal and external financial information is robust, relevant, reliable and a firm basis for decision making by management and external stakeholders alike. These activities are typically carried on throughout the year. They lend themselves to a "continuous improvement" mindset that means we are always looking to do better.

Our responsibilities in this area include:

- reviewing and monitoring the integrity of the group's annual and interim financial statements;
- ensuring the appropriateness of accounting policies;
- reviewing and challenging the critical judgements and estimates used in financial reporting. This includes assessing any potential impact of accounting judgements and estimates on Executive remuneration;
- ensuring that the financial information being provided internally to the Board and to management is as robust as that reported externally and evolves to meet the changing needs of the business;
- ensuring the group remains up to date with developments in accounting and reporting requirements; and
- advising the Board on whether or not the financial statements, when taken as a whole, are fair, balanced and understandable. In simple terms, this means that shareholders receive adequate information to assess the group's strategy, business model, risks and performance.

External audit

The primary objective in this area is to ensure that the group is subject to an appropriately robust, risk-focused external audit from a qualified and independent firm of auditors.

Further responsibilities in this area include:

- advising the Board on the appointment of the external auditors;
- reviewing and monitoring the performance of the external auditors, which includes the planning and effective execution of the external audit process itself;
- setting the audit and non-audit fees of the auditors to avoid any potential conflicts of interest with executive management (non-audit fees are set out in note 6 to the financial statements); and
- controlling the award of non-audit work to the external auditors to ensure that there is no actual or perceived threat to their independence.

Internal control and risk management

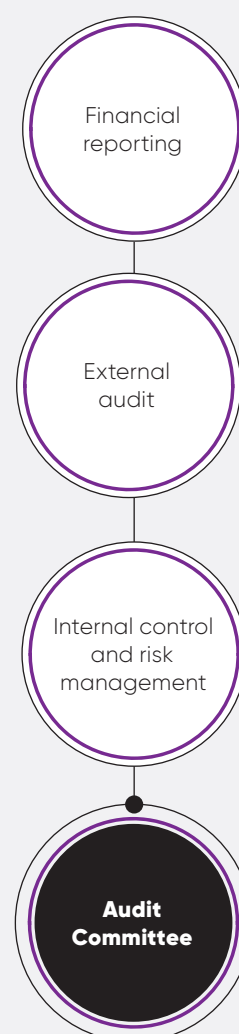
Our internal control and risk management processes are a fundamental part of the overarching framework used to safeguard the assets of the business and to ensure that investments represent an appropriate balance of risk and return. We work to ensure that these are as good as they can be for our business scale.

Our responsibilities in this area include:

- continual monitoring of the appropriateness and effectiveness of internal controls (including whether an internal audit function is required);
- review of lessons learnt and management remediation plans for any shortcomings or improvement plans to internal control processes;
- review of progress and commitment to addressing control improvement opportunities identified by the external auditors;
- review and challenge of the models and assumptions underlying the going concern and viability statements;

- continual focus on cash and cash forecasting;
- oversight of whistleblowing and fraud detection and prevention mechanisms; and
- ongoing review of the group's risk management processes and systems, including a substantive review and challenge of management's assessment of key risks.

The Audit Committee also assists the Board in ensuring the overall corporate governance framework is appropriate by giving due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.



Financial reporting

Our approach to materiality

The financial statements must present a true and fair view of the performance and financial position of the group. They must also present a fair, balanced and understandable view. These are both aimed at ensuring that a user of the accounts can gain an accurate picture of the underlying performance and position of the business. To achieve this, all material matters need to be addressed. Material matters are those that are considered by the Directors to be sufficiently specific and have a large enough real or potential impact that they would be likely to influence the decisions of a reader of the accounts.

The Directors take a range of quantitative and qualitative matters into account in assessing whether or not a matter is deemed to be material. These include the absolute size of a potential adjustment by reference to the overall income statement or the financial position statement and also by reference to an individual component of the financial statements. Qualitative judgements include whether an issue would reverse or materially alter a trend (such as turning a profit into a loss, or growth into a decline).

In this way, the Directors aim to make sure as wide a range of issues as possible are considered without over-burdening the reader of the financial statements with insignificant or immaterial matters.

The Committee discharged its obligations in response to the financial year as follows:

Significant issues considered during the year in respect of the financial statements

The Committee assessed the following matters in respect of financial reporting and in the preparation of the Interim Report and the Annual Report and Accounts:

- continuing appropriateness of the group's accounting policies;
- continuous development in the quality and transparency of the group's external reporting;
- a review of key judgements and estimates made by management (see table below); and
- considering if the financial statements, when taken as a whole, are fair, balanced and understandable.

Significant accounting matters and areas of significant management judgement

The Committee, together with the Board, considered what the significant accounting matters and areas of management judgement in relation to the financial statements were and how these would be addressed.

Each item is considered in further detail below.

Revenue recognition and deferred income (recurring item)

The Committee reviewed the revenue recognition policies and management judgements made in the preparation of the financial statements. Where revenue relates to the sale of products, revenue is recognised on the transfer of risks and rewards of ownership. For services to customers, revenue is recognised on a time and material basis for delivery of services.

The two-year work package with Nanoco's Asian chemical customer, signed in November 2023, was ongoing at year end. Deliverables were all accounted for on the basis noted above regarding sales of materials or service revenue in line with the requirements of IFRS 15.

Following the cancellation of the contract with the European customer, Nanoco received additional payments to reflect costs incurred. These were accounted for in line with the requirements of IFRS 15.

Other new sources of revenue earned in the year were derived from the sale of goods or the performance of short-term professional services work. A low level of judgement was required in assessing these contracts under IFRS 15.

The Committee concluded that the judgements and estimates made by management in respect of revenue recognition and, if relevant, the treatment of deferred income and contract liabilities were reasonable and appropriately disclosed in the financial statements.

Share buy-back

The Board committed to returning capital to shareholders upon receipt of the second tranche of cash from Samsung. This was achieved via a £30 million tender offer and a subsequent £3 million broker managed on-market buy-back which was completed during the financial year. 90% of shares purchased in the tender offer and 100% of shares purchased in the buy-back have been cancelled and the remainder are held in the Employee Benefit Trust.

Key item	Judgement or estimate?	Materiality	Uncertainty
Revenue recognition	Judgement	High	Medium
Impairment assessment of the valuation of investments	Estimate	High (Parent Company only)	High
Going concern	Judgement and estimate	Medium	Low
Share buy-back	Judgement	Low	Low

Audit Committee report continued

Significant accounting matters and areas of significant management judgement continued

Going concern (recurring item)

The Committee considered the use of the going concern basis for preparing the financial statements. This is currently an annual recurring activity given the ongoing losses incurred by the business in advance of generating full scale production levels of commercial revenues.

Taking into account the group's cash resources and the projected cash cost base, and the assessment by management and the Committee of the material potential risks identified in the group's risk register and any mitigating actions and controls as shown on pages 33 to 35, the Committee concluded that the group has adequate financial resources to adopt the going concern basis for the preparation of the financial statements. Given the nature of the risks that the group faces while its activities are at a pre-commercial stage, the Committee continues to recommend that the Annual Report and Accounts maintains a relatively high level of disclosure of these matters in the financial statements – as set out in the sections on risk, viability and going concern on pages 36 and 37.

Impairment assessment of the valuation of investments

Having identified potential impairment indicators per IAS 36, the Committee considered the potential impairment of the investment in the main trading subsidiary, Nanoco Technologies Limited. Nanoco built forecasts supporting valuations between £nil and £46 million using a WACC of 19.0% (2024: 18.5%). Management appreciate that there is inherent risk in the execution of these forecasts, and so have impaired the valuation of investments down to £12.1 million, which also reflects the enterprise value at 31 July 2025. Following discussion with the auditor we understand that management have been unable to provide sufficient evidence to support the underlying assumptions in the valuation model and as such they have qualified the audit report in this one matter.

Cost of sales

As the group moved into a pre-production and then full production phase, the accounting policies for cost of sales were reviewed to ensure they are appropriate for a manufacturing as well as an R&D service company.

Treasury

Due to the cash reserves, the group utilises two banking partners to ensure the cash deposits are as risk free as possible while also securing a good return, resulting in £0.7 million interest income in the year.

Financial reporting on a fair, balanced and understandable ("FBU") basis

The Committee reviewed the Interim and Annual Report and Accounts. As part of that review process, the members of the Committee were provided with a draft of the full Annual Report, enabling them to ensure that the performance reported therein was consistent with the Committee's knowledge gained from regular reviews of the monthly management accounts and Board discussions of issues arising and business performance throughout the year.

The Committee also assessed whether the narrative description of the group's activities and performance was consistent with its own understanding obtained through Board and Audit Committee meetings and other interactions it had with management.

The CFO advised the Committee of the findings of independent readers of the draft Annual Report and Accounts. These reviews are carried out by Nanoco senior managers who have not been closely involved in drafting the Annual Report. Their knowledge of the business allows them to form an opinion if the document conveys a fair, balanced and understandable view of business performance in the current year. The Committee members themselves also perform this function by reference to the matters discussed at the regular Board meetings.

Drawing on this knowledge of the group's activities and its own industry knowledge and experience, supplemented by advice received from external advisers during the drafting process, the

Committee determined that the Annual Report and Accounts is fair, balanced and understandable and this finding was confirmed by the Board.

External audit

External audit plan

The Committee reviewed the proposed audit plan. The Committee was satisfied that the areas of audit risk highlighted by Forvis Mazars were appropriate and included all material matters. The Committee subsequently reviewed the actual audit report by Forvis Mazars to ensure that it aligned closely with those risks and the planned audit work.

Safeguarding auditors' independence

The independence of the external auditors is essential to the provision of an objective opinion on the true and fair view presented in the financial statements. The Committee reviews the policies and status of the independence of the external auditors consistent with the ethical standards published by the Auditing Practices Board.

Auditors' independence and objectivity are also safeguarded by limiting the nature and value of non-audit services performed by the external auditors (see later section). The group has a policy of not recruiting senior employees of the external auditors who have worked on the audit in the past two years. The group works with the external auditors to achieve the rotation of the lead engagement partner at least every five years.

The current external audit firm and the current lead engagement partner are in their fourth year of providing external audit services to the group.

The external auditors are also required periodically to assess whether, in their professional opinion, they are independent and those views are shared with the Audit Committee. The Committee has authority to take independent advice as it deems appropriate in order to resolve issues on auditors' independence. No such advice has to date been required.

For the current year, the Committee has concluded that the external auditors remain independent and objective for the purposes of their role.

Non-audit services provided by the external auditors

The Audit Committee will only approve the provision of non-audit services by the external auditors where they are permissible and do not represent a threat (by their nature or scale) to this requirement for independence. The aim is to ensure that no material risk is taken of the auditors both advising on and auditing the same information in the financial statements.

The Audit Committee's approval is required for any fees for non-audit work paid to the auditors in excess of £10,000 in any financial year. However, the group recognises that it can receive particular benefit from certain non-audit services provided by the external auditors due to their technical skills and detailed understanding of the group's business and hence some non-audit work is allowed.

Non-audit fees of £nil (2024: £100,000) were paid to the external auditors.

Separate external firms are engaged for taxation and Directors' remuneration advice.

Internal controls and risk management

The Board has overall responsibility for the group's system of internal controls as one critical part of the overall corporate governance framework. This includes reviewing the effectiveness of these controls and the processes in place for risk management. In accordance with the 2018 UK Corporate Governance Code issued by the Financial Reporting Council, there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. This process was introduced during 2015 and is summarised on pages 33 to 35.

The role of the Executive Directors is to implement the Board's policies on risk and control and to provide assurance on compliance with these policies. The processes and procedures in place are designed to manage rather than eliminate risk and operate within the Board's defined risk appetite. They therefore can only provide a reasonable and not absolute assurance against material misstatement or loss.

Executive Directors have a close involvement with all day-to-day operations. They also meet with staff on a regular basis to identify and review business risks, the controls needed to

minimise those risks and the effectiveness of controls in place. Business risks are monitored and discussed on a regular basis at meetings of the leadership and senior management teams. The principal risks faced by the group and other aspects of how they are individually assessed and managed are set out below and on pages 33 to 35.

Internal controls

Key features of the internal control system are summarised below:

- (i) annual budgets and rolling forecasts are reviewed and approved by the Board;
- (ii) monthly management accounts are reviewed and challenged by comparison to the budget;
- (iii) written operational, accounting and employment policies are in place;
- (iv) the Board actively identifies and evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks;
- (v) expenditure approval limits and approval processes are in place to cover all major commitments;
- (vi) quality assurance processes are overseen and audited by the internal quality assurance department, with a particular focus on non-financial processes and procedures which drive financial performance; and
- (vii) compliance with control procedures is monitored by the Audit Committee through its internal reviews and external audit findings and its reviews of exceptions.

The Committee considers that the need for an internal audit function is not currently warranted due to the size and complexity of the business but will reconsider this need not less than annually.

Due to the small size of the business there is minimal impact on the work of external auditors.

Whistleblowing and confidential reporting procedures

The group operates a confidential reporting and whistleblowing procedure. The policy aims to support the stewardship of the group's assets and the integrity of the financial statements as well as protecting staff welfare. The procedure is reviewed annually by the Committee to ensure that it remains fit



The Board has overall responsibility for the group's system of internal controls as one critical part of the overall corporate governance framework."

for purpose. No reports of whistleblowing were received during the year. Staff are regularly reminded of the whistleblowing process as part of ongoing engagement with staff on compliance issues such as anti-bribery training.

Internal accountability

The Board has overall responsibility for the group's system of risk management and internal control. The Audit Committee reviews the effectiveness of the system at least annually on behalf of the Board and, having carried out this review, the Committee continues to believe that the system is effective in safeguarding shareholders' interests and the group's assets. There are some improvement areas, such as more regular reviews of internal controls, in addition to reviewing policies and procedures, and these will be implemented in FY24. The Board agreed with this conclusion.

Review of the Audit Committee's effectiveness

A review of the Committee's effectiveness took place in FY25. I am satisfied that the degree of rigour and challenge applied in performing the Committee's responsibilities is appropriate and effective and continues to improve.

Chris Batterham
Audit Committee Chair
21 November 2025

Remuneration Committee report



Dr Alison Fielding
Remuneration Committee Chair

Ensuring our Executives
are paid fairly and
incentivised to
deliver success

Dear shareholder

I am pleased to present our Directors’ remuneration report for the year ended 31 July 2025. The Committee’s report seeks to deliver an appropriate balance between the required regulatory disclosures, commercial sensitivities and the context for our approach and decisions.

This report is presented in three parts:

- (1) the Chair’s introduction setting out an overview of FY25 and prospective matters for FY26;
- (2) the Directors’ remuneration policy which was approved by shareholders at the 2024 AGM; and
- (3) the Annual report on remuneration, which sets out the actual remuneration earned by Directors over the year ended 31 July 2025.

This Directors’ remuneration report for the year ended 31 July 2025 complies with the requirements of the Listing Rules of the Financial Conduct Authority, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the provisions of the UK Corporate Governance Code (July 2018). The Regulations require the auditors to report to the Company’s members on certain parts of the Directors’ remuneration report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the accounting regulations. Items that are audited throughout this report are clearly marked as audited in the heading of the section.

Remuneration and its
strategic context

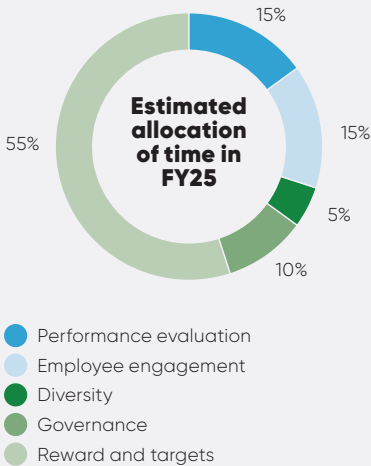
Our remuneration policy seeks to ensure a clear link between Executive Directors’ pay, the delivery of the group’s strategy to be a sustainable production company and enhancement of shareholder value. The Remuneration Committee seeks to ensure that the Directors’ remuneration arrangements continue to be aligned to the calibre of individuals, to the strategic direction of the group and to our stakeholder philosophy.

The Committee has always shown leadership in restraint of Executive and Board remuneration, reflecting the stage of development of the business. Nanoco Executives have relatively low base salaries compared to benchmarks. Short-term incentives reflect challenging annual targets and have typically preserved Nanoco’s cash by being partly paid in Deferred Bonus Plan options that create further clear alignment with shareholders’ interests. Long-term incentives are linked directly to shareholder value in the form of options with stretching performance targets.

Members

- Dr Alison Fielding (Chair)
- Chris Batterham
- Dr Jalal Bagherli
- Dieter May

Estimated allocation of time in 2025



Board changes

Post year end, on 19 August 2025, Dr Nigel Pickett confirmed his intention to step down from the Board of Nanoco. Nanoco Technologies has promoted an internal candidate, Ombretta Masala, to be Director of Technology.

Brian Tenner stepped down from the Board on 22 October 2024. His remuneration earned to this date is included in the single total figure of remuneration on page 80, with further information disclosed as required on page 83.

2025 incentive outcomes

Annual bonus

Bonuses were earned for the year based on the achievement of performance targets set by the Committee. A detailed description of performance against the targets is set out on page 82.

Long Term Incentive Plan: 2022 outcome

The long-term options, granted to the Executive team in 2022, were tested at 31 July 2025 and deemed to have partially vested. More details are included on page 82.

In assessing whether the outcomes generated by the annual bonus and LTIP scorecards were fair in the context of broader performance, the Committee took into account the commercial progress, the underlying financial performance of the group and the wider stakeholder experience (including, but not limited to, the shareholder experience), and the ongoing strategic review. After due consideration, the Committee felt that the formulaic outcome was an appropriate reflection of performance delivered. It has, therefore, not exercised discretion in relation to incentive outcomes during the year.

Wider workforce

Nanoco's workforce is critical to its success. As a responsible business, our aim is to pay our staff at the median level for comparable national roles, and we perform benchmarking exercises to review this. We are also a Living Wage Employer.

We have recognised the challenges faced by our employees with rising cost of living and have increased base salaries by 3.5% for FY26.

All staff participate in the group bonus scheme, which resulted in payments of up to £1,000 per employee, pro-rated for start of employment, part-time hours and the achievement of various health and safety and cost saving targets.

Remuneration commencing 1 August 2025

Our Directors' remuneration policy was approved at the 2024 AGM. As set out in the FY24 Directors' remuneration report, we had intended to review the Policy during FY25 and to present a new Policy for approval at the 2025 AGM. Having regard to the Company's circumstances, we have deferred the review of the Policy and our current intention is to further review it in FY26, with a new policy presented for shareholder approval at the 2026 AGM.

Our approach to the implementation of the policy for FY25 is detailed in the table on the following page.



Our remuneration packages aim to reflect the calibre of our Executives and maintain close alignment to shareholder value and support the commitment to our strategic priorities."

Remuneration Committee report continued

Remuneration at a glance

	Purpose and link to strategy	Key features	Planned for FY26	Actual in FY25
Salary	Basis to recruit and retain talent necessary to deliver the business strategy.	Reviewed annually. Considers the role, responsibility and experience of the individual, corporate and individual performance and market comparators by size and complexity, and other Nanoco salary increases.	Each Executive Director will receive a 2.5% cost of living increase. The rest of the workforce will receive 3.5%.	The three Executives received a cost of living increase of 2.5% versus 3% for the wider workforce.
Benefits and pensions	Provide a market-competitive benefits and pensions package and promote the wellbeing of employees.	Pension contributions equal to those for all staff.	Unchanged.	7.5% of salary.
		Life assurance.	Unchanged.	Eight times salary for Executives, four times salary for other staff.
		Workplace health programme.	Unchanged.	Implemented. Same as all staff.
Annual bonus	Incentivises delivery of annual key financial and strategic goals that support the enhancement of shareholder value.	Target opportunity is 75% of salary and maximum is 125% of salary. Performance measures are a mix of challenging financial and personal strategic targets. Up to 100% of earned bonus can be paid in Deferred Bonus Plan options. Subject to malus and clawback provisions.	Maximum opportunity remains 125% of salary for CEO and CFO. Dr Nigel Pickett will not be eligible for a bonus for FY26. Financial targets 50% of maximum and corporate objectives 50% of maximum.	Bonus achievement of 60% was earned in FY25 for CEO, CTO and CFO.
LTIP	To reflect stakeholder philosophy, provide a long-term retention mechanism and align with shareholders.	Awards of up to 150% of salary, or up to 250% of salary in exceptional circumstances such as on recruitment. Three-year performance period. Performance measures reviewed annually. Subject to malus and clawback provisions.	Awards of up to 150% of salary for the CEO and CFO. For all Executive Directors, the final quantum will be determined at grant having regard to the relevant circumstances at that time. Performance measures for the three-year period ending 31 July 2028 will be set when the awards are granted, with further information included in the regulatory announcement at that time. 25% of the award will vest at threshold, increasing on a straight-line basis to 60% for target and then to 100% for stretch. There is nil vesting below the threshold level.	LTIP awards made in 2022 were tested at the financial year end and it was determined that 46% of these vested. In line with the terms of the LTIP, there is a two-year holding period before these can be exercised.
Shareholding requirement	To align Directors to shareholder interests.	Minimum shareholding requirement for all Executives 200% of salary.	Unchanged.	Unchanged.
Post employment	To further align Directors to shareholder interests.	To retain up to 200% of salary in shareholdings for one year post employment. Reduces to 100% of salary in second year.	Unchanged.	Unchanged.
Recovery provisions	To ensure recovery of Deferred Bonus Plan awards if required.	Possible in the event of material misstatement, material misconduct or a material corporate failure.	Unchanged.	Unchanged.

As a Committee, we believe that ongoing dialogue with our major shareholders is of key importance. Should you have any queries or feedback in relation to the Directors' remuneration report, please contact me through the Company Secretary.

I will be stepping down from the Board during FY26 as discussed in the Nominations Committee report and, accordingly, this is my last Directors' remuneration report at Nanoco. I would like to take this opportunity to thank my colleagues on the Committee and more widely within Nanoco for their support of me in my role as Committee Chair.

Dr Alison Fielding

Remuneration Committee Chair

21 November 2025

Directors' remuneration report

Directors' remuneration policy

This part of the report sets out the group's Directors' remuneration policy that was approved by shareholders at the 2024 AGM, but with the "Remuneration outcomes in different performance scenarios" updated as set out on page 76. The Directors' remuneration policy is not audited.

Element and purpose	Operation	Maximum opportunity	Performance measures
Base salary Core element of fixed remuneration that provides the basis to recruit and retain talent necessary to deliver the business strategy.	Normally reviewed annually and applied from 1 August (or at other times if required). Consideration is given to the following: <ul style="list-style-type: none"> → the role, responsibility and experience of the individual; → corporate and individual performance; → market comparators by size and complexity; and → other Nanoco salary increases. 	No maximum. Annual increase normally in line with the wider workforce. Potential further increases: <ul style="list-style-type: none"> → on promotion or changes in scope or responsibility; → taking into account an individual's performance in a role; → where there has been a change in market practice; or → if there is a change in the size and/or complexity of the business. 	N/A
Benefits Provide a market-competitive benefits package and promote the wellbeing of employees.	The group provides life assurance of eight times salary for all Executives and a workplace health programme in which all employees can participate. Directors are reimbursed for out-of-pocket expenses incurred wholly and necessarily on group business. Benefits are reviewed periodically, taking individual circumstances into consideration. Benefits provided may include, for example, medical insurance, relocation expenses, expatriate allowances and travel expenses.	No absolute maximum. The value of benefits is set at a level which the Committee considers to be appropriately positioned, taking into account relevant market factors based on the nature and location of the role, the level of benefits provided to other employees in the group and individual circumstances.	N/A
Retirement benefits Provide market-competitive post-employment benefits to recruit and retain Directors of the calibre required for the business.	The group currently operates a salary sacrifice pension arrangement under which employees may elect to sacrifice salary and the group pays an amount equal to the amount of the salary sacrifice, together with the employer National Insurance saved, into a private pension scheme. Executive Directors are also eligible to participate in the group's defined contribution scheme (or other appropriate pension plan). In appropriate circumstances, Executive Directors are permitted to take an equal cash supplement (not counted towards bonus or LTIP opportunity) in respect of some or all of the pension contributions otherwise payable.	Executive pension contributions are set at the same percentage of salary as all other staff (currently 7.5% of salary). An overall contribution limit of up to 10% of base salary (in addition to the amount of any salary sacrifice and employer NIC saved) may be applied.	N/A

Directors' remuneration report continued

Directors' remuneration policy continued

Element and purpose	Operation	Maximum opportunity	Performance measures								
Annual bonus Rewards and incentivises the achievement of annual objectives which are aligned with key financial and strategic goals that support the enhancement of shareholder value.	<p>Performance targets are set annually and pay-out levels are determined after the year end following the Committee's assessment of actual performance against set targets.</p> <p>Up to 100% of any bonus earned can be paid in deferred shares or options under the Deferred Bonus Plan ("DBP") that will vest after two years.</p> <p>Deferred share option awards may incorporate the right to receive (in cash or shares) the value of the dividends that would have been paid on vested shares; this may assume the reinvestment of dividends into shares on such terms as the Committee determines.</p> <p>Personal bonus element is ordinarily only payable if at least one financial target is achieved.</p>	<p>Maximum annual bonus opportunity is 125% of salary. The percentage of maximum bonus payable for the different levels of performance would be no greater than:</p> <table><tr><td>Below threshold</td><td>0%</td></tr><tr><td>Threshold</td><td>25%</td></tr><tr><td>On target</td><td>60%</td></tr><tr><td>Maximum</td><td>100%</td></tr></table> <p>On-target performance pays out at 60% (and not 50%) as the Committee includes an element of stretch when setting targets.</p>	Below threshold	0%	Threshold	25%	On target	60%	Maximum	100%	<p>Stretching performance targets are set each year, reflecting the group strategy.</p> <p>Ordinarily, at least 80% will be subject to achievement of financial and/or corporate measures and the balance will be based on challenging personal objectives.</p> <p>The Committee retains discretion to apply different weightings in relevant circumstances and to override formulaic outturns where circumstances require.</p>
Below threshold	0%										
Threshold	25%										
On target	60%										
Maximum	100%										
Long Term Incentive Plan ("LTIP") To reflect stakeholder philosophy, provide a longer-term retention mechanism and provide alignment with shareholders.	<p>Under the LTIP, awards of conditional shares, restricted stock or nil-cost options (or similar cash equivalent) can be made with vesting, dependent on the achievement of performance conditions, normally over a three-year performance period.</p> <p>There will be no retesting of performance after the end of the performance period.</p> <p>Vested awards are normally subject to a two-year holding period following the end of the performance period.</p> <p>LTIP awards may incorporate the right to receive (in cash or shares) the value of the dividends that would have been paid on the shares that vest; this may assume the reinvestment of dividends into shares on such terms as the Committee determines.</p>	<p>The maximum value of shares over which an individual can be granted an award in respect of a financial year is normally 150% of base salary, although this limit may be increased to 250% of base salary in exceptional circumstances. The percentage of maximum awards for the different levels of performance would be no greater than:</p> <table><tr><td>Below threshold</td><td>0%</td></tr><tr><td>Threshold</td><td>25%</td></tr><tr><td>On target</td><td>60%</td></tr><tr><td>Maximum</td><td>100%</td></tr></table> <p>On-target performance pays out at 60% (and not 50%) as the Committee includes an element of stretch when setting targets.</p>	Below threshold	0%	Threshold	25%	On target	60%	Maximum	100%	<p>Vesting of LTIP awards is subject to meeting performance targets set by the Committee.</p> <p>Performance targets are reviewed regularly to ensure relevance. Targets are based on financial measures which link to creating shareholder value (such as share price, revenue and EPS) and/or the achievement of strategic milestones.</p> <p>The targets and their weightings may vary each year based on group strategic priorities. The Committee retains discretion to override formulaic outturns where circumstances require.</p>
Below threshold	0%										
Threshold	25%										
On target	60%										
Maximum	100%										
Shareholding requirement To align Directors to shareholder interests.	<p>In-service requirement</p> <p>Shareholding of at least 200% of base salary. 50% of vested shares under the DBP or LTIP (post tax) are to be retained until the shareholding requirement has been met.</p> <p>Post-employment shareholding requirement</p> <p>Executive Directors, upon ceasing employment with the Company, are required to retain their shareholdings, up to 200% of salary, for one year post employment. This reduces to 100% of salary in the second year post employment. Shares will be subject to this requirement only if they are acquired from employee share plan awards granted on or after 1 August 2021.</p> <p>The Remuneration Committee may vary or disapply the in-service and/or the post-employment requirement in appropriate circumstances.</p>	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>								

Directors' remuneration policy continued

Notes to the policy table

Application of clawback and malus to variable remuneration

Under the Deferred Bonus Plan ("DBP"), during the two-year deferral period, the Committee has the right to reduce any deferred bonus awards which have not yet been released in the event of a material misstatement of the group's financial results, material misconduct on the part of the participant, a material corporate failure as determined by the Board, a material failure of risk management by the group, or in the event of serious reputational damage (i.e. a malus provision). For up to two years following the payment of a cash bonus award, the Committee may also require the repayment of some or all of the award in these circumstances (i.e. a clawback provision). Awards under the 2015 LTIP may be reduced or cancelled or have additional conditions imposed on them at any time prior to the end of the holding period in the same circumstances as outlined above in relation to the bonus.

Explanation of performance measures chosen

Selected performance measures for the annual bonus and LTIP awards reflect the group's strategy. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

Annual bonus

Ordinarily, at least 80% of the potential maximum annual bonus will be subject to achievement of a combination of financial and corporate measures, with the remainder based on challenging personal objectives. The Committee will disclose the metrics and performance against these on a retrospective basis to the extent that these are not commercially sensitive. The personal bonus element is ordinarily only payable if at least one financial target is achieved.

LTIP

The Committee intends to review each year the performance metrics for future awards taking into account the business priorities and strategy at that time. Targets will be based on financial measures which link to creating shareholder value (such as share price, revenue and EPS) and/or the achievement of strategic milestones.

The Committee also retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or a divestment of a group business or a change in prevailing market conditions) and to assess performance on a fair and consistent basis from year to year.

Operation of the LTIP and DBP

The LTIP and DBP are operated by the Committee in accordance with their respective rules. These include the ability to adjust the number of shares subject to awards in the event of a variation of share capital, demerger, delisting, special dividend, rights issue or other event which may, in the opinion of the Company, affect the current or future value of shares. The "market value" of a share for the purposes of determining the number of shares subject to the LTIP or DBP award will be the average share price over the three dealing days following the announcement of results preceding the grant date. The Committee can determine that an alternative basis should apply but this would still be by reference to market prices such as the average price over the three-day period leading up to an award at a different date. All members of staff are eligible to participate in both schemes.

Early vesting of awards

As described on pages 78 and 79, awards under the DBP and LTIP may vest earlier than anticipated in "good leaver" circumstances.

On a change of control of the Company or other relevant corporate event (such as a demerger, delisting, special dividend or other event which may affect the value of an award), the extent to which unvested awards will vest will be determined in accordance with the rules of the relevant plan.

Awards under the DBP will vest in full in the event of a takeover, merger or other relevant corporate event.

Awards under the LTIP may vest early on a takeover, merger or other relevant corporate event. The Committee will determine the level of vesting, taking into account the extent to which the performance conditions are satisfied and the perceived value created as a result of such an event. Such vesting would ordinarily be on a time pro-rata basis, although the Committee has discretion not to apply time pro-rating.

How the Executive Directors' remuneration policy relates to the group

The remuneration policy summarised previously provides an overview of the structure that operates for the Executive Directors. The same broad structure also operates for the members of the senior management team and all other members of staff with varying levels of participation in the LTIP depending on seniority. Staff other than Executives can choose to take some or all of their annual bonus as a participation in the DBP with a 50% uplift in the number of options on the value deferred.

Directors' remuneration report continued

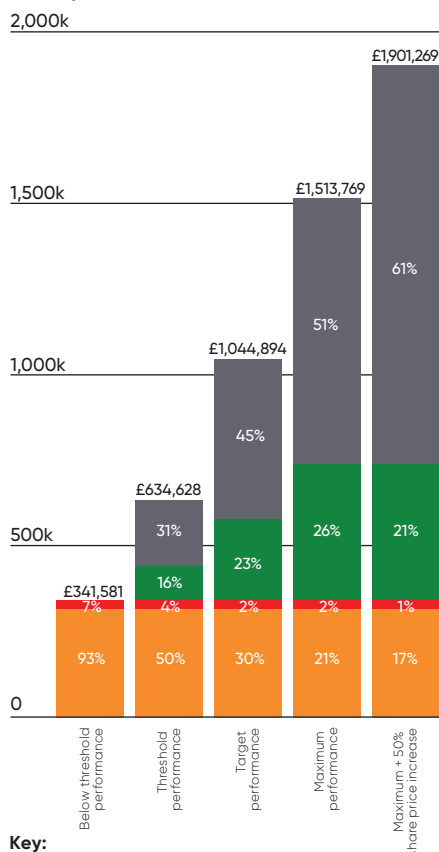
Directors' remuneration policy continued

Remuneration outcomes in different performance scenarios

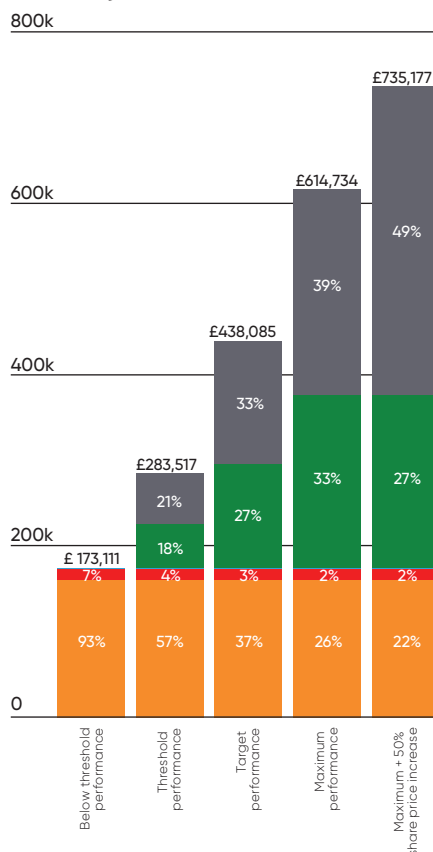
The charts below set out an illustration of the remuneration policy for FY26. The charts provide an illustration of the proportion of total remuneration made up of each component of the remuneration policy and the potential value of each component. Five scenarios have been illustrated for each of Dmitry Shashkov and Liam Gray. As announced on 19 August 2025, Dr Nigel Pickett retired from the Board on that date and will leave the business in February 2026; as he was a director for only a small part of FY26, no charts are included in respect of him.

Below threshold performance	Fixed remuneration No annual bonus pay-out No vesting under the LTIP
Threshold performance	Fixed remuneration 25% annual bonus pay-out (31.25% of salary) 25% vesting under the LTIP (37.5% of salary in the case of each Executive Director)
Target performance	Fixed remuneration 60% annual bonus pay-out (75% of salary) 60% vesting under the LTIP (90% of salary in the case of each Executive Director)
Maximum performance	Fixed remuneration 100% annual bonus pay-out (125% of salary) 100% vesting under the LTIP (150% of salary in the case of each Executive Director)
Maximum + 50% share price increase	Fixed remuneration 100% annual bonus pay-out (125% of salary) 100% vesting under the LTIP (150% of salary in the case of each other Executive Director) plus an assumed 50% increase in share price from grant date

Dmitry Shashkov £



Liam Gray £



Directors' remuneration policy continued

Remuneration outcomes in different performance scenarios continued

Fixed pay currently comprises the following elements from 1 August 2025:

	Current base salary	Benefits ¹	Pension ²	Total
Chief Executive Officer – Dmitry Shashkov	£317,750	–	£23,831	£341,581
Chief Financial Officer – Liam Gray	£160,590	£477	£12,044	£173,111

1 No benefits are currently provided to the Executive Directors other than the group health wellbeing programme that was implemented in FY24, the value of which is included above, and under the group life assurance scheme, the value of which in the case of the Executive Directors cannot be identified.

2 Based on 7.5% employer pension contribution/cash supplement in lieu of pension which applies for the year ended 31 July 2025 (2024: 7.5%).

With the exception of the final scenario (which assumes a 50% increase in share price from grant date of LTIPs), the values illustrated assume a constant share price from the time of grant of LTIPs and do not take into account share price fluctuation or dividend equivalents that may be received under the share plans. The ultimate amounts received by the Directors may be higher or lower than the amounts illustrated above.

Remuneration policy for Non-Executive Directors

Purpose and link to strategy	Operation	Other items
To enable the group to attract and retain Non-Executive Directors of the required calibre by offering market-competitive rates.	<p>The Chairman's fee is determined by the Committee and those of other Non-Executive Directors by the Board.</p> <p>Fees take into account several factors, including the size and complexity of the business, fees paid at companies of a similar size and complexity, and the expected time commitment and contribution for the role. Additional fees may be paid for additional time commitments and/or responsibilities.</p> <p>Overall fees paid to Non-Executive Directors will remain within the limits set by the Company's Articles of Association from time to time or as otherwise approved by shareholders.</p>	<p>Non-Executive Directors are provided with Directors' and officers' insurance and indemnity protection and are eligible to be reimbursed for any reasonable hotel and travelling expenses and other reasonable expenses incurred in the performance of their duties.</p> <p>The Non-Executive Directors do not participate in the group's annual bonus, share plans or pension schemes.</p>

Remuneration policy on recruitment

When hiring a new Executive Director, the Committee will seek to align the remuneration package with the above policy. When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate and necessary in the circumstances. However, this discretion is capped and is subject to the limits referred to below:

- base salary will be set at a level appropriate to the role and the experience of the appointee. We may agree future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance;
- benefits and pension contributions will only be provided in line with the above policy;
- the Committee will not offer non-performance related incentive payments (for example a "guaranteed sign-on bonus");
- other elements may be included in the following circumstances:
 - an interim appointment being made to fill an Executive Director role on a short-term basis;
 - if exceptional circumstances require the Chairman or a Non-Executive Director to take on a short-term Executive function;
 - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and
 - if the Director will be required to relocate in order to take up the position, it is the group's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee;

Directors' remuneration report continued

Directors' remuneration policy continued

Remuneration policy on recruitment continued

- the Committee may also alter the performance measures, performance period and vesting period of the annual bonus or LTIP if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale for any such alterations will be clearly explained in the next Directors' remuneration report; and
- the maximum level of variable remuneration which may be granted (excluding "buyout" awards as referred to below) is 375% of salary, in line with the policy set out on pages 73 and 74.

The Committee may make payments or awards in respect of hiring an employee to "buy out" remuneration arrangements forfeited on leaving a previous employment or engagement. In doing so, the Committee will take account of relevant factors, including any performance conditions attached to the forfeited arrangements and the time over which they would have vested or been paid. The Committee will generally seek to structure buyout awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to previously. "Buyout" awards will ordinarily be granted on the basis that they are subject to forfeiture or "clawback" in the event of departure within twelve months of joining the group, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under the group's existing share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the policy in place at the time of appointment and based on current market rates of pay for equivalent roles.

External appointments

The group recognises that Executive Directors may be invited to become Non-Executive Directors of other companies and that this can help broaden the skills and experience of a Director. Subject to the approval of the Board, Executive Directors are normally permitted to accept external appointments and may retain fees for such appointments where no significant actual or potential conflict of interest arises and provided that the Director is able to maintain his time commitment to the group. There are currently no such appointments.

Payment for loss of office

The group's policy is that Executive Directors' service contracts should be capable of termination on not more than six months' notice. This policy was implemented during FY21 with notice periods being shortened by agreement with the continuing Executives. The duration of Directors' service contracts is disclosed on page 87. The principles on which the determination of payments for loss of office will be approached are set out below:

Element	Policy
Payment in lieu of notice	The group has discretion to make a payment in lieu of notice which would include base salary and benefits for the unexpired period of notice, up to a maximum of six months' notice.
Annual bonus	At the Committee's discretion, on an individual basis, any annual bonus award will be dependent on a number of factors, such as the circumstances of departure and their contribution to the business during the period. Any bonus will normally be pro-rated for time and will be paid at the usual time (although the Committee retains discretion to pay the annual bonus award earlier in appropriate circumstances). Any such bonus can, at the discretion of the Committee, be paid wholly in cash.
DBP	<p>Determined in accordance with the rules of the DBP.</p> <p>Unvested awards will normally lapse on cessation of employment. However, at the Committee's discretion, if a participant is deemed to be a "good leaver" (such as leaving due to death, ill health, injury, disability, redundancy or the sale of his employer), the Committee shall determine whether any unvested award will vest at cessation or at the normal vesting date. In either case, the extent of vesting will be determined by the Committee, taking into account, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the deferral period. Awards may then be exercised during such period as the Committee determines.</p> <p>Awards (in the form of nil-cost options) which have vested but remain unexercised at the date of cessation may be exercised if a participant is a good leaver at the discretion of the Committee. Awards may then be exercised for such period as the Committee determines.</p>

Directors' remuneration policy continued

Payment for loss of office continued

Element	Policy
LTIP	<p>Determined in accordance with the rules of the shareholder-approved LTIP.</p> <p>Unvested awards will normally lapse on cessation of employment. However, if a participant is deemed to be a good leaver, the Committee shall determine whether the award is released on the normal release date or the date of cessation (or on some other date). The extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the performance period. Awards may then be exercised during such period as the Committee determines.</p> <p>If a participant leaves for any reason (other than summary dismissal) after an award has vested but before it has been released (i.e. during the holding period), his award will ordinarily continue to the normal release date when it will be released to the extent it vested. The Committee retains discretion to release awards when the participant leaves. If the participant is summarily dismissed, their award will lapse. Awards (in the form of nil-cost options) which have vested and been released but remain unexercised at the date of cessation may be exercised if a participant is deemed to be a good leaver. Awards may then be exercised for such period as the Committee determines.</p>
Mitigation	<p>The Committee's practice is that if an Executive Director's employment is terminated, any compensation payment will be calculated in accordance with normal legal principles including the application of mitigation to the extent appropriate to the circumstances of the termination.</p>
Other payments	<p>In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees.</p>

Where a buyout award has been made, the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Where the Committee retains discretion, it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

There is no entitlement to any compensation in the event of Non-Executive Directors' fixed-term agreements not being renewed or the agreement terminating earlier.

Consideration of employees' pay

The Committee generally considers pay and employment conditions elsewhere in the group when considering the Directors' remuneration. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other employees. Employees are not actively consulted on Directors' remuneration. Employee share ownership is fundamental to the group's culture and is reflected in the universal participation in both of our share incentive plans.

Existing contractual arrangements

The Committee retains discretion to make any remuneration payment and/or payment for loss of office outside the policy in this report:

- where the terms of the payment were agreed before the policy came into effect, provided that they are in line with the Directors' remuneration policy approved at the 2021 AGM;
- where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company; and
- to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Consultation with shareholders

The Committee considers shareholder feedback received on remuneration matters, as well as any additional comments received during any other meetings with shareholders. The Committee consulted with major shareholders in respect of the changes to the remuneration policy that was approved at the 2021 AGM.

Directors' remuneration report continued

Annual report on remuneration

This report sets out details of the amounts earned by Directors during FY25 and provides details as to how the Committee intends to implement the policy during FY26. This part of the report will be subject to an advisory shareholder vote at the 2025 AGM. This report contains unaudited information except where stated that it is audited.

Remuneration Committee

The Committee comprises Dr Alison Fielding, who is Chair of the Committee, Chris Batterham, Dieter May and Dr Jalal Bagherli, each of whom is considered to be independent. The Committee may invite anyone it deems appropriate to attend and advise at meetings, including the Chief Executive Officer and the Chief Financial Officer, although no Director is present when their own remuneration is being discussed. The Committee is responsible for establishing a formal and transparent procedure for developing policy on Executive remuneration and for setting the remuneration of the Directors and certain senior management, as well as reviewing the performance of the Executive Directors of the Company. The terms of reference of the Remuneration Committee can be found in the Investors section of the group's website.

The Committee met two times during the year; its meetings are minuted and its recommendations are presented to the Board.

Advisers to the Committee

The Chief Executive Officer is consulted on the remuneration of those who report directly to him and also of other senior Executives. No Executive Director or employee is present or takes part in discussions in respect of matters relating directly to their own remuneration. During the year, the Committee was assisted in its work by the following external consultants:

Adviser	Details of appointment	Services provided by the adviser	Fees paid for remuneration advice	Other services in FY25
Deloitte LLP ("Deloitte")	Appointed by the Remuneration Committee in June 2015.	Various advice on Executive remuneration.	The fees for advice provided to the Committee during the financial year were £8,875 (2024: £8,875). Charged on a time/cost basis or fixed fee depending on project.	None.

Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under its Code of Conduct in relation to executive remuneration consulting in the UK. The Remuneration Committee took into account the Code of Conduct when reviewing the appointment of Deloitte. The Committee is satisfied that the remuneration advice provided by Deloitte is objective and independent.

Single total figure of remuneration for 2025 (audited information)

The remuneration of the Directors who served on the Board of Nanoco Group plc during the year to 31 July 2025 is as follows (footnotes for both tables are below the second table):

	Base salary and fees in cash ¹ £'000	Base salary and fees in shares £'000	Benefits in kind ² £'000	Annual bonus in cash £'000	Annual bonus in shares £'000	Long-term incentives £'000	Pension ³ £'000	Total 2025 £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors										
Dmitry Shashkov ⁷	243	—	—	91	91	—	13	438	256	182
Dr Nigel Pickett	219	—	1	82	82	47	17	449	237	211
Liam Gray	157	—	1	59	59	34	13	322	171	151
Brian Tenner ⁸	70	—	—	—	—	49	5	124	75	49
Total Executive Directors	689	—	2	232	232	130	48	1,332	739	594
Non-Executive Directors										
Dr Christopher Richards	33	14	—	—	—	—	—	47	47	—
Dr Alison Fielding ⁴	37	18	—	—	—	—	—	55	55	—
Chris Batterham ⁴	37	18	—	—	—	—	—	55	55	—
Dieter May ⁵	33	17	—	—	—	—	—	50	50	—
Dr Jalal Bagherli ⁶	43	33	—	—	—	—	—	77	77	—
Total Non-Executive Directors	183	101	—	—	—	—	—	284	284	—
Total	872	101	2	232	232	130	48	1,616	1,023	594

Annual report on remuneration continued

Single total figure of remuneration for 2025 (audited information) continued

The remuneration of the Directors who served on the Board of Nanoco Group plc during the year to 31 July 2024 was as follows:

	Base salary and fees ¹ £'000	Benefits in kind ² £'000	Annual bonus in cash £'000	Annual bonus in shares £'000	Long-term incentives £'000	Pension ³ £'000	Total 2024 £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors									
Brian Tenner	300	1	—	—	—	22	323	323	—
Dr Nigel Pickett	214	1	—	—	—	17	232	232	—
Liam Gray	153	1	—	—	—	13	167	167	—
Total Executive Directors	667	3	—	—	—	52	722	722	—
Non-Executive Directors									
Dr Christopher Richards	100	—	—	—	—	—	100	100	—
Dr Alison Fielding ⁴	50	—	—	—	—	—	50	50	—
Chris Batterham ⁴	50	—	—	—	—	—	50	50	—
Dieter May ⁵	25	—	—	—	—	—	25	25	—
Dr Jalal Bagherli ⁶	16	—	—	—	—	—	16	16	—
Total Non-Executive Directors	241	—	—	—	—	—	241	241	—
Total	908	3	—	—	—	52	963	963	—

- 1 If less than a year was served, salary or fees are from the date of appointment or to the date of retirement. The Executive Directors' salaries are shown before any salary sacrifice pension contributions.
- 2 The benefits provided to the Executive Directors are individual memberships of the employee private healthcare scheme. Executive Directors also receive life cover which is contained within a policy covering all employees such that it is not possible to identify the proportion of the premium in respect of Directors either individually or as a whole.
- 3 The pension figure represents the cash value of group pension contributions and/or cash in lieu of pension contributions. This does not include the amount of the salary sacrifice paid as a pension but does include the employer National Insurance saved that is paid into a private pension scheme.
- 4 Dr Alison Fielding and Chris Batterham received a fee increase from 1 February 2024 to £55,000.
- 5 Dieter May was appointed to the Board on 1 February 2024 on an annualised fee of £50,000. The figure above in FY24 discloses his fee between the date of his appointment and 31 July 2024.
- 6 Dr Jalal Bagherli was appointed to the Board on 5 April 2024 on an annualised fee of £50,000. The figure above in FY24 discloses his fee between the date of his appointment and 31 July 2024.
- 7 Dmitry Shashkov was appointed to the Board on 22 October 2024 on an annualised salary of £310,000. The figure above in FY25 discloses his fee between the date of his appointment and 31 July 2025.
- 8 Brian Tenner left the Board on 22 October 2024 and his remuneration in the FY25 table above is that earned to that date, including the proportion of his LTIP which vested by reference to performance to 31 July 2025 which is attributable to the period from 1 August 2022 to 22 October 2024.

Individual elements of remuneration for the year ended 31 July 2025

Base salary

Executive Directors' base salaries for FY25 were set as disclosed in the FY24 Directors' remuneration report taking into account in the case of each Executive Director the 2.5% inflationary increase. Accordingly, the salaries were set as: Brian Tenner, £307,751 (2024: £300,245); Dr Nigel Pickett, £219,007 (2024: £213,665); and Liam Gray, £156,673 (2024: £152,852). Dmitry Shashkov joined the Board on 22 October 2024 and his salary was set at £310,000 per annum from this date.

Directors' remuneration report continued

Annual report on remuneration continued

Individual elements of remuneration for the year ended 31 July 2025 continued

Annual bonus continued

For the year ended 31 July 2025, the maximum bonus for Dmitry Shashkov, Dr Nigel Pickett and Liam Gray was 125% of salary (with Dmitry Shashkov's being time apportioned for his joining date). The annual bonus comprised two elements: financial corporate objectives (60% of award or 75% of salary); and an objective linked to the CDX process (40% of award or 50% of salary). Brian Tenner was not eligible to earn a bonus in respect of the year ended 31 July 2025.

Threshold financial target performance was achieved during the year on one of the two financial metrics. Performance against the CDX process element was deemed to be partially achieved. Performance against financial and CDX process targets is shown in the tables below with the financial and corporate measures and their weighting as a percentage of maximum award for the year ended 31 July 2025:

Measure and weighting as a percentage of maximum award	Threshold performance level	Maximum performance level	Performance achieved	Bonus earned as a percentage of maximum award
Revenue and other operating income excluding licence (40%)	£0.9m	£1.2m	£1.3m	100%
Adjusted EBITDA (20%)	£1.9m	£2.3m	£1.5m	0%
CDX process (40%)	Not disclosed	Not disclosed	Not disclosed	50%

The Committee concluded that for the assessment of the financial metrics, the performance achieved should be taken from the statutory accounts. Specific bonus targets relating to the CDX process have not been disclosed by the Committee as they are considered to be commercially sensitive. Bonuses were paid post year end with 50% in cash, and 50% in DBP awards.

The LTIP awards granted in October 2022 vested by reference to performance assessed over the three year period ending with FY25 based on share price and revenue measures, equally weighted. The threshold level of share price performance was not achieved and that element of the awards lapsed. The revenue elements of the award vested at 92.36% of maximum. Further information is included in the table below. The vested awards will be exercisable after the two year holding period.

Executive Director	Total shares under award	Share price				Revenue				Vested shares
		Threshold	Maximum	Actual	Vesting %	Threshold	Maximum	Actual	Vesting %	
Dr Nigel Pickett	848,780									391,967
Liam Gray	607,201	£0.55	£0.70	£0.1198	0%	£5.0m	£8.0m	£7.6m	92.36%	280,405
Brian Tenner	995,560 ¹									459,750 ¹

¹ The shares under award and vested shares for Brian Tenner are stated after the reduction to reflect his departure from the business.

² In the single total figure of remuneration, the value of the vested shares is calculated by reference to a share price of £0.1198, being the average share price over the last quarter of FY25.

LTIP awards granted in FY25

Awards to the Executive Directors made on 16 December 2024 were as follows:

Director	Type of award	Percentage of salary ¹ %	Number of options	Face value at grant date ¹ £'000	Face value at grant less exercise price £'000	Performance period Years
Dmitry Shashkov	Share award	83%	1,881,067	258	258	1
Dr Nigel Pickett	Share award	50%	797,354	109	109	1
Liam Gray	Share award	50%	570,412	78	78	1

¹ The face value of the awards is calculated based on a share price of £0.1373, being the share price used to determine the number of shares under award. Having regard to the CDX process and its likely timescale, awards were reduced to one-third of the originally intended grants.

The vesting of the awards is based on the satisfaction of performance conditions. The Directors consider that in the Company's current circumstances the performance conditions remain commercially sensitive. However, in the view of the Remuneration Committee, the targets are set at an appropriately stretching level. The targets will be disclosed when the vesting outturn is disclosed.

Annual report on remuneration continued

Payments made to former Directors and payments for loss of office during the year (audited information)

Brian Tenner (stepped down from the Board and CEO role on 25 July 2024)

Brian Tenner stepped down from the Board on 22 October 2024. His remuneration earned in FY25 up to this date is included in the single total figure of remuneration. Mr Tenner remained an employee until 31 January 2025 and continued to receive his base salary, pension, and benefits until this date. A payment of £1,500 was made in respect of statutorily required legal fees incurred by Mr Tenner.

Statement of Directors' shareholding and share interests (audited information)

Having regard to Mr Tenner's length of service and his leadership of the business through challenging times in which the Company has achieved a number of significant milestones, the Remuneration Committee exercised discretion to enable Mr Tenner to retain his existing LTIP and DBP awards. Mr Tenner's LTIP award granted in October 2022 was reduced on a time pro-rated basis to reflect his period of time in employment during the relevant performance period, with the vesting amount disclosed earlier in this report. Mr Tenner's LTIP award granted in January 2024 has been retained and will vest subject to the performance conditions and a pro-rata reduction to reflect his period of time in employment during the relevant performance period. Mr Tenner's DBP options granted in October 2022 and January 2024 were retained and vest on their original vesting dates.

As announced on 19 August 2025, Nigel Pickett confirmed his intention to step down from the Board. Details of his remuneration arrangements, in line with section 430(2B) of the Companies Act 2006, are available to view on the Company's website.

Directors' interests in share options to acquire ordinary shares of 10 pence in the Company, including options held under the Deferred Bonus Plan ("DBP"), were as follows:

Share options	Date granted	Exercise price	At 1 August 2024	Exercised during the year	Lapsed	Granted during the year	At 31 July 2025
Dr Nigel Pickett	27 Oct 2022	Nil	848,780	—	(456,813)	—	391,967
	27 Oct 2022 ¹	Nil	501,421	—	—	—	501,421
	23 Jan 2024 ²	Nil	1,604,897	—	—	—	1,604,897
	23 Jan 2024 ¹	Nil	424,667	—	—	—	424,667
	16 Dec 2024 ²	Nil	—	—	—	797,354	797,354
Dmitry Shashkov	16 Dec 2024 ²	Nil	—	—	—	1,881,067	1,881,067
Liam Gray	27 Oct 2022	Nil	607,201	—	(326,796)	—	280,405
	27 Oct 2022 ¹	Nil	253,161	—	—	—	253,161
	23 Jan 2024 ²	Nil	1,148,112	—	—	—	1,148,112
	23 Jan 2024 ¹	Nil	294,894	—	—	—	294,894
	16 Dec 2024 ²	Nil	—	—	—	570,412	570,412
Brian Tenner	27 Oct 2022	Nil	1,192,716	—	(732,966)	—	459,750
	27 Oct 2022 ¹	Nil	649,072	(649,072) ³	—	—	—
	23 Jan 2024 ²	Nil	2,255,220	—	—	—	2,255,220
	23 Jan 2024 ¹	Nil	577,736	—	—	—	577,736

1 Deferred Bonus Plan awards.

2 Unvested share options still subject to performance conditions.

3 Brian Tenner was no longer a Director of Nanoco Group plc when these options were exercised.

Director shareholdings

In order to align the interests of Executive Directors with those of shareholders and to demonstrate the Executive Directors' ongoing personal financial commitment to the business, Executive Directors are expected to build up a shareholding equivalent to 200% of annual salary for all Executive Directors. Executive Directors are required to retain at least 50% of any post-tax shares that vest under any share incentive plans until this shareholding is reached.

Dr Nigel Pickett holds shares substantially in excess of the shareholding guideline (c.408% of salary using the three-month average closing share price to the end of July 2025). Dmitry Shashkov, having joined the Board in October 2024, is building up a holding which currently stands at 66% of salary. Liam Gray, having joined the Board in November 2021, is building up a holding which currently stands at 11% of salary (32% assuming 50% of all Deferred Bonus Plan awards are retained until the minimum shareholding is achieved). Non-Executive Directors are not subject to the shareholding requirement.

Directors' remuneration report continued

Annual report on remuneration continued

Director shareholdings continued

Directors' interests in the shares of the Company, including family and beneficial interests, at 31 July 2025 (or when they ceased being Directors of the Company) were:

	Ordinary shares of 10p each			
	31 July 2025 Number ¹	31 July 2025 % ¹	31 July 2024 Number	31 July 2024 %
Current Directors				
Dr Nigel Pickett	7,450,694	3.83	7,450,694	3.68
Dmitry Shashkov	1,707,000	0.88	—	—
Liam Gray	142,001	0.07	142,001	0.07
Dr Alison Fielding	172,015	0.09	172,015	0.08
Chris Batterham	124,971	0.06	124,971	0.06
Dieter May	—	—	—	—
Dr Jalal Bagherli	1,965,380	1.01	—	—
Previous Directors				
Dr Christopher Richards	941,751	0.48	941,751	0.46
Brian Tenner	1,482,583	0.76	1,482,583	0.73
Total for Directors	13,986,395	7.19	10,314,015	5.09

¹ For Brian Tenner and Dr Christopher Richards, this is the number of shares they held when they stepped down from the Board of Nanoco Group plc.

None of the Directors in office as at 31 July 2025 had any interests at that date in shares of any other group company.

On 5 September 2025 the Company issued new shares to satisfy the deferral of Directors' fees during FY25. As a result, Dr Jalal Bagherli increased his holding by 319,973, Dr Alison Fielding increased her holding by 175,983, Chris Batterham increased his holding by 114,097 and Dieter May increased his holding by 159,349.

The market price for Nanoco shares as at 31 July 2025 was 13.4 pence per share; the highest and lowest prices during the year were 15.2 pence and 7.0 pence respectively.

Details of share options are set out in note 23 to the financial statements.

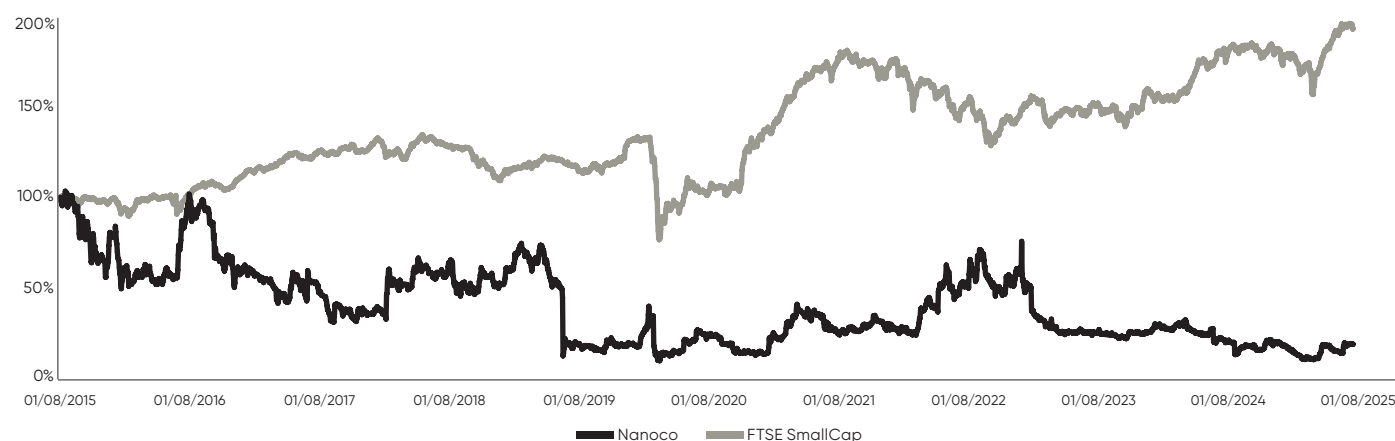
Unaudited information

Historical comparative TSR performance graph

The performance graph below shows the Company's total shareholder return ("TSR") against the FTSE SmallCap over the period from 1 August 2015 to 31 July 2025. In the opinion of the Board, the FTSE SmallCap is the most appropriate index against which the TSR of the Company should be measured because it represents a broad equity market index.

Total shareholder return

The graph shows the percentage return of an investment in the Company's shares on 1 August 2015 compared with the percentage return of an investment notionally invested in the FTSE SmallCap index.



Annual report on remuneration continued

Unaudited information continued

Ten-year view of CEO remuneration

CEO remuneration	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total remuneration (£'000) ¹	406	327	312	505	323	298 ²	503	660	323	438 ³
Annual bonus (% of max vesting)	40	—	—	52	—	43	75	95	—	60
LTIP (% of max vesting)	—	—	—	—	—	—	—	—	—	— ⁴

1 The previous CEO's (Dr Michael Edelman) remuneration was paid in US Dollars but reported in Sterling in this table for the years 2016 to 2020. The exchange rate used for this purpose varied during the year.

2 Brian Tenner was appointed CEO on 1 September 2020, having previously been CFO and COO. There was no change in Brian Tenner's remuneration at that time to reflect the change in position with the proposed increase being made in two deferred tranches on 1 August 2021 and 1 August 2022. Having regard to the proportion of 2021 for which Brian Tenner was CEO, his remuneration as a Director for the full year is included for that year, and the remuneration of Dr Michael Edelman for the part of the year when he was CEO is not included.

3 Dmitry Shashkov was appointed to the Board on 22 October 2024 on an annualised salary of £310,000. The figure above in FY25 discloses his remuneration between the date of his appointment and 31 July 2025.

4 The current CEO did not participate in the LTIP granted in October 2022 and which vested by reference to performance in 2025 at the level of 46% of maximum as disclosed earlier in this report.

Percentage change in the remuneration of the Board

The table below shows the percentage change in each Director's salary, benefits and annual bonus between the current and previous financial year, and the average percentage change in the same remuneration over the same period in respect of the employees of the group on a full-time equivalent basis. The average employee change has been calculated by reference to the mean of employee pay, excluding new starters in the year.

Brian Tenner and Chris Richards left the Board during FY25. Accordingly, they are not included in the table below as the percentage change in remuneration between FY24 and FY25 is not considered a meaningful comparison.

		Average employee	Dmitry Shashkov	Dr Nigel Pickett	Liam Gray ²	Dr Alison Fielding	Chris Batterham	Dr Jalal Bagherli	Dieter May
Salary/fees ¹	FY25	3.5%	100%	2.5%	2.5%	10%	10%	381%	100%
	FY24	5%	N/A	3%	3%	9%	9%	100%	100%
	FY23	9%	N/A	6%	70%	0%	0%	N/A	N/A
	FY22	4%	N/A	16%	N/A	30%	30%	N/A	N/A
	FY21	7%	N/A	(9%)	N/A	(13%)	(13%)	N/A	N/A
Taxable benefits ³	FY25	260%	100%	104%	98%	N/A	N/A	N/A	N/A
	FY24	100%	N/A	100%	100%	N/A	N/A	N/A	N/A
	FY23	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	FY22	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	FY21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual bonus	FY25	(55%)	100%	100%	100%	N/A	N/A	N/A	N/A
	FY24	(29%)	N/A	(100%)	(100%)	N/A	N/A	N/A	N/A
	FY23	27%	N/A	38%	108%	N/A	N/A	N/A	N/A
	FY22	0%	N/A	100%	N/A	N/A	N/A	N/A	N/A
	FY21	100%	N/A	0%	N/A	N/A	N/A	N/A	N/A

1 The Non-Executive Directors' fees were reduced by 35% between 1 April 2020 and 31 March 2021, and deferred by 35% with effect from 1 April 2021. This deferral was repaid in July 2022.

2 The increases in salary and bonus for Liam Gray for FY23 are calculated by reference to the increase between the values included in the single total figure of remuneration for FY22 and FY23. Therefore, those increases reflect that for FY22 the relevant values related to a part year only.

3 An employee healthcare plan was implemented in FY24 and is available to all staff including Executive Directors.

The data above is distorted by a number of factors including joining dates, changes in roles and salary and pay cuts taken by Directors as part of group actions to manage the Covid-19 pandemic. From April 2020, some but not all staff had 20% pay cuts for six months. Executive Directors and other members of the leadership team had 20% pay cuts for a full twelve months. The increases in Executive pay in FY22 are therefore primarily or wholly the result of the end of the temporary Covid-19 pandemic pay cut.

Directors' remuneration report continued

Annual report on remuneration continued

Unaudited information continued

Relative importance of spend on pay

The following table sets out the percentage change in returns to shareholders and the overall expenditure on pay (across the whole group).

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000	% change
Return to shareholders	1,000	32,000	(97%) ¹
Overall expenditure on pay	3,253	3,396	(4%)
Average headcount	45	50	(10%)

¹ The significant decrease in the returns to shareholders reflects the return of value to shareholders from litigation proceeds in FY24.

Implementation of policy for the year commencing 1 August 2025

Base salary

Base salaries are reviewed annually with effect from 1 August. For the year commencing 1 August 2025, the workforce had an increase of 3.5%. Each of the Executive Directors in office as at 1 August 2025 had an increase of 2.5%.

	2025	2024	% change
Chief Executive Officer – Dmitry Shashkov	£317,750	£310,000	2.5%
Chief Technical Officer – Dr Nigel Pickett	£224,482	£219,007	2.5%
Chief Financial Officer – Liam Gray	£160,590	£156,673	2.5%

Changes to Non-Executive Directors' fees

Non-Executive Directors' base fees remain the same at £50,000 (2024: £50,000).

	2025	2024
Chairman fee	£100,000	£100,000
NED base fee	£50,000	£50,000
Chair of Committee fee	£5,000	£5,000

Pension

The group operates a salary sacrifice pension arrangement. For the year commencing 1 August 2025, employer pension contributions above the amount of any salary sacrifice (and the associated employer National Insurance contribution savings) have remained at 7.5% of salary for the whole workforce, including the Executive Directors.

Annual bonus

For FY26, the maximum annual bonus potential will remain at 125% of base salary for Executive Directors. Up to the full amount of any such bonus earned can be paid as deferred shares under the DBP vesting after two years with any balance paid in cash. This reflects our stakeholder philosophy, provides a longer-term retention mechanism and provides alignment with shareholders.

Consistent with the FY25 annual bonus, performance will be assessed on the basis of a balanced scorecard approach in respect of performance measures. The bonus targets will be based on 50% financial targets and 50% corporate targets. The financial measures for FY26 will include annual revenue and adjusted EBITDA weighted 25%:25% respectively. The corporate targets are considered to be commercially sensitive. The Committee will disclose the metrics and performance against these on a retrospective basis to the extent that these are not commercially sensitive.

Clawback will apply to any cash bonus paid and malus provisions to any unvested deferred bonus award.

LTIP

The Committee intends to make awards of up to 150% of salary to the CEO and CFO after the announcement of the group's full-year results for the year ended 31 July 2025 (subject to market conditions at the time of award). No award will be made to the former CTO. The Committee will agree targets if and when any LTIP awards are made during FY26, dependent on the outcome of the CDX process. All awards will continue to be in line with the approved remuneration policy. This will include a two-year post-vesting holding period.

Annual report on remuneration continued

Unaudited information continued

Statement of voting

The group is committed to ongoing dialogue with its shareholders and takes an active interest in trying to ensure that as many shareholders as possible submit their votes in time for any shareholder meetings. The following table sets out the actual voting in respect of the resolutions to approve the Directors' remuneration policy and the Directors' remuneration report at the Company's Annual General Meeting held on 21 January 2025.

Resolution	Votes for	% for	Votes against	% against	Votes withheld
To approve the Directors' remuneration policy	50,613,301	81.6%	11,415,294	18.4%	240,556

Resolution	Votes for	% for	Votes against	% against	Votes withheld
To approve the Directors' remuneration report	50,737,248	81.8%	11,296,303	18.2%	235,600

Directors' contracts

It is the group's policy that Executive Directors should have contracts with an indefinite term, providing for six months' notice.

	Date of contract	Date of appointment	Notice from the Company	Notice from Director
Dmitry Shashkov	21 October 2024	21 October 2024	6 months	6 months
Dr Nigel Pickett	27 June 2006	27 June 2006	6 months	6 months
Liam Gray	8 November 2021	8 November 2021	6 months	6 months

All Directors will offer themselves for re-election at each AGM in accordance with the UK Corporate Governance Code. Service contracts are available for inspection at the registered office of the Company.

	Date of letter of appointment	Date of appointment	Unexpired term of contract on 31 July 2025
Dr Jalal Bagherli (Chairman)	21 December 2023	5 April 2024	5 April 2027
Dr Alison Fielding	20 March 2017	20 April 2017	~9 months
Chris Batterham	12 March 2019	1 April 2019	~8 months
Dieter May	21 December 2023	1 February 2024	1 February 2027

Non-Executive Directors

All Non-Executive Directors are appointed for an initial three-year term and then on a rolling annual term. Non-Executive Directors' appointments may be terminated on not less than three months' notice from either party.

On behalf of the Board

Dr Alison Fielding

Remuneration Committee Chair

21 November 2025

Directors' report

The Directors present their report and the audited financial statements for the group and Parent Company for the year ended 31 July 2025.

Financial instruments

Details of the group's financial risk management objectives and policies are disclosed in notes 3 and 26 to the financial statements.

Research and development

The principal activity of the group is research and development with the goal to transition to a commercial production company, a review of which is included in the Chairman's statement and CEO statement on pages 5 to 8 and 9 to 13 respectively.

Total research and development spend was £2.0 million (2024: £1.6 million). No development expenditure was capitalised in the year (2024: £nil) for the reasons provided in note 3(h) to the accounts.

Dividends

The Directors do not recommend payment of an ordinary dividend (2024: £nil).

Disclosures reported elsewhere in the Annual Report

The strategic review of the business of the Company and its subsidiaries is given on pages 5 to 49. Certain information required for disclosure in this report is provided in other appropriate sections of this Annual Report. These are set out in the table below:

Disclosure requirement	Pages
Financial results and dividends	30-32
Board and Committee meetings and Directors' attendance	53
Directors' biographical details and date of appointment	50-51
Corporate governance	52-54
Approach to risk management and principal risks	33-35
Research and development activities	29
Directors' remuneration	73-87
Greenhouse gas emissions, employee engagement, disability, gender and human rights	38-47
Statement on disclosure to the external auditors	91
Statement of Directors' responsibilities	91
Future developments	7 and 14
Going concern statement	36 and 37
Disclosures on financial instruments (note 26 to the consolidated financial statements)	125-129

The disclosures are, accordingly, incorporated into this report by reference.

Requirements of the Listing Rules

The following table provides references to where the information required by the Listing Rule 6.6.1R is disclosed:

Listing Rule requirement	Location
Information required in relation to the publication of unaudited financial information	Not applicable
Details of any long-term incentive schemes	Remuneration report
Directors who held office during the year and their interests in shares and share options in the group	Remuneration report
Arrangements where a Director has waived historical or future emoluments from the group	Remuneration report on Chairman's fees
Details of business relationships with suppliers, customers and others	Strategic report
Details of any non-pre-emptive issues of equity for cash	Not applicable
Details of any non-pre-emptive issues of equity for cash by any unlisted major subsidiary	No such share allotments
Details of UK Parent participation in a placing by a listed subsidiary	No such share participations
Details of any contract of significance in which a Director is or was materially interested	No such contracts
Details of rules regarding the appointment and replacement of Directors	Remuneration report
Contracts of significance between the Company (or a subsidiary) and a controlling shareholder	No such contracts
Details of a waiver of dividends by a shareholder	No such waivers
Board statement in respect of relationship agreement with the controlling shareholder	No such agreements

Acquisition of the Company's own shares

In October 2025 the Company completed the broker managed on-market buy-back commenced in April 2024. During FY25 £1.0 million was returned to shareholders via this mechanism which led to the purchase and subsequent cancellation of a further 8.0 million shares as approved by shareholders at the general meeting held on 28 March 2024.

Share capital and funding

As at 31 July 2025, share capital comprised 194.6 million ordinary shares of 10 pence each (2024: 202.6 million). There is only one class of share and all shares are fully paid. Full details of the group's and Company's share capital movements during the year are given in note 21 to the financial statements.

Pursuant to the general provisions of the Articles of Association and prevailing legislation, there are no specific restrictions on the size of a holding. The Directors are not aware of any restrictions on the transfer of ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law and regulations, e.g. insider trading laws, and pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require prior approval from the Company to deal in the Company's securities.

The Company is not aware of any agreements between shareholders that may result in restrictions on voting rights and the transfer of securities.

Details of shares under option are provided in note 23 to the financial statements.

Foreign branches

The group has just one foreign location, a subsidiary in the US, which provides management services to the UK business.

Directors and their interests

The Directors who held office throughout the year and their interests are shown in the Remuneration report. As at 31 July 2025, none of the Directors had any interests in shares of any other group company.

No Director had an interest in any contract that was significant in relation to the group's business at any time during the year.

Directors are formally subject to re-election at intervals of not more than three years but voluntarily submit themselves for re-election each year.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group and Company's auditors are aware of that information.

Directors' indemnity insurance

The group has maintained insurance in the form of a qualifying third-party indemnity provision throughout the year for its Directors and Officers against the consequences of actions brought against them in relation to their duties for the group. This provision was in force through the financial year and remains in force as at the date of approval of the financial statements.

Substantial shareholders

The Company is aware that the following had an interest in 3% or more of the issued ordinary share capital of the Company at 31 July 2025:

	Number of ordinary shares at 31 July 2025	% of issued share capital
Substantial shareholders		
Hargreaves Lansdown Asset Management	41,476,132	21.31
Interactive Investor	24,901,740	12.80
Milkwood Capital	16,000,000	8.22
Employee Benefit Trust ("EBT")	13,102,486	6.73
Barclays Smart Investor	9,366,795	4.81
HSDL, stockbrokers	8,315,249	4.27
Dr Nigel Pickett	7,450,694	3.83
AJ Bell, stockbrokers	6,727,492	3.46
Cable Car Capital	6,538,626	3.36

Donations

No political donations were made in the year (2024: £nil). Charitable donations of £176 were made in the year (2024: £100).

Compliance with the UK Corporate Governance Code

The statements of compliance with the principles of the UK Corporate Governance Code published by the FRC in 2018 are set out on page 57.

Directors' report continued

Additional information for shareholders

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code 2018, the Companies Act 2006 and related legislation.

The Articles themselves may be amended by special resolution of the shareholders. The Articles provide that Directors may be appointed by an ordinary resolution of the Company's members or by a resolution of the Directors, provided that, in the latter instance, a Director appointed in this way retires and stands for election at the first Annual General Meeting following his appointment.

The Articles also provide that at every Annual General Meeting at least one-third of the Directors retire by rotation, and set out the circumstances in which and how they may be re-elected. All Directors retire annually and are proposed for re-election at the AGM. The Company's members may remove a Director by passing an ordinary resolution of which special notice has been given. The office of a Director shall be vacated in any of the following events: (a) if (but in the case of a Director holding any executive office subject to the terms of any contract of service between him and the Company) notification in writing, signed by the Director or otherwise authenticated in such manner as the other Directors may accept, is received by the Company from the Director that he is resigning or retiring from office as a Director, and such resignation or retirement has taken effect in accordance with its terms, or if he shall in writing offer to resign or retire and the Directors shall resolve to accept such offer; (b) if he becomes bankrupt or has a receiving order made against him or makes any arrangement or composition with his creditors generally in satisfaction of his debts or shall apply to the court for an interim order under section 253 of the Insolvency Act 1986; (c) if a registered medical practitioner who is treating the Director gives a written opinion to the Company stating that he has become physically or mentally incapable of acting as a Director and may remain

so for more than three months; (d) if he is absent from meetings of the Directors for six successive months without leave, and his alternate Director (if any) shall not during such period have attended in his stead, and the Directors resolve that his office be vacated; (e) if he shall be removed from office by notice in writing served upon him signed by all his co-Directors, but so that if he holds an appointment to an executive office which automatically determines, as a result, such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company; or (f) if he ceases to be a Director by virtue of any provision of the Companies Act or becomes prohibited by law from being a Director.

The powers of the Directors are determined by applicable legislation and the Company's Articles of Association. As provided in those Articles, the Directors may exercise all the Company's powers provided that the Articles or applicable legislation do not stipulate that any such powers must be exercised by the Company's members. The Directors have been authorised to issue and allot ordinary shares, pursuant to the Articles, and have authority to make market purchases of shares. These powers are referred to shareholders at each Annual General Meeting for renewal. Any shares purchased may be cancelled or held as treasury shares.

Employment policies

The group is committed to ensuring the health and safety of its employees in the workplace. This includes the provision of regular medical checks.

The group supports the employment of disabled people where possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

The group is committed to keeping employees as fully informed as possible with regard to the group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees.

Independent auditors

Forvis Mazars LLP was appointed in 2022 following an external tender process. Forvis Mazars LLP has indicated its willingness to continue in office.

Ordinary resolutions to re-appoint Forvis Mazars LLP as auditors and to authorise the Directors to agree its audit fee will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting notice

The Annual General Meeting of the Company will be held on 13 January 2026, at the Company's headquarters at The Conference Centre, The Heath Business and Technical Park, Runcorn WA7 4QX. Shareholders will have the option to attend in person or through teleconference, with the teleconference details to be provided. The notice convening the AGM, together with an explanation of the resolutions to be proposed at the meeting, will be sent to shareholders separately from this document.

Post-balance sheet events

On 5 September 2025 the Company issued 935,778 new ordinary shares to satisfy the deferral of Directors' fees during FY25, as detailed on page 84.

On 4 November 2025 the group announced it has signed a three-year extension to its existing JDA with the Asian Chemical Customer.

On 20 November 2025, the patent infringement lawsuit against LG Electronics was concluded with a no fault settlement for \$5m.

On behalf of the Board

Dmitry Shashkov
Chief Executive Officer
21 November 2025

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts 2025 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and the Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the group financial statements in accordance with UK adopted International Financial Reporting Standards.

The Company has also prepared financial statements in accordance with UK adopted International Financial Reporting Standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and Company and of the profit or loss of the group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

Directors' confirmations

The Directors consider that the Annual Report and Accounts 2025, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate governance report, confirm that, to the best of their knowledge:

- the group and Company financial statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted International Financial Reporting Standards, give a true and fair view of the assets, liabilities and financial position of the group and Company, and of the profit of the group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the group and Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Dmitry Shashkov
Chief Executive Officer
21 November 2025

Independent auditor's report to the members of Nanoco Group plc

Opinion – group

We have audited the consolidated financial statements of Nanoco Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2025 which comprise the Consolidated statement of comprehensive income, Consolidated statement of changes in equity, group statement of financial position, group cash flow statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 July 2025 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Qualified Opinion – parent company

We have audited the parent company financial statements of Nanoco Group Plc for the year ended 31 July 2025 which comprise the Company statement of changes in equity, Company statement of financial position, Company cash flow statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion – parent company" section, the parent company financial statements:

- give a true and fair view of the state of affairs of the parent company as at 31 July 2025.
- have been properly prepared in accordance with UK-adopted

international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion – group

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis for qualified opinion – parent company

The parent company's financial statements include an investment in subsidiaries carried at £12 million after the impairment referred to in the following paragraph.

An impairment of £35 million has been recognized against the investment carrying value to arrive at the amount disclosed. However, we have not been able to obtain sufficient appropriate audit evidence to support either the carrying amount of the investment or the impairment recognized. Consequently, we were unable to determine whether any further adjustments might be necessary to the carrying value of the investment, the parent company's loss for the year, the parent company's reserves and the related disclosures in the financial statements as at 31 July 2025.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the

parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the parent company's future financial performance
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, as described in note 2c, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible downside scenarios. This included assessing the viability of mitigating actions within the directors' control;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;

- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit;
- Considering events that have occurred post the balance sheet date and its impact on the key assumptions and forecasts used in assessing going concern; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to Nanoco Group Plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement

(whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinions above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report and follow up letter to the Audit Committee.

Key Audit Matter	How our scope addressed this matter
<p>Valuation of investment (parent company)</p> <p><i>Refer to page 104 (accounting policy) and page 118 of the financial disclosures.</i></p> <p>The parent company's investment in subsidiaries is disclosed at £12.1 million, following recognition of an impairment charge of £35.0 million (prior year reversal: £3.8 million). Given the magnitude of the balance, the complexity of the impairment assessment, and the significant judgements and the change to the methodologies applied in the year, we identified this as a key audit matter.</p> <p>Management determined the recoverable amount of these investments using a value-in-use (VIU) calculation based on forecasted cash flows from organic operations. This represents a change from the prior year's approach, which incorporated expected litigation proceeds within the VIU model. The change was driven by increased uncertainty regarding litigation-related cash flows. As a result of this revised methodology, a significant impairment charge was recognized during the year.</p> <p>The financial statements (note 2), disclose the relevant information regarding the method adopted by management in calculating the value-in-use and the key assumptions relevant to this calculation.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> → Obtaining an understanding of the parent company's processes and controls over impairment of investments in subsidiaries and assessing the design and implementation of relevant controls; → Assessing and challenging the assumptions and impairment triggers set out in management's paper, including evaluating whether the indicators identified were consistent with IAS 36 requirements; → Performing detailed procedures over management's VIU calculation, including: <ul style="list-style-type: none"> → Assessing and challenging the appropriateness of the discounted cash flow model against IAS 36 Impairment of Assets; → Assessing and challenging the assumptions used in management's impairment model to determine whether they were appropriately supportable based on historical performance and other available evidence; → Confirming the mathematical accuracy of the VIU model and agreeing key inputs to approved budgets, historical results, and supporting documentation; → Engaging our valuation experts to assess the appropriateness of the discount rate (WACC) applied in the VIU model; → Performing sensitivity analyses to evaluate the impact of changes in key assumptions on the recoverable amount. → Assessing whether the change in methodology for cash flow projections represented a prior year adjustment under IAS 8; → Performing a stand-back assessment of all evidence obtained regarding investments in subsidiaries to confirm its sufficiency and appropriateness in supporting our conclusions; and → Evaluating the adequacy of disclosures in the financial statements to ensure compliance with IAS 36 requirements.

Our observations

Based on the audit procedures performed and as described in the basis for qualified opinion – parent company section of our report, we are unable to obtain sufficient and appropriate audit evidence to support the valuation of the investment in subsidiaries' balance amounting to £12 million. The parent company audit opinion has been qualified in respect of this matter.

Independent auditor's report to the members of Nanoco Group plc continued

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group materiality	Parent company materiality
Overall materiality	£212,000 (2024: £306,000)	£172,000 (2024: £300,000)
How we determined it	We determined overall materiality for the group using a benchmark of approximately 1% total assets.	This was determined at 1% of total assets excluding the value of investment in subsidiaries.
Rationale for benchmark applied	We have considered total assets to be the key metric for determining materiality given the group's focus on continued growth through its intangible asset portfolio. Therefore, this is considered most relevant measure of the underlying position of the group.	Nanoco Group Plc is a holding entity and therefore not profit or revenue focused. Total assets is deemed to be the most appropriate benchmark for the users of the financial statements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £148,000 (2024: £214,000) which represents 70% of overall materiality.	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Based on our risk assessments, together with our assessment of the company's overall control environment, we set performance materiality at £120,000 (2024: £210,000), which represents 70% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £6,000 (2024: £9,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.	We agreed with the directors that we would report to them misstatements identified during our audit above £5,000 (2024: £9,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, Nanoco Group Plc and Nanoco Technologies Limited were subject to full scope audit performed by the group audit team. Nanoco Employee Trust and Nanoco US Service Co. were subject to audit procedures over account balances and disclosures as each component was not deemed individually financially significant enough to require a full scope audit for group reporting purposes. The remaining components, Nanoco Tech Limited, Nanoco Life Services Limited and Nanoco 2D Limited were subject to analytical procedures and review of financial information at group level. The audit of the component financial information was performed by the group engagement team under the engagement partner's direct supervision.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In respect of the matter described in the "Basis for qualified opinion – Parent Company" paragraph, we have not been able to obtain sufficient appropriate audit evidence. Accordingly, we are unable to conclude whether the other information is materially misstated in relation to that matter.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;

- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, except for the matter referred to in the "Basis for qualified opinion – parent company" above, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

In respect of the matter described in the "Basis for qualified opinion – parent company" paragraph, we have not received all the information and explanations we require for our audit of the parent company.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit of the group; or a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Nanoco Group Plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 95;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 95;
- Directors' statement on fair, balanced and understandable, set out on page 95;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 95;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 33 to 35; and;
- The section describing the work of the audit committee, set out on page 65.

Independent auditor's report to the members of Nanoco Group plc continued

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 95, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with

the following laws and regulations might have a material effect on the financial statements: employment regulations, health and safety regulations, anti-money laundering regulations, compliance with the Data Protection Act, Patent regulations and compliance with London Stock Exchange rules.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including Patent regulations within countries in which the group operates;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and Listing rules.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance,

management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the estimate of the recoverable amount of the investment in subsidiaries held in the parent company, revenue recognition (which we pinpointed to the occurrence of service revenue and significant one-off or unusual transactions).

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;
- Seeking disconfirming evidence by obtaining external records to assess management assumptions and;
- Incorporating an element of unpredictability in the selection of the nature timing, and extent of audit procedures performed.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by The Board of Directors on 21 June 2022 to audit the financial statements for the year ending 31 July 2022 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ending 31 July 2022 to 31 July 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinions are consistent with our additional report to the audit committee.

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules, these financial statements will form part of the electronic reporting format prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the annual financial report will be prepared using the correct electronic reporting format.

Valerie Levi (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and
Statutory Auditor
1 St Peter's Square Manchester M2 3DE
21 November 2025

Use of the audit report

This report is made solely to the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body for our audit work, for this report, or for the opinions we have formed.

Consolidated statement of comprehensive income

for the year ended 31 July 2025

	Notes	2025 £'000	2024 £'000
Revenue	4	7,618	7,874
Cost of sales		(622)	(1,211)
Gross profit		6,996	6,663
Other operating income			
Government grants	5	8	142
Gain on derivative financial instrument	6	–	1,814
Operating expenses			
Research and development expenses	6	(1,349)	(853)
Administrative expenses		(7,267)	(6,059)
Operating (loss)/profit	6	(1,612)	1,707
– Before share-based payments and non-recurring items		27	850
– Share-based payments	23	(731)	(957)
– Strategic review fees	6	(313)	–
– Gain on derivative financial instrument	6	–	1,814
– Litigation costs	6	(255)	–
– EGM requisition	6	(230)	–
– Capital reduction fees	6	(37)	–
– Restructuring costs	6	(73)	–
Finance income	8	731	835
Finance expense	8	(92)	(677)
(Loss)/profit before taxation		(973)	1,865
Taxation	9	(1,224)	(3,118)
Loss after taxation		(2,197)	(1,253)
Other comprehensive expense - Items that may be reclassified to profit or loss			
Loss on translation of foreign subsidiary		(6)	–
Total comprehensive loss for the year		(2,203)	(1,253)
Loss per share			
Basic loss per share for the year	10	(1.13p)	(0.43p)
Diluted loss per share for the year	10	(1.13p)	(0.43p)

The losses for the current and prior years arise from the group's continuing operations and are attributable to the equity holders of the Parent.

The notes on pages 102 to 131 form an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 July 2025

Group	Notes	Share capital £'000	Capital redemption reserve £'000	Reverse acquisition reserve £'000	Share-based payment reserve £'000	Merger reserve £'000	Shares held by EBT £'000	Retained earnings £'000	Total £'000
At 1 August 2023		32,443	—	(77,868)	5,610	(1,242)	(105)	57,575	16,413
Loss for the year		—	—	—	—	—	—	(1,253)	(1,253)
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive loss		—	—	—	—	—	—	(1,253)	(1,253)
Share buy-back	21, 25	(12,186)	12,186	—	—	—	(3,348)	(29,683)	(33,031)
Issue of capital to EBT on option exercise		—	—	—	(207)	—	105	5	(97)
Transfer of expired options	23	—	—	—	(4,788)	—	—	4,788	—
Share-based payments	23	—	—	—	957	—	—	—	957
At 31 July 2024		20,257	12,186	(77,868)	1,572	(1,242)	(3,348)	31,432	(17,011)
Loss for the year		—	—	—	—	—	—	(2,197)	(2,197)
Other comprehensive expense		—	—	—	—	—	—	(6)	(6)
Total comprehensive loss		—	—	—	—	—	—	(2,203)	(2,203)
Share buy-back	21, 25	(796)	796	—	—	—	28	(1,051)	(1,023)
Capital reduction	21	—	(12,982)	—	—	—	—	12,982	—
Share option exercise		—	—	—	(233)	—	158	75	—
Transfer of expired options	23	—	—	—	(380)	—	—	380	—
Share-based payments	23	—	—	—	731	—	—	—	731
At 31 July 2025		19,461	—	(77,868)	1,690	(1,242)	(3,162)	41,615	(19,506)

Company statement of changes in equity

for the year ended 31 July 2025

Company	Notes	Share capital £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
At 1 August 2023		32,443	5,610	—	(20)	51,491	89,524
Profit for the year and total comprehensive income for the year		—	—	—	—	8,807	8,807
Share buy-back	21, 25	(12,186)	—	12,186	(8)	(29,703)	(29,711)
Issue of capital to EBT on option exercise	21, 25	—	(207)	—	—	7	(200)
Transfer of expired options	23	—	(4,788)	—	—	4,788	—
Share-based payments	23	—	957	—	—	—	957
At 31 July 2024		20,257	1,572	12,186	(28)	35,390	69,377
Loss for the year and total comprehensive income for the year		—	—	—	—	(40,367)	(40,367)
Share buy-back	21, 25	(796)	—	796	28	(1,051)	(1,023)
Capital reduction	21	—	—	(12,982)	—	12,982	—
Share option exercise	21, 25	—	(233)	—	—	75	(158)
Transfer of expired options	23	—	(380)	—	—	380	—
Share-based payments	23	—	731	—	—	—	731
At 31 July 2025		19,461	1,690	—	—	7,409	28,560

Group and Company statements of financial position

at 31 July 2025

Registered no. 05067291

	Notes	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
Assets					
Non-current assets					
Tangible fixed assets	11	1,492	—	1,651	—
Right of use assets	12	1,452	—	2,188	—
Intangible assets	13	600	—	745	—
Deferred tax assets	9	1,599	—	2,350	—
Foreign withholding tax receivable	9	780	—	1,664	—
Investment in subsidiaries	14	—	12,078	—	46,473
		5,923	12,078	8,598	46,473
Current assets					
Inventories	15	165	—	305	—
Trade and other receivables	16	670	3,396	1,083	3,518
Foreign withholding tax receivable	9	152	—	149	—
Income tax receivable	9	319	—	235	—
Cash and cash equivalents	17	13,998	13,861	20,293	20,164
		15,304	17,257	22,065	23,682
Total assets		21,227	29,335	30,663	70,155
Liabilities					
Current liabilities					
Trade and other payables	18	(1,495)	(775)	(1,578)	(778)
Lease liabilities	20	(643)	—	(621)	—
Deferred revenue	19	(6,090)	—	(5,934)	—
		(8,228)	(775)	(8,133)	(778)
Non-current liabilities					
Lease liabilities	20	(655)	—	(1,288)	—
Provisions	22	(669)	—	(659)	—
Deferred revenue	19	(31,181)	—	(37,594)	—
		(32,505)	—	(39,541)	—
Total liabilities		(40,733)	(775)	(47,674)	(778)
Net (liabilities)/assets		(19,506)	28,560	(17,011)	69,377
Capital and reserves					
Share capital	21	19,461	19,461	20,257	20,257
Capital redemption reserve	21	—	—	12,186	12,186
Reverse acquisition reserve	21	(77,868)	—	(77,868)	—
Share-based payment reserve	23	1,690	1,690	1,572	1,572
Merger reserve	24	(1,242)	—	(1,242)	—
Shares held by EBT	25	(3,162)	—	(3,348)	(28)
Retained earnings	25	41,615	7,409	31,432	35,390
Total equity		(19,506)	28,560	(17,011)	69,377

The Parent Company's result for the year ended 31 July 2025 was a loss of 40,367,000 (2024: profit of £8,807,000). There was no other comprehensive income in either the current or prior year.

The notes on pages 102 to 131 form an integral part of these financial statements. The financial statements on pages 98 to 131 were approved by the Board of Directors on 21 November 2025 and signed on its behalf by:

Dmitry Shashkov
Chief Executive Officer
21 November 2025

Liam Gray
Chief Financial Officer
21 November 2025

Group and Company cash flow statements

for the year ended 31 July 2025

	Notes	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
(Loss)/profit before tax		(973)	(40,367)	1,865	8,807
Adjustments for:					
Net finance income	8	(639)	(723)	(158)	(275)
Loss/(profit) on exchange rate translations		37	—	(852)	(350)
Depreciation of tangible fixed assets	11	412	—	117	—
Depreciation of right of use assets	12	763	—	698	—
Amortisation of intangible assets	13	189	—	224	—
Impairment of intangible assets	13	51	—	132	—
Impairment/(reversal) of previous impairment) of investment		—	35,026	—	(3,816)
Share-based payments	23	731	101	957	—
Loss on disposal of tangible fixed assets	11	25	—	2	—
Increase in inventory provision		78	—	93	—
Increase/(decrease) in receivables provision		—	4,906	—	(2,993)
Changes in working capital:					
Decrease/(increase) in inventories		62	—	(90)	—
Decrease/(increase) in trade and other receivables		413	(4,941)	33,459	55,148
Decrease in trade and other payables		(83)	(5)	(1,209)	(380)
(Decrease)/increase in deferred revenue		(6,257)	—	19,604	—
Cash (outflow)/inflow from operating activities		(5,191)	(6,003)	54,842	56,141
Foreign withholding tax paid		—	—	(2,566)	—
Tax paid		—	—	(797)	—
Research and development tax credit received		325	—	—	—
Net cash (outflow)/inflow from operating activities		(4,866)	(6,003)	51,479	56,141
Cash flow from investing activities					
Purchases of tangible fixed assets	11	(282)	—	(1,466)	—
Purchases of intangible fixed assets	13	(95)	—	(135)	—
Proceeds from sale of tangible fixed assets		4	—	—	—
Interest received	8	731	724	785	722
Net cash inflow/(outflow) from investing activities		358	724	(816)	722
Cash flow from financing activities					
Purchase of shares to satisfy options		—	—	(97)	—
Return of capital to shareholders	21	(1,009)	(1,009)	(32,000)	(32,000)
Fees on return of capital to shareholders	21	(14)	(14)	(1,027)	(654)
Repayment of loan – capital		—	—	(3,550)	(3,150)
Repayment of loan – interest		—	—	(1,528)	(1,350)
Payment of lease liabilities (capital)	20	(627)	—	(558)	—
Payment of lease liabilities (interest)	20	(87)	—	(103)	—
Interest paid	8	(6)	(1)	(57)	—
Net cash outflow from financing activities		(1,743)	(1,024)	(38,920)	(37,154)
(Decrease)/increase in cash and cash equivalents		(6,251)	(6,303)	11,743	19,709
Cash and cash equivalents at the start of the year		20,293	20,164	8,207	105
Effects of exchange rate changes		(44)	—	343	350
Cash and cash equivalents at the end of the year	17	13,998	13,861	20,293	20,164

The notes on pages 102 to 131 form an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Nanoco Group plc (the "Company"), a public company limited by shares, is on the equity shares (commercial companies) list of the London Stock Exchange. The Company is incorporated and domiciled in England, UK. The registered number is 05067291 and the address of its registered office is Science Centre, The Heath Business and Technical Park, Runcorn WA7 4QX. The Company is registered in England.

These group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "group" and individually as "group entities") for the year ended 31 July 2025.

The financial statements of the group for the year ended 31 July 2025 were authorised for issue by the Board of Directors on 21 November 2025 and the statements of financial position were signed on the Board's behalf by Dmitry Shashkov and Liam Gray.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company's income statement.

The significant accounting policies adopted by the group are set out in note 3.

2. Basis of preparation

(a) Statement of compliance

The group's and Parent Company's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted IFRSs as issued by the International Accounting Standards Board for the year ended 31 July 2025.

(b) Basis of measurement

The Parent Company and group financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets classified as "fair value through other comprehensive income" or "fair value through profit or loss", which are reported in accordance with the accounting policies below.

(c) Going concern

All of the following matters are taken into account by the Directors in forming their assessment of going concern: The group's business activities and market conditions are set out on pages 9 to 27; the principal risks and uncertainties are shown on pages 33 to 35, and; the group's financial position is described in the Financial review on pages 30 to 32. Furthermore, note 26 summarises the group's financial risk management objectives, policies and processes.

The key factor in the group's going concern assessment is the strength of the balance sheet at 31 July 2025 with £14.0 million of cash reserves and no external loans. There are sufficient cash reserves to support the group's cost base throughout the going concern period in any of its forecast scenarios. Any future distribution of surplus cash will take into consideration the viability of the group and sufficient cash will be retained to ensure viability.

For the purposes of their going concern assessment and the basis for the preparation of the 2025 Annual Report, the Directors have reviewed the same trading and cash flow forecasts and sensitivity analyses that were used by the group in the viability assessment described on page 36, with the going concern assessment covering the period to November 2026. The same base case and downside sensitivities were also used.

The base case represents the Board's current expectations. Assumptions in the base case are:

- existing services revenue contracts will be renewed for future years;
- ramp up of product sales from FY27 moving to larger scale in FY29;
- costs associated with being a listed entity and other costs reflect the current inflationary environment; and
- the current cost base is capable of supporting significant increases in revenue above those assumed in the base case so there is no immediate requirement for short-term increases or new capital expenditure.

The downside case then flexes those assumptions as follows:

- a full-year delay in ramp up of commercial production revenues; and
- temporary reduction in costs due to lower activity levels in the delay period.

2. Basis of preparation continued

(c) Going concern continued

Both cases above produce cash flow statements that demonstrate that the group has sufficient cash throughout the period of the forecast, being a period to November 2026.

Accordingly, the Directors continue to adopt the going concern basis in preparing the 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.

(d) Functional and presentational currency

These financial statements are presented in Pounds Sterling, which is the presentational currency of the group and the functional currency of the Company. All financial information presented has been rounded to the nearest thousand.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual amounts could differ from those estimates. Estimates and judgements used in the preparation of the financial statements are continually reviewed and revised as necessary. While every effort is made to ensure that such estimates and judgements are reasonable, by their nature they are uncertain and, as such, changes in estimates and judgements may have a material impact on the financial statements.

In the process of applying the group's accounting policies, management has made the following estimates and judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimates

Samsung licence of IP

Following the judgement over the method of revenue recognition of the Samsung contract described below, it was determined that the appropriate period for revenue recognition was the average remaining life of the relevant IP at the start of the licence of 8.6 years (2024: 8.8 years). The average remaining life of the IP is a significant estimate and is reviewed each year. The estimation uncertainty is centred around whether patents will be maintained through to their expiry date or whether they will become obsolete before expiry dates. The uncertainty reduces year on year as some patents reach expiry and others are abandoned. A sensitivity analysis is included in note 6.

Equity-settled share-based payments

The group has historically issued LTIPs to incentivise employees. The determination of share-based payment costs requires: the selection of an appropriate valuation method; consideration as to the inputs necessary for the valuation model chosen; and judgement regarding when and if performance conditions will be met. Inputs required for this arise from judgements relating to the future volatility of the share price of Nanoco and comparable companies, risk-free interest rates and expected lives of the options. The Directors draw on a variety of sources to aid in the determination of the appropriate data to use in such calculations. The share-based payment expense is most sensitive to non-market vesting assumptions. Further information is included in note 23.

Deferred tax

The group recognises deferred tax assets only to the extent that it is probable that future taxable profits, feasible tax planning strategies and deferred tax liabilities will be available against which the tax losses can be utilised. Estimation of the level of future taxable profits is therefore required in order to determine the appropriate carrying value of the deferred tax asset. Future profits are based on sensitised management forecasts for the following three years which is the period over which the profits are considered to be probable. The period over which forecast profits are considered to be probable is a key assumption and as such a sensitivity analysis has been performed in note 9. The group has recognised £1.6 million of deferred tax assets in the year (2024: £2.4 million) which represents the proportion of accumulated losses that are expected to be utilised in the medium term.

Recoverability of investment

An estimate is required to assess the carrying value of Nanoco Group plc's investments at each reporting date.

Indicators of potential impairment noted in IAS 36 (paragraph 12) include, but are not limited to, situations where the carrying amount of the net assets of the entity is more than its market value and where significant changes with an adverse effect on the entity have taken place during the year. The return of capital in the year and the associated decrease in market value are considered to be indications of impairment. Given the main trading entity is Nanoco Technologies Limited (owned by Nanoco Tech Limited), this holds the majority of the value for the investment. Where indicators of impairment have been identified, the group estimated the recoverable amount based on the value in use of the underlying business.

Nanoco produce a number of cash flow forecasts based on the most recently approved financial budgets covering a period of five years and further projections taking the analysis out into perpetuity.

Notes to the financial statements continued

2. Basis of preparation continued

(e) Use of estimates and judgements continued

Estimates continued

Recoverability of investment continued

Key assumptions for the value in use computations are those regarding:

- forecasted cash inflows/income based on strategic income streams and associated related costs;
- the strategic operating period; and
- the discount rate.

The values assigned to the variables that underpin the group's expectations of future operating performance were determined based on historical performance and the group's expectations with regard to future strategic forecasts. The strategic operating period used is the five years to 31 July 2030. The forecast cash flows are discounted at a rate of 19.0% (2024: 18.5%). The discount rate is derived from a calculation using the capital asset pricing model to calculate cost of equity utilising available market data. The discount rate is compared to the published discount rates of comparable businesses and relevant industry data prior to being adopted. Based on various cash flow forecasts produced, a range of valuations between £nil and £53 million were calculated. Management have decided to use one of the more conservative models and impair the valuation of the investment in the accounts of Nanoco Group plc (company only) down to a value in use of £12.1 million (2024: £46.5 million), which is similar to the enterprise value at year end. Management intend to reverse the impairment as and when the market adoption gains clarity and further commercial contracts are signed. See note 14 for more detail.

Judgements

Revenue recognition

Judgement is required in reviewing the terms of development agreements to identify separate components of revenue, if any, that are distinct and in turn the period over which development revenue should be recognised. Management judgements are similarly required to determine whether services or rights under licence agreements have been delivered so as to enable licence revenue to be recognised. This matter is further complicated where a contract may have different elements which may result in separate recognition treatments under IFRS 15. Further information is included in note 3(d).

Samsung licence of IP

Judgement is required in reviewing the terms of the licence agreement with Samsung as to whether the associated revenue should be recognised at a point in time or over time, and if over time, over what period. The Directors reviewed the contract in detail and analysed the terms against the specific requirements of IFRS 15 in relation to licences. They concluded that the group had an ongoing performance obligation in regard to the licence and therefore the revenue should be recognised over time.

Research and development

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain until such time as technical viability has been proven and commercial supply agreements are likely to be achieved. Judgements are based on the information available at each reporting date, which includes the progress with testing and certification and progress on, for example, establishment of commercial arrangements with third parties. In addition, all internal activities related to research and development of new products are continuously monitored by the Directors. Further information is included in note 3(h).

3. Significant accounting policies

The accounting policies set out below are consistent with those of the previous financial year and are applied consistently by group entities.

(a) Basis of consolidation

The group financial statements consolidate the financial statements of Nanoco Group plc and the entities it controls (its subsidiaries) drawn up to 31 July each year.

Subsidiaries are all entities over which the group has the power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), exposure, or rights, to variable returns from its involvement with the investee and ability to use its power over the investee to affect its returns. All of Nanoco Group plc's subsidiaries are 100% owned. Subsidiaries are fully consolidated from the date control passes. The group includes an Employee Benefit Trust ("EBT") for the purpose of awarding shares to employees on exercise of options under the share-based compensation schemes. Although the EBT is an independent legal entity and not owned by the group, it is reliant on funding from the group and acts at its request; as such, it is deemed to be controlled by the group and is consolidated into the group accounts.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The costs of an acquisition are measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest.

3. Significant accounting policies continued

(a) Basis of consolidation continued

The difference between the cost of acquisition of shares in subsidiaries and the fair value of the identifiable net assets acquired is capitalised as goodwill and reviewed annually for impairment. Any deficiency in the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the consolidated statement of comprehensive income.

In the consolidated financial statements, the assets and liabilities of the foreign operations are translated into Sterling at the exchange rate prevailing at the reporting date. Income and cash flow statement items for group entities with a functional currency other than Sterling are translated into Sterling at monthly average exchange rates, which approximate to the actual rates, for the relevant accounting periods. The exchange differences arising on translation are recognised in other comprehensive income. See note 3(b).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the group.

(b) Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies (including those of the group's US subsidiary) are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(c) Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. As at the reporting date, the group operated with only a single segment, being the research, development and manufacture of products and services based on high performance nanoparticles.

(d) Revenue recognition

Revenue comprises the fair value of the sale of products and services to external customers, net of value added tax or other sales taxes or duties, rebates, discounts and returns. Revenue is recognised according to the five-step model set out in IFRS 15 as follows:

1. identify the contract(s) with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognise revenue when (or as) the entity satisfied a performance obligation.

Products sold

Revenue from the sale of products is recognised at the point of transfer of control, which is generally on shipment or delivery of the product. This is dependent on the delivery terms agreed with the customer. At this stage the group has completed its performance obligations. The supply and delivery of products are not deemed to be separable performance obligations as the customer is obliged to make use of the group's delivery arrangements in most cases. Invoices are raised at the point of shipment and payment terms are usually 30 days.

Rendering of services

Revenues from development programmes are recognised over time as the customer simultaneously receives and consumes the benefit of the performance obligation as the group performs the service. Where revenue is recognised over time the group uses an input method whereby cost is used to measure progress and costs are incurred evenly throughout the period. Under the development contracts, the customer pays in accordance with a pre-arranged payment schedule, usually quarterly. If the amount of revenue recognised at a point in time is different from the cash received then the difference is held on the balance sheet as a contract asset or liability. Some contracts include clauses for compensation on early termination; such compensation is only recognised at the point the clause is triggered.

Licences

Licences grant customers access to the group's technology over a set length of time. Therefore, revenue related to the granting of a licence is recognised over the same period of time. The length of time to which the licence, and therefore the revenue, relates varies by customer and agreement. Where payments for licences are received upfront, the value is held as deferred revenue until it is recognised. Payment terms for licences are specific to the individual contracts based on the agreed terms.

Notes to the financial statements continued**3. Significant accounting policies** continued**(e) Government grants**

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions are met, usually on submission of a valid claim for payment.

Government grants of a revenue nature are recognised as other operating income in the consolidated statement of comprehensive income. Government grants of an expense nature are recognised as a credit to administrative expenses in the consolidated statement of comprehensive income.

Government grants relating to capital expenditure are deducted in arriving at the carrying amount of the asset.

(f) Cost of sales

Cost of sales comprises the materials, direct labour, duty, freight, and employee and employee-associated costs incurred in the generation of revenue from products sold and research and development services supplied.

Revenue from royalties and licences, which comprises payments from customers to gain preferential treatment in terms of supply or pricing, does not have an associated cost of sale.

(g) Contract assets and contract liabilities

When either party to a contract has performed, the contract balance is presented in the statement of financial position as accrued income or deferred revenue depending on the relationship between the completion of the performance obligations and the customer's payment. Accrued income represents consideration earned through the completion of performance obligation, or part performance where revenue is recognised over time, that is not yet due for payment. Deferred revenue represents advanced consideration received from customers for which the corresponding performance obligation has not been performed or is only part performed where revenue is recognised over time.

(h) Research and development

Research costs are charged in the consolidated statement of comprehensive income as they are incurred. Development costs will be capitalised as intangible assets when it is probable that future economic benefits will flow to the group. Such intangible assets will be amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit and will be reviewed for impairment at each reporting date based on the circumstances at the reporting date.

The criteria for recognising expenditure as an asset are:

- it is technically feasible to complete the product;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development, use and sale of the product; and
- expenditure attributable to the product can be reliably measured.

Development costs are currently charged against income as incurred since the criteria for their recognition as an asset are not met, the exception being the costs of filing intellectual property as these are considered to generate probable future economic benefit and are capitalised as intangible assets (see note 13).

(i) Finance income and expense

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through the consolidated statement of comprehensive income. Interest income is recognised as interest accrues using the effective interest rate method.

Finance expense comprises interest expense on borrowings and lease liabilities. All borrowing costs are recognised using the effective interest method.

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current income tax assets (including research and development income tax credit) and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

3. Significant accounting policies continued

(j) Income tax continued

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured on an undiscounted basis using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which differences can be utilised. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the group to make a single payment.

(k) Property, plant and equipment

Property, plant and equipment assets are recognised initially at cost. After initial recognition, these assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is computed by allocating the depreciable amount of an asset on a systematic basis over its useful life and is applied separately to each identifiable component.

The following bases and rates are used to depreciate classes of assets:

Laboratory infrastructure	– straight line over five years or the remainder of the lease period (if shorter)
Fixtures and fittings	– straight line over five years
Office equipment	– straight line over three years
Plant and machinery	– straight line over five years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

A tangible fixed asset item is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the consolidated statement of comprehensive income in the period of derecognition.

Assets under construction, which principally relate to leasehold improvements and plant and machinery, are not depreciated until such time as they are available for use. If there are indications of impairment in the carrying value, then the recoverable amount is estimated and compared to the carrying amount. The recoverable amount is determined as the value that will ultimately be capitalised as an asset, based upon IAS 16 recognition and capitalisation criteria.

(l) Intangible assets

Intangible assets acquired either as part of a business combination or from contractual or other legal rights are recognised separately from goodwill provided they are separable and their fair value can be measured reliably. This includes the costs associated with acquiring and registering patents in respect of intellectual property rights.

Where consideration for the purchase of an intangible asset includes contingent consideration, the group excludes variable payments that are dependent on the group's future activity from the initial measurement of the asset (i.e. no liability is recognised initially for these payments) and instead recognises a liability when the condition that triggers the obligation occurs

Where intangible assets recognised have finite lives, after initial recognition their carrying value is amortised on a straight-line basis over those lives. The nature of those intangibles recognised and their estimated useful lives are as follows:

Patents	– straight line over ten years
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Notes to the financial statements continued

3. Significant accounting policies continued

(m) Impairment of non-financial assets

At each reporting date the group reviews the carrying value of its plant, equipment and intangible assets to determine whether there is an indication that these assets have suffered an impairment loss. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an assessment of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the group reviews the potential markets for the asset and considers the possibility of short to medium-term commercial success being derived from the asset. In determining fair value less costs of disposal, an appropriate valuation model is used and these calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses on continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a valuation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impairment charges have been posted during the year in relation to intangible assets. See the relevant note for more information.

(n) Investments in subsidiaries

Investments in subsidiaries are stated in the Company statement of financial position at cost less provision for any impairment. The long-term loans to subsidiaries form part of the investment in subsidiaries balance.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost based on latest contractual prices includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred for disposal. Provision is made for slow-moving or obsolete items.

(p) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the relevant instrument and derecognised when it ceases to be party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within twelve months after the balance sheet date. Financial assets and liabilities are initially recognised at amortised cost and subsequently measured at amortised cost including directly attributable transaction costs.

The group has the following categories of financial assets and liabilities:

Financial assets

(i) Trade and other receivables

Trade receivables, which generally have 30 to 60-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. The time value of money is not material.

For trade receivables, contract assets and other receivables, the group applies the IFRS 9 simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on shared credit risk characteristics, its historical credit loss experience and days past due, adjusted for forward-looking factors specific to the debtors and the economic environment. The amount of the provision is recognised in the balance sheet within trade and other receivables. Movements in the provision are recognised in the profit and loss account in administrative expenses.

The loss allowances for inter-company financial assets are based on assumptions on risk of non-payment and the Company assesses any increases in credit risk since initial recognition, the loss allowance is based on a 12-month expected credit loss if there is no significant increase. The Company recognises an allowance for expected credit loss based on the difference between contractual cash flows and the cash flows that the Company expects to receive.

(ii) Cash, cash equivalents and short-term investments

Cash and cash equivalents comprise cash at hand and deposits with maturities of three months or less. Short-term investments comprise deposits with maturities of more than three months but no greater than twelve months.

3. Significant accounting policies continued

(p) Financial instruments continued

Financial liabilities at amortised cost

(i) Trade and other payables

Trade and other payables are non-interest bearing and are initially recognised at amortised cost. They are subsequently measured at amortised cost using the effective interest rate method.

Derivatives

The group occasionally uses forward foreign currency contracts to manage its exposure to fluctuations in foreign exchange rates. These instruments are initially recognised at fair value on the trade date and are subsequently remeasured at their fair value at the end of the reporting period. The group does not designate forward contracts as hedging instruments, as such changes in the fair value of the derivative are recognised in the income statement as they arise.

(q) Share capital

Proceeds on issue of shares are included in shareholders' equity, net of transaction costs. The carrying amount is not remeasured in subsequent years.

(r) Share-based payments

Equity-settled share-based payment transactions are measured with reference to the fair value at the date of grant, recognised on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest. Fair value is measured using a suitable option pricing model.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous reporting date is recognised in the consolidated statement of comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where awards are granted to the employees of the subsidiary company, the fair value of the awards at grant date is recorded in the Company's financial statements as an increase in the value of the investment with a corresponding increase in equity via the share-based payment reserve.

Where awards relating to services within the year have not been issued and therefore the fair value has not been calculated at the year end, an estimate, based on the current share price, is made of the cost incurred to date and a true-up is performed once the valuation is complete.

(s) Defined contribution pension scheme

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amounts charged against profits represent the contributions payable to the scheme in respect of the accounting period.

(t) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is not made for future operating losses. Provisions are discounted where the impact is deemed to be material. Where obligations are covered by "no win, no fee" funding arrangements, the liability is recognised in full at the point when the group becomes liable, i.e. when the outcome is known.

(u) Alternative performance measurements

Items of income and expenditure which are material and non-recurring are presented separately in the consolidated statement of comprehensive income. The separate reporting of such items helps to provide an indication of the underlying performance of the group and hence allows the user of the accounts a fuller understanding of that performance.

Notes to the financial statements continued

3. Significant accounting policies continued

(v) Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the group. Additionally, contingent liabilities may be present obligations that arise from past events but which are not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed and explained in the notes.

(w) IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor.

Lease payments for low value or short-term leases where the group has elected not to recognise a right of use asset and lease liability are charged as an expense on a straight-line basis.

At the date of commencement of property leases, the group determines the lease term to be the full term of the lease, assuming that any option to break or extend is not likely to be exercised. Leases are regularly reviewed and will be revalued if it becomes likely that a break clause or option to extend will be exercised. For new leases entered into in the year ended 31 July 2025, the weighted average incremental borrowing rate applied was 7.75–8.50% (2024: 8.25%).

The group recognises a right of use asset at the lease commencement date. The right of use asset is measured at its carrying amount discounted using the lessee's incremental borrowing rate at the date of initial application. Subsequent to measurement, right of use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if assessed to be shorter.

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rate as at the commencement date. The group's incremental borrowing rate is the rate at which a similar borrowing could be obtained over a similar term in a similar economic environment. Judgement is required to determine an approximation with consideration given to the Bank of England base rates adjusted by an indicative credit premium and lease-specific adjustment. Subsequently, the lease liability is increased by the interest cost on the lease liability and decreased by the lease payments made. It is remeasured if there is a modification, a change in lease term or a change in the fixed lease payment.

(x) New accounting standards and interpretations

The following standards have been issued but have not been applied by the group in these financial statements.

IFRS standards effective from 1 January 2025 (UK adopted):

→ IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendment): Lack of Exchangeability

IFRS standards effective from 1 January 2026 (UK adopted):

→ IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

→ IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (Amendment): Contracts Referencing Nature-dependent Electricity

Annual Improvements to IFRS Accounting Standards – Volume 11:

→ IFRS 1 First-time Adoption of International Financial Reporting Standards

→ IFRS 7 Financial Instruments: Disclosures

→ IFRS 9 Financial Instruments

→ IFRS 10 Consolidated Financial Statements

→ IAS 7 Statement of Cash Flows

The amendments to standards and interpretations noted above are expected to have no significant impact on the financial statements. There have been no significant impacts of standards and amendments effective in the current period.

4. Segmental information

Operating segments

During the years ended 31 July 2025 and 2024, 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.

	31 July 2025 £'000	31 July 2024 £'000
Analysis of revenue		
Products sold	131	408
Rendering of services	1,215	1,410
Licences	6,272	6,056
	7,618	7,874

There were no material customers which generated product and service revenue greater than 10% of total revenue (2024: one material customer amounting to £1,194,000). £6,272,000 of the licence income related to the Samsung licence (2024: £6,013,000).

Revenue from the provision of services delivered over time totalled £7,487,000 (2024: £7,466,000). Revenue from the sale of goods transferred at a point in time amounted to £131,000 (2024: £408,000).

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:

	31 July 2025 £'000	31 July 2024 £'000
Revenue		
South Korea	6,272	6,013
Japan	810	573
Netherlands	492	926
UK	34	1
France	9	268
Belgium	1	2
USA	–	46
Taiwan	–	42
Canada	–	3
	7,618	7,874

All of the group's assets are held in the UK and all of its capital expenditure arises in the UK. The loss before taxation and attributable to the single segment was £973,000 (2024: profit of £1,865,000).

5. Other operating income

	31 July 2025 £'000	31 July 2024 £'000
Government grants	8	142

Grants of £8,000 (2024: £142,000) are included in other operating income. The grants were in the form of reimbursement for a proportion of qualifying expenditure on supported development projects. There are no unfulfilled conditions or other contingencies attached to these grants.

Notes to the financial statements continued

6. Operating profit/(loss)

	31 July 2025 £'000	31 July 2024 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of tangible fixed assets (see note 11)	412	117
Depreciation of right of use assets (see note 12)	763	698
Loss on disposal of fixed assets	25	2
Amortisation of intangible assets (see note 13)	189	224
Impairment of intangible assets (see note 13)	51	132
Strategic review fees	313	—
Litigation costs	255	—
Capital reduction fees	37	—
Requisitioned general meeting	230	—
Realised gain on derivative financial instrument	—	(1,814)
Lease costs of low value lease obligations	7	16
Staff costs (see note 7) ²	3,253	3,396
Foreign exchange losses/(gains)	37	(852)
Research and development expense ¹	1,971	1,630
Share-based payments	731	957
Employer's tax on share-based payments	40	—

1 Included within research and development expense are staff costs totalling £1,522,000 (2024: £1,225,000) also included in note 7. Included in research and development expenses are £622,000 (2024: £777,000) included in cost of sales.

2 Included within staff costs are £73,000 of restructuring costs.

On 3 February 2023, the group signed agreements with Samsung for a sale of part of the group's IP portfolio and a licence on the remaining IP. The two contracts also ended the litigation against Samsung for the alleged infringement of the group's IP on a no-fault basis. The payment for the agreements was received in two halves: one in February 2023 and one in January 2024.

Nanoco took out a forward contract to exchange the \$71.75 million receipt of the second tranche to GBP at a rate of 1.22 in February 24. The information and tables below set out the impact of the transactions on the group's financial statements for FY25.

Income statement impact

	31 July 2025 £'000	31 July 2024 £'000
Revenue (licence fee income)	6,272	6,013
Gain on derivative financial instrument	—	1,814
FX gain on cash held prior to conversion	—	349
Unrealised foreign exchange gain on accrued income	—	504
Profit before tax	6,272	8,680

The IP licence income will be recognised as revenue over the average remaining life of the patent portfolio as it existed at 3 February 2023. This was estimated to be 8.8 years from 3 February 2023. The estimated remaining life of the patent profile is reviewed each year and as at 31 July 2025 was concluded to be 8.6 years (2024: 8.8 years). The following table demonstrates the sensitivity to the estimate of the remaining life of the patent portfolio.

	Impact on revenue 2025 £'000
Remaining patent life at start of licence	
7 years	1,406
8 years	471
9 years	(256)
10 years	(838)

The figures above are shown before the impact of any UK taxation. Tax treatment is disclosed in note 9.

6. Operating profit/(loss) continued

Auditors' remuneration

	31 July 2025 £'000	31 July 2024 £'000
Audit services:		
– Fees payable to Company auditors for the audit of the Parent and the consolidated accounts	172	200
– Auditing the accounts of subsidiaries pursuant to legislation	60	62
Total audit fees	232	262
Non-audit services:		
– Fees payable for working capital review	–	100
Total auditors' remuneration	232	362

7. Staff costs

The group's costs for employees, including Directors, during the year were as follows:

	31 July 2025 £'000	31 July 2024 £'000
Wages and salaries	2,787	2,925
Social security costs	288	295
Defined contribution pension costs	178	176
	3,253	3,396
Share-based payments	731	957
Social security costs on share-based payments	40	26
Total staff costs	4,024	4,379
Directors' remuneration (including benefits in kind) included in the aggregate remuneration above comprised:		
Emoluments for qualifying services	1,255	961

Emoluments for Directors of the group (excluding social security costs and long-term incentives, but including benefits in kind) disclosed above include £347,000 paid to the highest paid Director (2024: £323,000). Details of the compensation of key management personnel are described in note 28.

The group made contributions to money purchase pension schemes for three current Directors (2024: two). Aggregate gains made by Directors during the year following the exercise of share options were £nil (2024: £191,000). An analysis of the highest paid Director's remuneration is included in the Directors' remuneration report.

The monthly average number of employees during the year (including Directors) was as follows:

Group	31 July 2025 Number	31 July 2024 Number
Directors	3	3
Laboratory and administrative staff	38	43
	41	46

Staff numbers exclude Non-Executive Directors.

Notes to the financial statements continued

8. Finance income and expense

Group	31 July 2025 £'000	31 July 2024 £'000
Finance income		
Interest receivable on bank deposits	731	835
Finance expense		
Loan note interest	–	(517)
Unwinding interest on lease liabilities	(86)	(103)
Interest on tax payable	–	(53)
Other interest payable	(6)	(4)
	639	158

9. Taxation

The tax charge is made up as follows:

Group	31 July 2025 £'000	31 July 2024 £'000
Current income tax		
UK corporation tax	–	–
Research and development income tax credit receivable	(319)	(235)
Foreign taxation	627	601
Provision for unrecoverable foreign tax incurred	254	2,501
Adjustment in respect of prior years	(90)	28
	472	2,895
Deferred tax		
Origination and reversal of temporary differences	(135)	397
Adjustments in respect of prior periods	887	(174)
Total income tax charge	1,224	3,118

The tax assessed for the year varies from the standard rate of corporation tax as explained below:

Group	31 July 2025 £'000	31 July 2024 £'000
(Loss)/profit before taxation	(973)	1,865
Tax at standard rate of 25% (2024: 25%)	(243)	466
Effects of:		
Expenses not deductible for tax purposes	111	16
Capital allowances in excess of depreciation	33	(10)
Research and development tax credit receivable	99	78
Share options exercised (CTA 2009 Pt 12 deduction)	(164)	–
Losses not recognised/(recognised)	754	(412)
Credit for foreign tax expensed	(157)	(150)
Provision for unrecoverable foreign tax incurred	254	2,501
Foreign tax charges	627	601
Adjustment in respect of prior years	(90)	28
Tax charge in income statement	1,224	3,118

The group has accumulated losses available to carry forward against future trading profits of £29.0 million (2024: £30.0 million).

9. Taxation continued

Deferred tax liabilities/(assets) provided/(recognised) at a standard rate of 25% (2024: 25%) are as follows:

	31 July 2025 £'000	31 July 2024 £'000
Accelerated capital allowances	308	311
Short-term temporary differences	(603)	(475)
Tax losses	(1,304)	(2,186)
	(1,599)	(2,350)
Foreign withholding tax receivable – current	(152)	(149)
Foreign withholding tax receivable – non-current	(780)	(1,664)
Total foreign withholding tax receivable	(932)	(1,813)

The group also has deferred tax assets, measured at a standard rate of 25% (2024: 25%), in respect of share-based payments and tax losses of £5,941,000 (2024: £5,159,000) which have not been recognised as assets as it is not yet sufficiently probable that future taxable profits will be available against which the assets can be utilised. The foreign withholding tax receivable relates to withholding tax incurred on licence income that will be recovered through tax deductions in future years. The group also has foreign withholding tax receivable, measured at a standard rate of 25% (2024: 25%), of £2,794,000 (2024: £2,501,000) which have not been recognised as assets as it is not yet sufficiently probable that future taxable profits will be available against which the assets can be utilised. There is no expiry for the utilisation of these losses.

The following table demonstrates the sensitivity of the deferred tax assets to the period over which tax losses are recognised as described in note 2(e):

	Impact on deferred tax assets 2025 £'000
Number of years over which losses are recognised	
2 years	(376)
3 years	–
4 years	469
5 years	1,010

10. Earnings per share

	31 July 2025 £'000	31 July 2024 £'000
Group		
Loss for the financial year attributable to equity shareholders	(2,203)	(1,253)
Share-based payments	731	957
Loss for the financial year before share-based payments	(1,472)	(296)
Weighted average number of shares		
Ordinary shares in issue	195,615,212	288,791,171
Options exercisable at the reporting date	4,021,999	160,664
Options not yet exercisable at the reporting date	10,732,098	12,717,665
Diluted weighted average number of shares	210,369,309	301,669,500
Adjusted loss per share before share-based payments (pence)	(0.75)	(0.10)
Basic loss per share (pence)	(1.13)	(0.43)
Diluted adjusted loss per share before share-based payments (pence)	(0.75)	(0.10)
Diluted loss per share (pence)	(1.13)	(0.43)

The convertible potential ordinary shares were anti-dilutive in nature; therefore, their effect was not included in the calculation of diluted EPS. Adjusted loss per share and diluted adjusted loss per share are non-GAAP measures included for reference.

Notes to the financial statements continued

11. Tangible fixed assets

Group	Laboratory infrastructure £'000	Office equipment, fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 August 2023	1,538	361	6,073	7,972
Additions	375	95	996	1,466
Disposals	—	(29)	(46)	(75)
At 31 July 2024	1,913	427	7,023	9,363
Additions	17	23	242	282
Disposals	—	(12)	(857)	(869)
At 31 July 2025	1,930	438	6,408	8,776
Accumulated depreciation				
At 1 August 2023	1,517	310	5,841	7,668
Charged during the year	11	27	79	117
Disposals	—	(29)	(44)	(73)
At 31 July 2024	1,528	308	5,876	7,712
Charged during the year	80	50	282	412
Disposals	—	(11)	(829)	(840)
At 31 July 2025	1,608	347	5,329	7,284
Net book value				
At 31 July 2025	322	91	1,079	1,492
At 31 July 2024	385	119	1,147	1,651

The aggregate original cost of tangible assets now fully depreciated but considered to be still in use is £6,758,000 (2024: £7,523,000).

Capital commitments

At 31 July 2025, the group had no capital commitments in respect of orders placed for capital expenditure (2024: £159,000).

12. Right of use assets

Right of use assets	Office equipment £'000	Property leases £'000	Total £'000
Cost			
At 1 August 2024	34	4,019	4,053
Additions	—	45	45
Disposals	(1)	(29)	(30)
At 31 July 2025	33	4,035	4,068
Accumulated depreciation			
At 1 August 2024	17	1,848	1,865
Charged during the year	12	751	763
Disposals	(1)	(11)	(12)
At 31 July 2025	28	2,588	2,616
Net book value			
At 31 July 2025	5	1,447	1,452
At 1 August 2024	17	2,171	2,188

A provision for dilapidations of £669,000 is recognised in relation to the right of use assets; see note 22.

13. Intangible assets

Group	Patents £'000
Cost	
At 1 August 2023	3,821
Additions	135
Disposals	(238)
At 31 July 2024	3,718
Additions	95
Disposals	(925)
At 31 July 2025	2,888
Accumulated amortisation	
At 1 August 2023	2,855
Charged during the year	224
Impairment charge	132
Disposals	(238)
At 31 July 2024	2,973
Charged during the year	189
Impairment charge	51
Disposals	(925)
At 31 July 2025	2,288
Net book value	
At 31 July 2025	600
At 31 July 2024	745

Contingent consideration of \$150,000 is payable in respect of a purchase of patents made during a previous period. The amount is payable if the group reaches a revenue target in a future reporting period.

Intangible assets are amortised on a straight-line basis over ten years. Amortisation provided during the period is recognised in administrative expenses. The group does not believe that any of its patents in isolation are material to the business. The aggregate original cost of intangible assets now fully depreciated but considered to be still in use is £1,147,000 (2024: £1,686,000).

The group continues to undertake annual reviews to identify patents which are deemed insufficiently certain to recover their carrying value and should therefore be allowed to lapse. The lapses in the current year related to patents whose potential of commercial viability was considered to be lower than the costs of maintaining the patents. As a consequence, patents with a value of £51,000 (2024: £132,000) have been fully impaired in these financial statements. The impairment charge is recognised within administrative expenses.

Notes to the financial statements continued

14. Investment in subsidiaries

Company	Shares £'000	Share impairment £'000	Loans £'000	Loan impairment £'000	Total £'000
At 1 August 2023	63,235	(24,006)	26,646	(24,175)	41,700
Increase in respect of share-based payments	–	–	957	–	957
Reversal of previous impairments	–	3,816	–	–	3,816
At 31 July 2024	63,235	(20,190)	27,603	(24,175)	46,473
Increase in respect of share-based payments	–	–	631	–	631
Impairments	–	(35,026)	–	–	(35,026)
At 31 July 2025	63,235	(55,216)	28,234	(24,175)	12,078

By subsidiary	Shares £'000	Share impairment £'000	Loans £'000	Loan impairment £'000	Total £'000
Nanoco Tech Limited	63,235	(55,216)	–	–	8,019
Nanoco Life Sciences Limited	–	–	20,286	(20,286)	–
Nanoco Technologies Limited	–	–	7,948	(3,889)	4,059
At 31 July 2025	63,235	(55,216)	28,234	(24,175)	12,078

Accounting standards (IAS 36 Impairment of Assets) require investments in subsidiary undertakings (equity and loans) to be carried at the lower of cost or recoverable value. Recoverable value is defined as the higher of fair value less costs of disposal (effectively net sale proceeds) and value in use. Indicators of potential impairment noted in IAS 36 (paragraph 12) include, but are not limited to, situations where the carrying amount of the net assets of the entity is more than their market value and where significant changes with an adverse effect on the entity have taken place during the year.

Consistent with IAS 36 and the indicators of impairment noted above, the Directors have concluded that the reduction in market capitalisation of the group constitutes an indicator of impairment. In assessing the value in use of the investment, management have built a number of forecasts which detail a recoverable amount for the asset between £nil and £53 million, depending on whether the technology is adopted by the market, how long it takes for the market to adopt the technology and the levels of mass production associated with market adoption. These valuations used a WACC of 19.0% (2024: 18.5%). However, given the uncertainty of adoption of the technology, and the inherent risks, management do not consider the longer term growth assumptions to be sufficiently certain to support the higher range of valuations and, as in the short term costs exceed contracted revenue, have used a more conservative model and as a result, have impaired the investment down to a value in use of £12.1 million for accounting purposes. This valuation is similar to the enterprise value of the group at 31 July 2025. Management intend to reverse the impairment as and when the market adoption gains clarity and further commercial contracts are signed.

The investment balance with Nanoco Technologies Limited arises due to the recharge for share-based payments. There is no immediate intention for this to be repaid.

Loans to subsidiary undertakings included in investments carry no interest and are not expected to be repaid.

Subsidiary undertakings	Country of incorporation	Principal activity	Share of issued ordinary share capital	
			31 July 2025	31 July 2024
Nanoco Life Sciences Limited	England and Wales	Research and development	100%	100%
Nanoco Tech Limited	England and Wales	Holding company	100%	100%
Nanoco Technologies Limited ¹	England and Wales	Manufacture and development of nanoparticles	100%	100%
Nanoco 2D Materials Limited	England and Wales	Research and development	100%	100%
Nanoco US Inc. ²	USA	Management services	100%	100%

All subsidiaries incorporated in England and Wales are registered at Science Centre, The Heath Business and Technical Park, Runcorn WA7 4QX. Nanoco US Inc. is registered at 33 Bradford Street, Concord, MA 01742.

With the exception of the two companies footnoted below, all other shareholdings are owned by Nanoco Group plc.

¹ Share capital is owned by Nanoco Tech Limited.

² Nanoco US Inc. is a wholly owned subsidiary of Nanoco Tech Limited. It was formed in July 2013 primarily in order to provide the services of US-located staff to the rest of the group.

15. Inventories

	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
Finished goods	–	–	–	–
Raw materials and consumables	165	–	305	–
Total	165	–	305	–

Inventories are measured at the lower of cost and net realisable value. The group uses a standard costing method based on latest contractual prices which is reviewed every six months.

A total of £230,000 (2024: £441,000) was included in cost of sales with respect to the cost of inventory expensed during the year. Inventories are stated net of an allowance of £282,000 (2024: £204,000) in respect of excess or slow-moving items. Movement in the allowance was due to additional provisions in the year as a result of the loss of a key contract.

16. Trade and other receivables

	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
Trade receivables	30	–	301	–
Accrued income	–	–	40	–
Accrued interest	85	85	50	50
Prepayments	428	–	372	–
Loan to EBT	–	3,165	–	3,322
Inter-company loan to subsidiary	–	16,403	–	11,497
Less impairment provision	–	(16,403)	–	(11,497)
Other receivables	127	146	320	146
	670	3,396	1,083	3,518

The impairment of the loan to subsidiary is due to the subsidiary holding insufficient funds to repay the loan on demand. The quantum of this provision will be reviewed at each reporting date. The loan has increased by £4,906,000 in the year due to additional funding being provided and the provision has been increased by a corresponding amount. The loan to EBT consists of shares transferred to the EBT for the satisfaction of future option exercises.

Trade receivables are non-interest bearing and are generally due and paid within 30 to 60 days. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. An expected credit loss of £nil (2024: £nil) has been recognised at the year end.

Other receivables include an amount of £146,000 (2024: £146,000) relating to consideration due on shares awarded as part of the Deferred Bonus Plan.

Trade receivables are denominated in the following currencies:

	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
US Dollars	25	–	300	–
Sterling	5	–	1	–
	30	–	301	–

At 31 July, the ageing analysis of trade receivables was as follows:

	Not yet due £'000	Due £'000	Past due >120 £'000	Total £'000
2025	11	19	–	30
2024	1	296	4	301

Notes to the financial statements continued

17. Cash and cash equivalents

	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
Cash and cash equivalents	13,998	13,861	20,293	20,164

Under IAS 7, cash held on long-term deposits (being deposits with original maturity of greater than three months and no more than twelve months) that cannot readily be converted into cash must be classified as a short-term investment. There were no such deposits at 31 July 2025 (2024: none).

An analysis of cash, cash equivalents and deposits by denominated currency is given in note 26.

18. Trade and other payables

	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
Current				
Trade payables	462	—	752	—
Other payables	197	146	182	146
Accruals	836	12	644	4
Inter-company payable	—	617	—	628
	1,495	775	1,578	778

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. The average credit period taken is 34 days (2024: 39 days). Interest is not charged on inter-company loans (2024: no interest).

19. Deferred revenue

	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
Current				
Contract liability on JDA	15	—	—	—
Upfront licence fees	6,075	—	5,934	—
Non-current				
Upfront licence fees	31,181	—	37,594	—
	37,271	—	43,528	—

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.

	31 July 2025 £'000	31 July 2024 £'000
Opening deferred revenue	43,528	23,924
Revenue deferred	742	25,660
Revenue booked current year	(6,999)	(6,056)
Closing deferred revenue	37,271	43,528

The movements in deferred revenue in the year relate to the release of the Samsung licence revenue and the billing and recognition of revenue under the JDA contracts. Of the revenue recognised in the current year, £6,272,000 relates to revenue deferred at the start of the year.

20. Lease liabilities

	31 July 2025 Group £'000	31 July 2025 Company £'000	31 July 2024 Group £'000	31 July 2024 Company £'000
Current				
Property leases	642	—	612	—
Equipment leases	1	—	9	—
Total current	643	—	621	—
Non-current				
Property leases	655	—	1,284	—
Equipment leases	—	—	4	—
Total non-current	655	—	1,288	—

Lease liabilities	Total £'000
Opening liabilities at 1 August 2024	(1,909)
Additions	(36)
Terminations	20
Lease payments	714
Interest charge	(87)
Closing liabilities at 31 July 2025	(1,298)

Total lease cash outflows in the year, including low value leases was £721,000.

The group had undiscounted future lease payments due as follows:

	Within 1 year £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	More than 5 years £'000	Total £'000
31 July 2025	702	680	—	—	—	—	1,382
31 July 2024	709	678	677	—	—	—	2,064

The group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments related to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years £'000	More than five years £'000	Total £'000
31 July 2025			
Extension options expected not to be exercised	—	—	—
Termination options expected not to be exercised	745	—	—
Total	745	—	—

	Within five years £'000	More than five years £'000	Total £'000
31 July 2024			
Extension options expected not to be exercised	—	—	—
Termination options expected not to be exercised	1,254	—	1,254
Total	1,254	—	1,254

Capital commitments

At 31 July 2025, the group had capital commitments amounting to £nil in respect of new leases (2024: £nil).

Notes to the financial statements continued

21. Issued equity capital

Group	Number	Share capital £'000	Capital redemption reserve £'000	Reverse acquisition reserve £'000	Total £'000
Allotted, called up and fully paid ordinary shares of 10p					
At 1 August 2023	324,430,950	32,443	—	(77,868)	(45,425)
Tender offer shares cancelled	(111,250,000)	(11,125)	11,125	—	—
Buy-back shares cancelled	(10,609,453)	(1,061)	1,061	—	—
At 31 July 2024	202,571,497	20,257	12,186	(77,868)	(45,425)
Buy-back shares cancelled	(7,963,459)	(796)	796	—	—
Capital reduction	—	—	(12,982)	—	(12,982)
At 31 July 2025	194,608,038	19,461	—	(77,868)	(58,407)

The balances classified as share capital include the total nominal value and on issue of the Company's equity share capital, comprising ordinary shares.

The capital redemption reserve is the nominal value of shares cancelled by the Company following re-purchase.

On 8 April 2025, the Company undertook a capital reduction which cancelled the capital redemption reserve.

On 12 April 2024, the Company purchased 125,000,000 of its own shares via a tender offer priced at 24 pence per share. 111,250,000 of these shares were subsequently cancelled while the remaining 13,750,000 were transferred to the EBT in order to satisfy future share option exercises. The existing 12,222 treasury shares were transferred to the EBT at the same time.

Between 11 April 2024 and 31 July 2024 the Company purchased a further 10,792,463 of its own shares via an on-market buy-back; 10,609,453 of these shares were cancelled in the year with the remaining 183,010 cancelled in August 2024.

Between 1 August 2024 and 20 October 2024 the Company purchased a further 7,780,449 of its own shares via an on-market buy-back; all these shares were cancelled in the year.

The retained loss and other equity balances recognised in the group financial statements reflect the consolidated retained loss and other equity balances of Nanoco Tech Limited immediately before the business combination which was reported in the year ended 31 July 2009. The consolidated results for the period from 1 August 2008 to the date of the acquisition by the Company are those of Nanoco Tech Limited. However, the equity structure appearing in the group financial statements reflects the equity structure of the legal Parent, including the equity instruments issued under the share-for-share exchange to effect the transaction. The effect of using the equity structure of the legal Parent gives rise to an adjustment to the group's issued equity capital in the form of a reverse acquisition reserve.

22. Provisions

	Property dilapidations £'000	Total £'000
At 1 August 2024	659	659
Provided during the period	10	10
At 31 July 2025	669	669

The provision relates to the potential dilapidation costs from the exit of all the group's premises. Because of the long-term nature of the liability, there is uncertainty in estimating the provision. The extent and cost of potential dilapidation costs represent a best estimate applied across the group's lease portfolio based on past experience, the extent of remediation work required and the expected timing of activity, for which there is a high level of uncertainty. The provision is expected to be utilised at the end of the current leases in 2027 but this may be sooner if termination clauses are utilised or later if the leases are extended.

During the year, an additional provision was included in relation to remodelling work at our Runcorn site.

23. Share-based payment reserve

Group and Company	£'000
At 1 August 2023	5,610
Share-based payments	957
Exercise of share options	(207)
Transfer of expired options	(4,788)
At 31 July 2024	1,572
Share-based payments	731
Exercise of share options	(233)
Transfer of expired options	(380)
At 31 July 2025	1,690

The share-based payment reserve accumulates the corresponding credit entry in respect of share-based payment charges. Movements in the reserve are disclosed in the consolidated statement of changes in equity.

A charge of £731,000 has been recognised in the statement of comprehensive income for the year (2024: charge of £957,000). £101,000 of this charge relates to fees for non-executive directors which were deferred during the year and settled in newly issued shares on 5 September 2025. The remaining £630,000 charge was in relation to the share option schemes detailed below.

£380,000 of the reserve has been transferred to retained earnings in relation to options that expired or lapsed in the current year (2024: £4,788,000).

Share option schemes

The group operates the following share option schemes, all of which are operated as Enterprise Management Incentive ("EMI") schemes insofar as the share options being issued meet the EMI criteria as defined by HM Revenue & Customs. Share options issued that do not meet EMI criteria are issued as unapproved share options but are subject to the same exercise performance conditions.

Nanoco Group plc 2015 Long Term Incentive Plan ("LTIP")

Grants in December 2015 (fully lapsed), April 2016 (fully lapsed), November 2017 (fully lapsed), November 2018 (fully lapsed), October 2020 (fully lapsed), November 2021 (fully lapsed), December 2021 (fully lapsed), October 2022 (part lapsed/part vested), January 2024 and December 2024

Following approval of the scheme at the 2015 AGM, share options have been granted to Executive Directors and key staff on a number of occasions at nil cost and have an exercise price of £nil. The fair value benefit is measured using a stochastic model, taking into account the terms and conditions upon which the share options are issued. In each case, the options vest at the end of the three-year performance period subject to meeting the performance criteria (as detailed in the Directors' remuneration report) in each reporting period and are exercisable after a two-year holding period until the tenth anniversary of the award.

Deferred Bonus Plan ("DBP")

On 27 October 2022, awards in the form of nil-cost options were granted to the Executive Directors and certain other employees in respect of 100% of their bonuses for the year ended 31 July 2022 which are delivered in the form of a share award under the DBP. The awards vested in FY25, after the required two-year holding period.

On 23 January 2024, awards in the form of nil-cost options were granted to the Executive Directors and certain other employees in respect of 33% of their bonuses for the year ended 31 July 2023 which are delivered in the form of a share award under the DBP. The awards will vest in FY26, after the required two-year holding period.

The following tables illustrate the number and weighted average exercise prices of, and movements in, share options during the year for both LTIP and DBP options:

Group and Company	2025 total Number	2024 total Number
Outstanding at 1 August	12,878,329	11,915,600
Granted during the year	4,937,957	9,056,742
Exercised during the year	(659,736)	(928,580)
Forfeited during the year	(608,372)	(1,797,099)
Expired during the year	–	(35,000)
Lapsed during the year	(1,794,081)	(5,333,334)
Outstanding at 31 July 2025	14,754,097	12,878,329
Exercisable at 31 July 2025	2,482,608	160,664

The weighted average share price at the date of exercise of share options exercised in the year was 13.8 pence.

Notes to the financial statements continued

23. Share-based payment reserve continued

Weighted average exercise price of options

Group and Company	2025 Pence	2024 Pence
Outstanding at 1 August	0.7	1.0
Granted during the year	—	—
Exercised during the year	—	—
Expired during the year	—	89.0
Lapsed during the year	—	0.1
Outstanding at 31 July 2025	0.6	0.7

The weighted average exercise price of options granted during the year to 31 July 2025 was £nil (2024: £nil). The range of exercise prices for options outstanding at the end of the year was £nil–56.5 pence (2024: £nil–56.5 pence). The weighted average exercise price of options exercisable at 31 July 2025 was 2 pence (2024: 53 pence).

For the share options outstanding as at 31 July 2025, the weighted average remaining contractual life is 9.7 years (2024: 8.9 years). The aggregate fair value of options issued in the year was £584,000 (2024: £1,368,000).

The following table lists the inputs to the models used for the years ended 31 July 2025 and 31 July 2024:

Group and Company	Market performance-linked grants		Non-market performance-linked grants	
	2025	2024	2025	2024
Expected volatility	N/A	57.55%	N/A	N/A
Risk-free interest rate	N/A	4.18%	4.12%	N/A
Expected life of options (years average)	N/A	3	2	2
Weighted average exercise price	N/A	£nil	£nil	£nil
Weighted average share price at date of grant	N/A	20.5p	13.1p	20.5p
Expected dividends	N/A	£nil	£nil	£nil
Model used	N/A	Stochastic	Black-Scholes	Black-Scholes

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Certain awards are subject to a holding period after vesting. A Finnerty model has been used to determine a discount for the lack of marketability of the shares.

23. Share-based payment reserve continued

Sensitivity analysis to movement in non-market vesting assumptions

The following table demonstrates the sensitivity to a reasonably possible change in the non-market vesting assumptions, with all other variables held constant, of the group's share-based payment charge for the year:

	Impact on share-based payment expense 2025 £'000
Increase at vesting %	
100%	687
60%	343
25%	172
0%	—

24. Merger reserve

Group

£'000

At 1 August 2023, 31 July 2024 and 31 July 2025	1,242
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The merger reserve arises under section 612 of the Companies Act 2006 on the shares issued by Nanoco Tech Limited to acquire Nanoco Technologies Limited as part of a simple group reorganisation on 27 June 2007.

25. Movement in retained earnings

Group	Profit and loss £'000	Foreign currency translation reserve £'000	Treasury shares £'000	Shares held by EBT £'000	Total retained earnings £'000
At 1 August 2023	57,591	4	(20)	(105)	57,470
Loss for the year	(1,253)	—	—	—	(1,253)
Shares utilised by EBT to satisfy options	—	—	—	105	105
Transfer of expired options	4,788	—	—	—	4,788
Tender offer and share buy-back	(29,703)	—	(8)	(3,320)	(33,031)
Share option exercise	5	—	—	—	5
At 31 July 2024	31,428	4	(28)	(3,320)	28,084
Loss for the year	(2,197)	(6)	—	—	(2,203)
Capital reduction	12,982	—	—	—	12,982
Shares utilised by EBT to satisfy options	75	—	—	158	233
Transfer of expired options	380	—	—	—	380
Share buy-back	(1,051)	—	28	—	(1,023)
At 31 July 2025	41,617	(2)	—	(3,162)	38,453

Profit and loss represents the cumulative profit/(loss) attributable to the equity holders of the Parent Company.

Notes to the financial statements continued

25. Movement in retained earnings continued

At 31 July 2025, 13,102,486 shares in the Company were held by the EBT for future distribution to employees on the exercise of share options (2024: 13,762,222). In addition there are nil (2024: 183,010) treasury shares not held by the EBT.

Company	Accumulated losses £'000	Treasury shares £'000	Total retained earnings £'000
At 1 August 2023	51,491	(20)	51,471
Profit for the year	8,807	—	8,807
Transfer of expired options	4,788	—	4,788
Tender offer and share buy-back	(29,703)	(8)	(29,711)
Exercise of share options	7	—	7
At 31 July 2024	35,390	(28)	35,362
Loss for the year	(40,367)	—	(40,367)
Capital reduction	12,982	—	12,982
Transfer of expired options	380	—	380
Share buy-back	(1,051)	28	(1,023)
Exercise of share options	75	—	75
At 31 July 2025	7,409	—	7,409

26. Financial risk management

Overview

This note presents information about the group's exposure to various kinds of financial risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Executive Directors report regularly to the Board on group risk management.

Capital risk management

The group reviews its forecast capital requirements on a half-yearly basis to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the group consists of equity attributable to equity holders of the Parent, comprising issued share capital, reserves and retained profits as disclosed in notes 21 to 25 and in the group statement of changes in equity. At 31 July 2025 total equity was -£19,506,000 (2024: -£17,011,000).

The group is not subject to externally imposed capital requirements.

Liquidity risk

The group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages all of its external bank relationships centrally in accordance with defined treasury policies. The policies include the minimum acceptable credit rating of relationship banks and financial transaction authority limits. Any material change to the group's principal banking facility requires Board approval. The group seeks to mitigate the risk of bank failure by ensuring that it maintains relationships with a number of investment-grade banks.

26. Financial risk management continued

Categorisation of financial instruments

Financial assets/(liabilities)	Group financial assets at amortised cost £'000	Group financial liabilities at amortised cost £'000	Financial assets and liabilities at amortised cost	
			Group £'000	Company £'000
31 July 2025				
Cash and cash equivalents	13,998	—	13,998	13,861
Trade receivables	30	—	30	—
Other receivables	85	—	85	—
Inter-company short-term loan to subsidiary	—	—	—	16,403
Less impairment provision	—	—	—	(16,403)
Trade and other payables	—	(1,343)	(1,343)	(13)
Lease liabilities	—	(1,298)	(1,298)	—
Inter-company payable	—	—	—	(616)
	14,113	(2,641)	11,472	13,232
Financial assets/(liabilities)	Group financial assets at amortised cost £'000	Group financial liabilities at amortised cost £'000	Financial assets and liabilities at amortised cost	
			Group £'000	Company £'000
31 July 2024				
Cash and cash equivalents	20,293	—	20,293	20,164
Trade receivables	301	—	301	—
Other receivables	174	—	174	—
Inter-company short-term loan to subsidiary	—	—	—	11,497
Less impairment provision	—	—	—	(11,497)
Trade and other payables	—	(1,432)	(1,432)	(4)
Lease liabilities	—	(1,909)	(1,909)	—
Inter-company payable	—	—	—	(628)
	20,768	(3,341)	17,427	19,532

The values disclosed in the above table are carrying values. The Board considers that the carrying amount of financial assets and liabilities approximates to their fair value.

The main risks arising from the group's financial instruments are credit risk and foreign currency risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The group's principal financial assets are cash, cash equivalents and deposits. The group seeks to limit the level of credit risk on the cash balances by only depositing surplus liquid funds with multiple counterparty banks that have investment-grade credit ratings. The maximum exposure to credit risk in relation to cash, cash equivalents and deposits is the carrying value at the balance sheet date.

The group trades only with recognised, creditworthy third parties. Receivable and accrued income balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. The group's maximum exposure is the carrying amount as disclosed in note 16, which was neither past due nor impaired. All trade receivables and accrued income are ultimately overseen by the CFO and are managed on a day-to-day basis by the UK finance team. Credit limits are set as deemed appropriate for the customer.

Notes to the financial statements continued

26. Financial risk management continued

Foreign currency risk

The group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company. These are primarily US Dollars ("USD") and Euros. Transactions outside of these currencies are limited.

Almost all of the group's revenue is denominated in USD. The group purchases some raw materials, certain services and some assets in USD which partly offsets its USD revenue, thereby reducing net foreign exchange exposure.

The group may use forward exchange contracts as an economic hedge against currency risk, where cash flows can be judged with reasonable certainty. Foreign exchange swaps and options may be used to hedge foreign currency receipts in the event that the timing of the receipt is less certain. There were no open forward contracts as at 31 July 2025 or at 31 July 2024.

The split of group assets between Sterling and other currencies at the year end is analysed as follows (Company assets are all in Sterling):

Group	31 July 2025				31 July 2024			
	GBP £'000	EUR £'000	USD £'000	Total £'000	GBP £'000	EUR £'000	USD £'000	Total £'000
Cash and cash equivalents	13,967	—	31	13,998	20,255	—	38	20,293
Trade receivables	5	—	25	30	1	—	300	301
Accrued income	—	—	—	—	—	—	40	40
Trade payables	(386)	(9)	(67)	(462)	(712)	(11)	(29)	(752)
	13,586	(9)	(11)	13,566	19,544	(11)	349	19,882

All other categories of assets and liabilities in the statement of financial position are denominated in Sterling.

Sensitivity analysis to movement in exchange rates

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling rate against other currencies used within the business, with all other variables held constant, of the group's loss before tax (due to foreign exchange translation of monetary assets and liabilities) and the group's equity.

Increase/(decrease)	Impact on loss before tax and group equity 2025 £'000	Impact on profit before tax and group equity 2024 £'000
10%	(2)	38
5%	(1)	18
(5%)	1	(16)
(10%)	2	(31)

Interest rate risk

As the group's borrowing is in the form of loan notes with a fixed rate of return and which are held at amortised cost, interest rate risk is limited to the reduction of interest received on cash surpluses held at bank which receive a floating rate of interest. The group's financial instruments with interest rate risk exposure and maximum exposures are set out below:

Group	31 July 2025			31 July 2024		
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Cash and cash equivalents	—	13,998	13,998	—	20,293	20,293
Company						
Cash and cash equivalents	—	13,861	13,861	—	20,164	20,164

26. Financial risk management continued

Sensitivity analysis to movement in interest rates

The following table demonstrates the sensitivity to a reasonably possible change in the UK base rate, with all other variables held constant, of the group's loss before tax (due to finance income) and the group's equity.

Increase/(decrease)	Impact on loss before tax and group equity 2025 £'000	Impact on profit before tax and group equity 2024 £'000
1%	140	203
0.5%	70	101
(0.5%)	(70)	(101)
(1%)	(140)	(203)

Maturity profile

Set out below is the maturity profile of the group's financial liabilities at 31 July 2025 and 31 July 2024 based on contractual undiscounted payments, including contractual interest.

	Up to one year £'000	One to five years £'000	Greater than five years £'000	Total £'000
2025				
Financial liabilities				
Trade and other payables	1,494	—	—	1,494
Lease liabilities	702	680	—	1,382
	2,196	680	—	2,876
2024				
Financial liabilities				
Trade and other payables	1,432	—	—	1,432
Lease liabilities	709	1,354	—	2,063
	2,141	1,354	—	3,495

Trade and other payables are due within three months.

As all financial assets are expected to mature within the next twelve months, an aged analysis of financial assets has not been presented.

Notes to the financial statements continued

27. Related party transactions

The group

There were no sales to, purchases from or, at the year end, balances with any related party.

The Company

The following table summarises inter-company balances at the year end between Nanoco Group plc and subsidiary entities:

	Notes	31 July 2025 £'000	31 July 2024 £'000
Loan from Nanoco Group plc to:			
Nanoco Technologies Limited ¹	16	16,403	11,497
Less impairment provision	16	(16,403)	(11,497)
		—	—
Inter-company payable by Nanoco Group plc to:			
Nanoco Tech Limited	18	(450)	(450)
Nanoco US Inc.	18	(167)	(178)

1 The movement in the short-term loan due from Nanoco Technologies Limited relates to transfers of cash balances between the entities for the purposes of investing short-term funds and the funding of trading losses.

None of the loans are interest bearing.

There is no controlling party of the group or Company.

28. Compensation of key management personnel (including Directors)

Group	31 July 2025 £'000	31 July 2024 £'000
Short-term employee benefits	875	765
Pension costs	53	62
Cash bonus	254	—
Share-based payments	394	197
	1,576	1,024

The key management team comprises the Executive Directors and two members of staff (2024: one) who are not Directors of the Company. The staff members of the team are the Operations Director and the Global Business Director.

29. Reconciliation of net debt

Group	Liabilities from financing activities			Cash and cash equivalents £'000	Total net debt £'000
	Loans £'000	Lease liabilities £'000	Total liabilities from financing activities £'000		
At 1 August 2023	(4,561)	(1,871)	(6,432)	8,207	1,775
Financing cash flows	5,078	661	5,739	11,743	17,482
New leases	—	(596)	(596)	—	(596)
Foreign exchange adjustments	—	—	—	343	343
Interest expense	(517)	(103)	(620)	—	(620)
At 31 July 2024	—	(1,909)	(1,909)	20,293	18,384
Financing cash flows	—	714	714	(6,250)	(5,536)
New leases	—	(16)	(16)	—	(16)
Foreign exchange adjustments	—	—	—	(45)	(45)
Interest expense	—	(87)	(87)	—	(87)
At 31 July 2025	—	(1,298)	(1,298)	13,998	12,700

Company	Loans £'000	Cash and cash equivalents £'000	Total net debt £'000
Net debt as at 1 August 2023	(4,004)	105	(3,899)
Financing cash flows	4,500	19,709	24,209
Foreign exchange adjustments	—	350	350
Interest expense	(496)	—	(496)
Net debt at 31 July 2024	—	20,164	20,164
Financing cash flows	—	(6,301)	(6,301)
Foreign exchange adjustments	—	(2)	(2)
Net debt at 31 July 2025	—	13,861	13,861

30. Subsequent events

On 5 September 2025 the Company issued 935,778 new ordinary shares to satisfy the deferral of Directors' fees during FY25.

On 4 November 2025 the group announced it has signed a three-year extension to its existing JDA with the Asian Chemical Customer.

On 20 November 2025, the patent infringement lawsuit against LG Electronics was concluded with a no fault settlement for \$5m.

Investor information

Directors

Dr Jalal Bagherli	Non-Executive Chairman
Dmitry Shashkov	Chief Executive Officer
Dr Nigel Pickett	Chief Technology Officer
Liam Gray	Chief Financial Officer
Dr Alison Fielding	Senior Independent and Non-Executive Director
Chris Batterham	Non-Executive Director
Dieter May	Non-Executive Director

Secretary

Liam Gray

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