60% Longer in the Sky: A New Era for Drones

Nanoveu Ltd

Recommendation	**Spec Buy**
Share Price	**$0.11**
Fair Valuation	**$0.28**

Nanoveu Ltd (ASX:NVU) has completed its Phase-2 EMASS drone evaluation program, delivering one of the most significant milestones in its development. In more than 300 simulated campaigns across quadcopter, hexacopter, and octocopter platforms, the company's proprietary ECS-DoT edge-AI chip achieved average endurance gains of 60% and peaks of up to 85%. For the UAV industry, where flight endurance has long been the most persistent constraint, these results represent a technological breakthrough with the potential to reshape the cost-benefit equation of the entire drone/UAV sector.

The breakthrough is particularly notable because the gains were achieved without modifying batteries, propulsion systems, or airframes. ECS-DoT can therefore be adopted as a drop-in, scalable solution across existing platforms. The implications are far-reaching: defence operators can sustain longer missions; logistics providers can service larger delivery areas; agricultural and inspection drones can cover more ground with fewer rotations.

Validation adds weight to the results. Testing was conducted in Gazebo/ArduPilot, the same hardware-in-the-loop environment used by NASA and DARPA, providing credibility for OEM stakeholders. ECS-DoT also achieved this uplift while consuming less than 1 milliwatt of power, reinforcing its position as one of the lowest-power AI accelerators globally. The rare combination of extended endurance and ultra-low power consumption makes ECS-DoT uniquely positioned to meet industry needs.

Phase-2 results are a turning point for Nanoveu's commercial pathway. The company is now moving to Phase-3 live-flight trials to demonstrate real-world performance, while engaging directly with drone OEMs and strengthening its IP portfolio to secure long-term defensibility. With the UAV market projected to exceed USD163 billion by 2030, Nanoveu stands at the intersection of strong market growth and validated technology.

Research Update

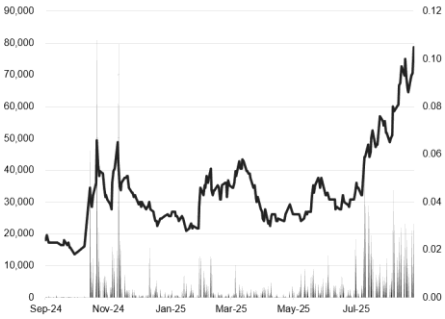
Following this milestone, Evolution Capital has updated its forecasts and DCF model. For CY25, we now assume distribution of four DevKits, driven by increased adoption given the superior product qualities. Near-term R&D spending has been lifted to ~21% of revenue to capture accelerated development and integration, before easing to sustainable levels. We have also incorporated intangible assets, with Nanoveu now capitalising development costs, alongside the EMASS acquisition recognised through a share issue. These are amortised on a four-year schedule, providing greater visibility on the cost structure.

We now raise our fair valuation for Nanoveu to A$0.28 per share (from A$0.26) and maintain our Speculative Buy rating. Phase 2 marks a clear inflection point: Nanoveu has moved from technological promise to validated results, and the next stage, OEM integration and live-flight confirmation, could establish ECS-DoT as a new standard in UAV endurance.

Key Near-Term Catalysts	
Phase-3 live-flight trials of ECS-DoT	CY25
Initial DevKit evaluations convert into signed design wins with OEMs	CY25–CY26
First commercial volume shipments of ECS-DoT chip to early customers	From CY26
Execution of new engineering contracts with commercial partners	Ongoing
Developer Kit distribution expands across additional verticals (e.g., robotics, wearables)	CY25–CY26
Strategic partnership or JV agreement with major industry player	CY25–CY26

Company Profile	
Market Cap	$102M
Enterprise Value	$98M
Free Float	66%
Cash	$4.5m
52-Week Range	$0.018 - $0.11

Price Performance



Company Overview

Nanoveu is an Australian semiconductor company focused on ultra-efficient edge AI solutions for vision-based applications. Its flagship ECS-DoT chip brings real-time, low-power intelligence directly onto devices, reducing reliance on the cloud, cutting latency, and extending battery life by up to one-third. Designed for high-growth markets such as drones, robotics, smart cameras, and wearables, ECS-DoT combines a vision-optimised architecture with exceptional energy efficiency, enabling advanced AI capabilities in products where weight, size, and power constraints are critical. Operating under a capital-light, fabless model with manufacturing outsourced to leading foundries like TSMC, Nanoveu concentrates on design, proprietary IP, and customer integration, while its legacy Nanoshield and EyeFly3D products continue to provide supporting revenue as the chip business scales to become its primary growth engine.

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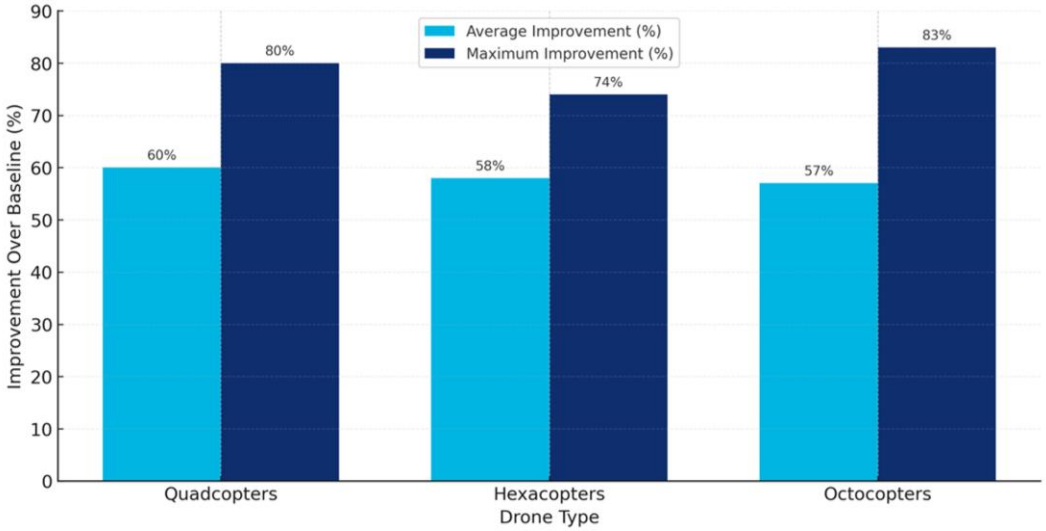
Breakthrough in Drone Endurance

Nanoveu Ltd (ASX:NVU) has achieved a milestone that could reshape the global UAV industry. The company has successfully completed its Phase-2 evaluation program for the ECS-DoT edge-AI optimisation chip, producing results that exceed expectations by a wide margin. Across more than 300 simulated flight campaigns on quadcopter, hexacopter, and octocopter platforms, ECS-DoT delivered average endurance gains of around 60 percent, with peak improvements of up to 85 percent.

These gains were achieved without any physical changes to the drones' batteries, propulsion systems, or airframes, making it clear that the uplift is entirely attributable to ECS-DoT's optimisation engine. In a sector where endurance has always been the most stubborn constraint, these results represent not an incremental upgrade but a paradigm shift in UAV capability.

Figure 1: ECS-DoT Phase 2 Results: Flight-Time Improvements by Drone Type



Source: Announcement NVU, 02.09.2025

Strategic Industry Implications

The implications of this performance leap are profound. In defence and security, drones can stay airborne significantly longer, cover greater ground, and reduce the risks associated with frequent redeployment. In logistics, operators can carry heavier payloads and serve larger delivery areas with fewer sorties. Agricultural drones will be able to monitor vast fields more efficiently, while industrial inspection and surveillance missions become cheaper, faster, and more comprehensive. Across all major UAV verticals, ECS-DoT offers productivity and cost benefits that were previously unattainable.

By unlocking endurance gains of 60–85 percent, Nanoveu is addressing the single most important bottleneck in UAV adoption. This positions ECS-DoT not simply as a performance enhancer, but as a transformational enabler for commercial and military drone operators worldwide.

Rigorous Validation and Technical Edge

One of the most compelling aspects of these results is the robustness of the validation process. Testing was conducted using Gazebo/ArduPilot, a hardware-in-the-loop simulation environment trusted by NASA and DARPA. This ensures credibility and comparability with industry-standard testing protocols.

In addition to its performance gains, ECS-DoT demonstrated extraordinary energy efficiency, consuming less than 1 milliwatt of power at 50 Hz closed-loop control. This positions ECS-DoT as one of the lowest-power AI accelerators in existence, combining breakthrough performance with ultra-low energy requirements. For OEMs, this dual benefit – enhanced performance at negligible power cost – is uniquely compelling.

A Turning Point for Commercialisation
The Phase-2 results represent more than a technical achievement – they are a turning point in Nanoveu's commercial trajectory. OEMs and enterprise customers require reproducible, validated data before considering integration. With Phase-2 successfully completed, Nanoveu now possesses exactly the kind of quantifiable performance evidence that can accelerate OEM engagement and shorten adoption cycles.

Unlike other endurance improvements, which typically require larger batteries, heavier propulsion, or structural redesigns, ECS-DoT is a drop-in, software-driven optimisation. Its ability to integrate across multiple drone classes without hardware redesign makes it highly scalable. To protect this competitive advantage, Nanoveu has already lodged patent filings covering both the optimisation engine and its AI-driven flight control system.

Focus on the UAV Market
While Nanoveu's long-term roadmap envisions applications across IoT and wearables, the UAV market has now clearly emerged as the first pathway to large-scale adoption. With the global drone market expected to exceed USD163 billion by 2030, ECS-DoT is positioned at the intersection of rapid market growth and a critical unmet need – endurance. The ability to extend flight times by 60 to 85 percent is both unmatched in the current competitive landscape and perfectly aligned with customer demand.

Operational Outlook – Moving to Phase-3
The next stage for Nanoveu is Phase-3 live-flight validation trials, which will move beyond simulation to demonstrate ECS-DoT's real-world performance advantages. This represents the final step before OEM-level integration. Early engagement with leading drone manufacturers is already underway, raising the prospect of design wins and commercial volumes as early as CY26.

Equally important, the scalability demonstrated across quadcopter, hexacopter, and octocopter platforms confirms that ECS-DoT is not a niche solution but a platform technology. It is capable of addressing the full spectrum of UAV applications. Parallel efforts to expand and defend the company's intellectual property portfolio will further entrench this competitive position and create potential licensing opportunities.

Next Steps: From Simulation to Market Adoption
With Phase-2 validation now complete, Nanoveu is preparing to translate its technological breakthrough into tangible commercial progress. The company's next phase of work is structured around three priorities that collectively bridge the gap from simulation to large-scale market adoption.

1. **Deepening OEM Engagement:** Nanoveu has already initiated discussions with leading drone and avionics manufacturers. The focus now is on embedding ECS-DoT into next-generation flight control platforms, particularly in endurance-critical and autonomous use cases. By placing validated performance data directly in front of OEM decision-makers, Nanoveu is positioning itself for early design wins that could underpin commercial deployment.

2. **Advancing to Live-Flight Trials**: The next technical milestone will be the transition from controlled simulation environments to real-world drone deployments. ECS-DoT is now being integrated into live platforms for mapping and endurance trials under operational conditions. These demonstrations will be critical in confirming the transferability of performance gains across different hardware systems and in proving reliability in uncontrolled environments. Success here would provide OEMs with the confidence required to commit to integration at scale.

3. **Strengthening Intellectual Property and Licensing Potential**: To secure long-term defensibility, Nanoveu is broadening its intellectual property portfolio.

Planned filings will cover the proprietary optimisation engine, surrogate power modelling framework, and the AI flight control stack underlying ECS-DoT. In addition to protecting competitive advantage, this IP strategy also creates optionality for licensing and partnership models, supporting future monetisation beyond direct product sales.

Nanoveu now stands at the threshold of commercialisation. The endurance gains achieved by ECS-DoT are not just a step forward – they redefine the limits of drone performance. If replicated in Phase-3 live-flight trials and converted into OEM adoption, ECS-DoT could establish a new industry standard for endurance and efficiency. For Nanoveu, this milestone marks the moment where technical vision begins to crystallise into commercial reality, with drones set to become the company's first scalable revenue engine.

Valuation

Following the strong Phase 2 results for EMASS, we have updated our model to reflect Nanoveu's improved commercialization outlook. The key adjustments relate to higher DevKit volumes, a modestly stronger conversion rate, and an increase in R&D expenses. These changes capture both the strengthened negotiating position of the company and the accelerated path to market adoption.

For CY25, we now assume four DevKits shipped, compared with three in our initiation model. This reflects the heightened attractiveness of Nanoveu's technology following the demonstration of 60–85% longer drone flight times, and the fact that the company already has OEMs actively trialling the ECS-DoT chip. From CY26 onwards, DevKit numbers are stepped up more aggressively, starting with 10 units and rising steadily to more than 1,600 by CY35. Each additional DevKit represents a potential entry point for OEM engagement, substantially expanding Nanoveu's pipeline of future deals.

On the cost side, reported R&D spending in CY24 was just A$52k, an unusually low level that largely reflects the capitalization of EMASS development costs. For CY25 we now forecast R&D expenses of A$212,880, which equates to 21% of revenue. This elevated level reflects the current Phase 3 validation program, ongoing OEM integration, and the expansion of the intellectual property portfolio. We have assumed that part of these costs has been brought forward into CY25–26 in order to accelerate commercialization and improve Nanoveu's position in negotiations with potential customers. From CY26 onwards we forecast a steady decline in R&D intensity as revenues begin to scale more sharply. In the mid-term, we expect R&D to account for 8–10% of revenues, before normalizing in the long term at around 5%. This reflects a cost structure that captures the significant early investment required while retaining a clear trajectory towards sustainable profitability.

Figure 2: Revenue Assumptions

Revenue Assumptions	CY25	CY26	CY27	CY28	CY29	CY30	CY31	CY32	CY33	CY34	CY35
ECS-DoT Chip											
DevKits	4	10	26	71	200	369	627	1,004	1,305	1,520	1,628
Conversion Rate	30%	30%	31%	32%	32%	33%	33%	34%	34%	35%	35%
Deals	1	3	8	23	64	122	207	341	444	532	570
Pre Production Revenue per Deal	52,000	53,040	54,101	55,183	56,286	57,412	58,560	59,732	60,926	62,145	63,388
Pre Production Revenue	**0.05**	**0.16**	**0.44**	**1.26**	**3.59**	**6.99**	**12.13**	**20.39**	**27.04**	**33.07**	**36.13**
Conversion Chip Rate	55%	55%	56%	56%	57%	57%	58%	58%	58%	58%	58%
Chip Volume	105,000	304,500	818,090	2,280,096	7,661,123	14,615,985	31,058,969	51,200,240	66,560,312	79,823,433	85,490,896
ASP	7.6	7.8	7.9	8.1	8.2	8.4	8.6	8.7	8.9	9.1	9.3
Chip Sales	**0.44**	**1.30**	**3.62**	**10.30**	**35.92**	**69.91**	**154.18**	**259.25**	**343.76**	**420.51**	**459.37**
Nanoshield	**0.30**	**0.51**	**0.78**	**1.19**	**1.83**	**2.79**	**3.99**	**5.70**	**7.56**	**9.25**	**10.38**
Client	3	5	8	11	17	25	35	50	64	77	85
ARPU	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	121,899
EyeFly3D	**0.23**	**0.38**	**0.59**	**0.90**	**1.37**	**2.10**	**2.57**	**3.14**	**3.84**	**4.70**	**5.76**
Client	3	5	8	11	17	25	30	36	44	52	63
ARPU	75,000	76,500	78,030	79,591	81,182	82,806	84,462	86,151	87,874	89,632	91,425
Total Revenue	**1.02**	**2.35**	**5.43**	**13.65**	**42.71**	**81.79**	**172.86**	**288.48**	**382.20**	**467.53**	**511.63**

The impact of these changes is a materially steeper revenue trajectory. By CY28, revenues are projected to reach A$13.7m. By CY30, we forecast revenues of A$82.0m. By CY35, revenues are expected to grow to A$512.0m. While higher R&D spending modestly increases the cost base in the near term, the stronger revenue outlook more than offsets this effect. The path to operating break-even is therefore preserved, while the probability of successful market penetration has increased.

We have also incorporated intangible assets more comprehensively into our model. Importantly, this reflects a change in Nanoveu's accounting treatment, as the company has only recently begun capitalising development costs rather than expensing them immediately through the income statement. These primarily relate to ongoing investments in ECS-DoT as well as the EMASS acquisition, which was recognised through the issuance of shares rather than cash consideration. As a result, these costs are now visible as assets on the balance sheet and will be recognised over time through amortisation. We apply a four-year straight-line amortisation schedule, which provides greater transparency on how development expenditures flow through the financial statements and offers a clearer view of the underlying cost structure going forward.

In addition, we have integrated the most recent equity transactions, ensuring that the capital base is fully consistent with reported disclosures. This includes the placement proceeds that have been recorded, which further strengthen the company's funding position and provide additional flexibility to support the transition into Phase 3 trials and OEM engagement.

Finally, prepayments have been explicitly modelled within the working capital framework. We assume a relatively high level of prepayments in the near term (30%), consistent with a company in the development and scale-up phase where suppliers often require advance commitments. From CY29 onwards, we forecast this ratio to decline gradually to 15%, reflecting the transition towards a more mature operating profile with improved bargaining power and longer-term supplier relationships.

Our valuation assumptions remain unchanged. We continue to apply a WACC of 15%, based on a beta of 1.95, a risk-free rate of 4.3%, a cost of equity of 15%, and a cost of debt of 12%. Our terminal growth rate remains at 3.5%. These parameters reflect Nanoveu's unchanged early-stage risk profile. The changes in our target price are therefore driven entirely by the revised operating assumptions.

Table 1: Valuation

NVU Valuation (A$M)	
Terminal Growth Rate	3.5%
Discount Rate	15.03%
Terminal Value (TV)	1,218.90
Present Value of TV	261.24
Enterprise Value	**177.99**
Net Debt	-210.93
Equity Value	**388.92**
Fully Diluted Shares	1,410.08
Implied (Target) Price	**$0.2758**

WACC	
Beta	1.95
Rf	4.30%
Re	15%
Rd	12%
E	102.77
D	0.00
1-T	70%
WACC	**15.03%**

Based on our updated DCF model, we arrive at an equity value of A$389m. This equates to a target price of **A$0.28** per share, compared with A$0.26 in our initiation report. The increase of around 7.7% underscores the stronger commercial outlook for EMASS, supported by the Phase 2 results and the acceleration of OEM engagement.

Sensitivity Analysis

The sensitivity matrix shows that valuation outcomes are relatively stable within a reasonable range of assumptions. At a terminal growth rate of 3.5% and WACC of 15%, the implied value is **A$0.28 per share**, while at 4% terminal growth the value rises to **A$0.29 per share**. Similarly, shifting the WACC by ±50 basis points around our base case moves the valuation by less than A$0.01 per share.

Table 2: Sensitivity Analysis

	WACC						
Terminal Growth	27.58	13.5%	14.0%	14.5%	15.0%	15.5%	16.0%	16.5%
	2.0%	25.24	25.23	25.22	25.21	25.20	25.20	25.19
	2.5%	25.97	25.96	25.95	25.94	25.93	25.92	25.91
	3.0%	26.75	26.74	26.74	26.73	26.72	26.71	26.70
	3.5%	27.61	27.60	27.59	**27.58**	27.57	27.57	27.56
	4.0%	28.54	28.53	28.52	28.52	28.51	28.50	28.49
	4.5%	29.56	29.56	29.55	29.54	29.53	29.52	29.51
	5.0%	30.69	30.68	30.67	30.66	30.65	30.64	30.64

This stability underscores that the upside in our model is not overly dependent on aggressive terminal assumptions, but instead derives from the near- and mid-term revenue ramp driven by EMASS commercialization. The limited sensitivity to discount rate changes reflects the significant weighting of cash flows within the first 10 years of our projection horizon.

Risks & Execution Challenges

Execution Risk in Phase-3 Transition

With Phase-2 simulation results validated, Nanoveu now prepares for Phase-3 live flight trials. While early OEM engagement is encouraging, successful translation of simulated gains into real-world conditions remains a critical execution milestone. Any underperformance in live trials, or delays in demonstrating reproducibility across hardware platforms, could weaken OEM confidence and slow the path to design wins.

Manufacturing and Tape-Out Risk

The ECS-DoT chip is silicon-verified, and the next-generation design is scheduled for tape-out via TSMC's MPW shuttle in Q4 CY25. As with all fabless semiconductor models, risks remain around fabrication yield, silicon bugs, and design-to-silicon mismatches. Any issues could extend the engineering cycle, push out timelines for commercial volumes, or increase cash burn.

Conversion Risk from DevKits to OEM Adoption
The business model depends on converting Developer Kit deployments into signed OEM design wins. Our model assumes a ~30–31% conversion rate, but actual outcomes will depend on customer validation, integration complexity, and alternative offerings. Lower conversion rates would delay revenue ramp-up, push back operating leverage, and potentially extend time to break-even.

Competitive and Substitution Risk
The edge AI market is highly dynamic, with both start-ups (Ambiq, Syntiant) and global incumbents (Qualcomm, Apple, Nvidia) targeting ultra-low-power acceleration. These competitors have scale advantages in R&D, distribution, and customer reach. Nanoveu's ability to secure IP protection, highlight its endurance-focused differentiation, and capture early OEM integrations is vital to defending market share.

Capital Intensity and Dilution Risk
Although Nanoveu currently maintains a net cash position, scaling chip production and supporting OEM rollouts may require incremental capital. Our model factors in a potential equity raise of A$5 million in CY26; however, higher opex or slower-than-expected uptake could necessitate additional funding, raising dilution risk for shareholders.

Supply Chain and Geopolitical Dependence
As a fabless company reliant on TSMC and third-party packaging/test partners, Nanoveu remains exposed to global semiconductor supply chain fragility. Disruptions from capacity constraints, cost inflation, or geopolitical instability in Taiwan could impact timelines, pricing, and availability at volume scale.

Legacy Product Drag
Nanoshield and EyeFly3D continue to generate modest revenue, but their strategic role is secondary. Ongoing support for these products may divert resources from ECS-DoT, while their scalability and profitability remain uncertain. The risk is one of management distraction and diluted strategic focus.

Regulatory and IP Risks
As Nanoveu targets global drone OEMs, it must navigate complex regulatory regimes around UAV certification, export controls, and AI deployment standards. Furthermore, given that ECS-DoT's defensibility rests heavily on its software and algorithmic IP, enforcement of IP rights—particularly in Asia—remains essential to preventing competitive erosion.

Appendix

Financials

Income Statement *A$'000s*	CY24	CY25e	CY26e	CY27e	CY28e	CY29e	CY30e
Revenue	0.01	1.02	2.35	5.43	13.65	42.71	81.79
Cost of sale of goods	0.00	-0.43	-0.96	-2.17	-5.32	-16.23	-31.08
Gross Profit	**0.01**	**0.59**	**1.39**	**3.26**	**8.32**	**26.48**	**50.71**
Operating expenses	-2.77	-3.75	-2.94	-4.39	-8.29	-15.31	-24.18
EBITDA	-2.74	-3.13	-1.52	-1.09	0.08	11.23	26.60
D&A	-0.11	-3.36	-3.24	-3.16	-3.10	-3.12	-3.88
EBIT	-2.85	-6.49	-4.75	-4.25	-3.02	8.11	22.73
Net Interest	0.00	-0.00	-	-	-	-	-
NPBT	-2.85	-6.49	-4.75	-4.25	-3.02	8.11	22.73
Tax expense	-	-	-	-	-	-2.43	-6.82
NPAT	-2.85	-6.49	-4.75	-4.25	-3.02	5.68	15.91
Profit attributable to NCI	-2.85	-6.84	-5.13	-4.48	-3.11	5.77	16.11

Balance Sheet *A$'000s*	CY24	CY25e	CY26e	CY27e	CY28e	CY29e	CY30e
Cash	0.50	7.29	11.48	10.06	9.50	13.19	24.18
Trade and other receivables	0.50	1.55	1.04	2.55	5.87	10.68	15.54
Prepayments	-	1.13	0.88	0.88	1.66	2.30	3.63
Current assets	0.99	9.96	13.39	13.49	17.02	26.16	43.35
PPE	0.06	0.13	0.12	0.11	0.10	0.08	0.07
Right of use asset	0.01	0.25	0.24	0.23	0.22	0.21	0.21
Intangible Assets and Other	0.26	10.48	10.17	9.47	9.28	10.68	13.95
Non-current assets	0.33	10.86	10.52	9.80	9.60	10.97	14.23
Total assets	1.32	20.82	23.92	23.29	26.62	37.13	57.58
Trade and other payables	0.53	0.94	1.38	3.16	5.55	10.26	15.71
Borrowings	0.33	-	-	-	-	-	-
Other	0.33	0.35	0.42	0.71	2.14	4.93	8.14
Current liabilities	0.98	1.29	1.80	3.87	7.70	15.19	23.85
Borrowings	-	-	-	-	-	-	-
Other liability	-	0.18	1.08	3.36	7.23	13.17	19.08
Non current liabilities	-	0.18	1.08	3.36	7.23	13.17	19.08
Total Liabilities	0.98	1.46	2.88	7.24	14.92	28.36	42.93
Net Assets	0.34	19.35	21.03	16.05	11.70	8.77	14.65
Contributed Equity	21.95	42.16	50.71	50.71	50.71	50.71	50.71
Retained earnings	-21.37	-24.34	-30.83	-35.58	-39.84	-42.86	-37.18
Reserves	-0.21	1.99	1.99	1.99	1.99	1.99	1.99
NCI	-0.04	-0.46	-0.84	-1.06	-1.16	-1.07	-0.87
Total equity	0.34	19.35	21.03	16.05	11.70	8.77	14.65

Statement of Cashflows *A$'000s*	CY24	CY25	CY26	CY27	CY28	CY29	CY30
Net profit for period	-2.85	-6.84	-5.13	-4.48	-3.11	5.77	16.11
Depreciation & Amortisation	0.11	3.36	3.24	3.16	3.10	3.12	3.88
Changes in working capital	0.28	1.87	-1.27	-0.56	0.27	-2.04	-2.47
Other	-0.05	-0.06	-0.09	-0.13	-0.20	-0.30	-0.54
Operating cash flow	-1.84	-0.34	-3.25	-2.01	0.06	6.55	16.98
Payments for PPE	-	-0.01	-0.01	-0.01	-0.01	-	-
Loan receivable	-0.26	-0.70	-	-	-	-	-
Other	-	-0.05	-0.00	-0.01	-0.00	-0.00	-0.00
Investing cash flow	-0.26	-3.56	-2.87	-2.93	-2.90	-3.16	-6.15
Equity Raised	2.08	11.22	9.00	-	-	-	-
Transaction costs	0.40	-0.67	-0.45	-	-	-	-
Borrowings	-	-0.12	-	-	-	-	-
Proceeds from exercise of option	-	0.30	1.76	3.51	2.28	0.30	0.18
Other	0.04	-0.04	-	-	-	0.00	0.00
Financing cash flow	2.53	10.69	10.31	3.51	2.28	0.30	0.18
Free cash flow	**-3.90**	**-6.12**	**-4.93**	**-2.84**	**3.39**	**10.82**	**42.74**
Cash flows	**6.79**	**4.19**	**-1.42**	**-0.56**	**3.69**	**11.00**	**23.39**
Effects of exchange rate	-	-	-	-	-	-	-
Cash year end	7.29	11.48	10.06	9.50	13.19	24.18	47.57

Investment Fundamentals	CY24	CY25e	CY26e	CY27e	CY28e	CY29e	CY30e
Liquidity							
Quick Ratio	0.5	2.1	1.1	0.9	1.0	0.9	0.8
Solvency							
Debt to Equity	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt to Assets	0.3	0.0	0.0	0.0	0.0	0.0	0.0
LT Debt to Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profitability							
Net Margin	n/a	n/a	n/a	n/a	n/a	21%	31%
ROA	-310%	-59%	-21%	-18%	-12%	18%	34%
ROE	-2487%	-66%	-24%	-23%	-22%	55%	136%
Profit Margins							
EBITDA Margin	n/a	n/a	n/a	n/a	1%	26%	33%
Gross Margin	58%	59%	60%	61%	62%	62%	62%
NPAT Margin	n/a	n/a	n/a	n/a	n/a	14%	20%

Exchange differences on translation were not considered in the overall OCI assessment, as they result from marginal foreign currency translation differences that do not materially impact the financial outlook.

Board & Management

Dr David Pevcic Executive Chairman	Appointed Executive Chairman in 2024, Dr David Pevcic brings a strong background in investment and corporate strategy across the technology and resources sectors. He currently serves as Executive Director of Infini Resources (ASX:I88) and Non-Executive Director of Battery Age Minerals (ASX:BM8). Dr Pevcic is also the founder of several private ventures and holds degrees in Science and Medicine from the University of Western Australia.
Alfred Chong Group Chief Executive Officer	Founder of Nanoveu, Alfred Chong has over 30 years of experience scaling technology businesses across the US and Asia. Prior to Nanoveu, he held senior executive roles including CEO of THISS Technologies and 121View, and CMO at 3D International. Recognised by the Singapore American Business Association and *San Francisco Chronicle* as a key innovator, Chong holds degrees in Computer Science and an MBA from the University of San Francisco.
Steve Apedaile Non-Executive Director	With over three decades in accounting and corporate finance, Steve Apedaile has held senior positions at KPMG and Horwath in Hong Kong. He is a former MD of an ASX-listed company and brings deep expertise in international business and forensic accounting. Apedaile is a Fellow of the UK Institute of Chartered Accountants and a member of the AICD.
Dr Michael Winlo Non-Executive Director	Dr Winlo has led teams in biotech, pharma, and big data, including as CEO of Linear Clinical Research and health lead at Palantir Technologies (Silicon Valley). He is currently Executive Director of Emyria (ASX:EMD). Dr Winlo holds an MBA from Stanford and medical degrees from the University of Western Australia.
Mark Goranson CEO Semiconductor Technology	Mark Goranson leads Nanoveu's chip commercialisation with over 25 years in the semiconductor industry, including 18 years at Intel and roles at ON Semiconductor, Freescale, and TE Connectivity. His background spans chip manufacturing, productisation, and strategic scaling. He holds a BSc in Physics/Electronics from New Mexico University.
Mohamed M. Sabry Founder of EMASS	Prof. Sabry is a leading voice in embedded AI and chip design. A former Associate Professor at NTU Singapore and postdoc at Stanford, he founded EMASS and has led major government-backed deep tech programs. His research includes over 100 peer-reviewed publications and over S$40 million in secured funding.
Raymond Chen Group CFO	Raymond Chen has held senior finance roles at Iluka, NRW Holdings, Equinox, and KPMG. His responsibilities included IR, treasury, and capital markets. He holds an MBA from the University of Cambridge's Judge Business School.

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative:** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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