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THIS IS AN ANNOUNCEMENT UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE, NOR AS TO THE TERMS ON WHICH ANY OFFER MIGHT BE MADE.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

5 November 2019

FOR IMMEDIATE RELEASE

Nanoco Group PLC

Formal Sale Process as Part of Strategic Review

In its preliminary results announcement on 16 October 2019, the Board of Nanoco Group PLC ("Nanoco" or the "Company") (LSE: NANO) reiterated its focus on maximising value for shareholders. In this context, the Company confirms that it has entered into preliminary discussions with certain parties about a potential sale of the Company. Accordingly, the Company today announces that it is undertaking a review of all the strategic options for the Company, including, but not limited to, a potential sale of the Company through the commencement of a "formal sale process", as referred to in Note 2 on Rule 2.6 of the Code.

Nanoco remains in active discussions with existing and other potential new customers for our materials and services with a particular focus on the display and infra-red sensing markets. In addition to these potentially lucrative commercial opportunities for continued funding of the Company's operations, the Board is also reviewing other sources of funding. The Company's current resources give reasonable headroom for the sale process and commercial opportunities to come to successful conclusions, with contingency plans in place if needed.

The Board has appointed Evercore as its financial adviser to assist with the formal sale process and as independent financial adviser for the purposes of Rule 3 of the Code.

The Panel on Takeovers and Mergers (the "Takeover Panel") has agreed that any discussions with third parties may be conducted within the context of a formal sale process. Accordingly, it has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Code such that any interested party participating in the formal sale process will not be required to be publicly identified under Rules 2.4(a) or 2.4(b) as a result of this announcement and any interested party participating in the formal sale process will not be subject to the 28-day deadline referred to in Rule 2.6(a) of the Code for so long as it is participating in the formal sale process. Following this announcement, the Company is now considered to be in an "offer period" as defined in the Code, and the dealing disclosure requirements set out below will apply.

Parties with a potential interest in making a proposal should contact Evercore, whose details are set out below.

It is currently expected that any party interested in participating in the formal sale process will, at the appropriate time, enter into a non-disclosure agreement with Nanoco on terms satisfactory to the Board of Nanoco. The Company then intends to provide such interested parties with certain information on the business, following which interested parties will be invited to submit indicative proposals to Evercore. The Company currently expects such proposals to be submitted in mid-December.

Further announcements regarding timings of subsequent steps for the formal sale process will be made as appropriate.

There can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

The Board of Nanoco reserves the right to alter or terminate the process at any time and if it does so it will make an announcement as appropriate. The Board of Nanoco also reserves the right to reject any approach or terminate discussions with any interested party at any time (without liability to any person).

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In accordance with Rule 26.1 of the City Code on Takeovers and Mergers, a copy of this announcement will, subject to certain restrictions relating to persons resident in restricted jurisdictions, be available at www.nanocotechnologies.com/investor-relations/. The person responsible for arranging for the release of this announcement on behalf of Nanoco is Brian Tenner, Chief Financial Officer. For the avoidance of doubt, the content of the website referred to above is not incorporated into and does not form part of this announcement.

This is an announcement under Rule 2.4 of the Code and is not an announcement of a firm intention to make an offer under Rule 2.7 of the Code and there can be no certainty that an offer will be made, nor as to the terms on which any offer might be made. Any offer (if made) will be made solely by certain offer documentation, which will contain the full terms and conditions of any offer (if made), including details of how such offer may be accepted. This announcement has been prepared in accordance with English law and the Code, and information disclosed may not be the same as that which would have been prepared in accordance with laws outside of the United Kingdom. The release, distribution or publication of this announcement in jurisdictions outside of the United Kingdom may be restricted by laws of the relevant jurisdictions, and therefore persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

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The information contained within this announcement is considered by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information will be considered to be in the public domain.

FORWARD LOOKING STATEMENTS

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

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

ABOUT NANOCO

Nanoco (LSE: NANO) harnesses the power of nano-materials. Nano-materials are materials with dimensions typically in the range 1 - 100 nm. Nano-materials have a range of useful properties, including optical and electronic. Quantum dots are a subclass of nano-material that have size-dependent optical and electronic properties. The Group produces quantum dots. Within the sphere of quantum dots, the Group exploits different characteristics of the quantum dots to target different performance criteria that are attractive to specific markets or end-user applications such as the Display and Electronics markets. One of the interesting properties of quantum dots is photoluminescence: the emission of longer wavelength light upon excitation by light of a shorter wavelength. The colour of light emitted depends on the particle size. Nanoco's CFQD® quantum dots are free of cadmium and other toxic heavy metals, and can be tuned to emit light at different wavelengths across the visible and infrared spectrum, rendering them useful for a wide range of applications including displays, lighting and biological imaging.

ABOUT EVERCORE

Evercore Partners International LLP ("Evercore"), which is authorised and regulated by the Financial Conduct Authority in the UK, is acting exclusively as financial adviser to Nanoco and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Nanoco for providing the protections afforded to clients of Evercore nor for providing advice in connection with the matters referred to herein. Neither Evercore nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Evercore in connection with this announcement, any statement contained herein, any offer or otherwise. Apart from the responsibilities and liabilities, if any, which may be imposed on Evercore by the Financial Services and Markets Act 2000, or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Evercore nor any of its affiliates accepts any responsibility or liability whatsoever for the contents of this announcement, and no representation, express or implied, is made by it, or purported to be made on its behalf, in relation to the contents of this announcement, including its accuracy, completeness or verification of any other statement made or purported to be made by it, or on its behalf, in connection with Nanoco or the matters described in this document. To the fullest extent permitted by applicable law, Evercore and its affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this announcement or any statement contained herein.

ABOUT PEEL HUNT

Peel Hunt LLP ("Peel Hunt"), which is authorised and regulated by the Financial Conduct Authority in the UK, is acting exclusively as corporate broker to Nanoco and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Nanoco for providing the protections afforded to clients of Peel Hunt nor for providing advice in connection with the matters referred to herein. Neither Peel Hunt nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Peel Hunt in connection with this announcement, any statement contained herein, any offer or otherwise. Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt by the Financial Services and Markets Act 2000, or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Peel Hunt nor any of its affiliates accepts any responsibility or liability whatsoever for the contents of this announcement, and no representation, express or implied, is made by it, or purported to be made on its behalf, in relation to the contents of this announcement, including its accuracy, completeness or verification of any other statement made or purported to be made by it, or on its behalf, in connection with Nanoco or the matters described in this document. To the fullest extent permitted by applicable law, Peel Hunt and its affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this announcement or any statement contained herein.

RULE 2.9 INFORMATION

In accordance with Rule 2.9 of the Code, the Company confirms that, as at close of business on 4 November 2019, its issued share capital (excluding 12,222 ordinary shares held in treasury) consisted of 286,207,024 ordinary shares of 10 pence each, with ISIN Number GB00B01JLR99, which carry voting rights of one vote per share.

DISCLOSURE REQUIREMENTS OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE")

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by not later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by not later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by not later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.