

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal independent financial advice from an appropriate independent adviser, who in the United Kingdom should be authorised under the Financial Services and Markets Act 2000 to advise on transactions in shares.

If you have sold or transferred all your shares in Offeree, please send this document to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale was effected, for transmission to the purchaser or transferee.

NANOCO GROUP PLC

Registered in England and Wales with company number 05067291.

Registered Office: 46 Grafton Street, Manchester, Greater Manchester, M13 9NT.

*To the shareholders of Nanoco Group PLC (the “**Company**”) and persons with information rights and, for information only, to the holders of options under the Offeree share option scheme.*

5 November 2019

Dear Shareholder

FORMAL SALE PROCESS

You may have seen in the press that the Company announced on 5 November 2019 that it is undertaking a review of all the strategic options for the Company which could include, but is not limited to, a potential sale of the Company through the commencement of a “formal sale process” (the “**Strategic Review**”). A copy of the press release announcing the Strategic Review is attached. Following the announcement of the Strategic Review, the Company is treated as being in an “offer period” for the purposes of the City Code on Takeovers and Mergers (the “**Code**”) although at this stage there can be no certainty that the Strategic Review will result in an offer nor as to the terms on which any offer may be made.

This letter is sent to you in accordance with the requirements of the Code.

DOCUMENTS IN HARD COPY FORM

You may request a copy of this letter and the attached press release in hard copy form and may also request that all future documents, announcements and information sent to you in relation to the Strategic Review and any subsequent offer should be in hard copy form. You may make this request by contacting Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD (telephone: 0121 585 1131 or +44 121 585 1131 if calling from outside the United Kingdom). Enquiries can also be made at info@nevilleregistrars.co.uk.

Hard copies will be sent to you within two business days of the request being received.

Documents, announcements or other information will not be sent to you in hard copy form unless you make such a request.

WEBSITE

This letter and all other documents, announcements or information published in relation to the Strategic Review and any subsequent offer by the Company will be available on the website of the Company at <https://www.nanocotechnologies.com/investor-relations/>. A copy of the press release announcing the Strategic Review is already available on the website at the above address.

PROVISION OF ADDRESSES AND RELATED INFORMATION

Please note that if a firm intention to make an offer for the Company is announced, in accordance with the requirements of the Code, the Company will provide certain information to the offeror as follows:

- electronic addresses provided to the Company by shareholders in the Company for the receipt of documents, announcements and other information in electronic form;
- addresses, electronic addresses and other information provided to the Company by, or on behalf of, persons with information rights for the receipt of documents, announcements and other information in hard copy form or electronic form;
- addresses, electronic addresses and other information provided to the Company by any other persons (such as holders of securities convertible into, rights to subscribe for and options over, shares in the Company) entitled to receive copies of documents, announcements or information for the receipt of such communications in hard copy form or electronic form (including a copy of any register(s) of such persons entitled to receive documents, announcements or information); and
- elections made in accordance with applicable legal or regulatory provisions by, or on behalf of, shareholders in the Company, persons with information rights or any other relevant persons to receive communications from the Company in hard copy form,

provided, in each case, that the relevant address, electronic address, election or other information has been provided to the Company for the receipt of information generally and not only for certain specific types of information. The information will be provided within two business days of a request by the offeror.

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 no later than 3.30pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30pm. (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 no later than 3.30pm (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).

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. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

FURTHER INFORMATION

A helpline is available between 9am and 5.30pm on any Business Day if you have any administrative questions relating to the matters contained in this document:

Telephone number: 0161 603 7900 (or +44 161 603 7900 if calling from outside the United Kingdom)

E-mail address: cwatson@nanocotechnologies.com

Calls to the telephone number above from within the UK will be charged at your normal network rates. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be monitored or recorded for security and training purposes. Please note that for legal reasons, this helpline cannot provide advice on the merits of any Offer or give any personal, legal, financial or taxation advice.

Yours faithfully

Dr Christopher Richards

Chairman

The directors of the Company accept responsibility for the information contained in this document (including any expressions of opinion). To the best of the knowledge and belief of the directors of the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The only responsibility accepted by the directors of the Company in respect of the attached press announcement made by the Company on 5 November 2019 has been to ensure that it has been correctly and fairly reproduced.