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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE

30 March 2020

Nanoco Group PLC

(“Nanoco, the “Group”, or the “Company”)

Covid-19 Update

Nanoco Group plc (LSE: NANO), a world leader in the development and manufacture of cadmium-free quantum dots and other nanomaterials emanating from its technology platform, today provides the following update on the impact of Covid-19, and the actions the Group is taking to preserve liquidity.

Key points:

- The Company is experiencing significant business disruption due to Covid-19.
- The Board is taking steps to reduce substantially the cost base of the business, including pay cuts for all Directors.
- The Company intends to seek access to Government funding to protect the employment of staff who are furloughed due to Covid-19.
- The Board continues to evaluate all strategic options, including a potential sale of the Company, which has also been impacted by Covid-19.
- With these measures, the Board is confident that Nanoco’s core capabilities will be protected and the cash reserves of the Company will now extend beyond the end of December 2020.

Like a great many businesses, the Group is experiencing significant business interruption as a result of the Covid-19 pandemic, including absence of key workers, disruption to supply chains, and customer measures leading to shipping delays and delays on raising new purchase orders. However, paid for customer work and critical activities are continuing where possible.

The safety and wider wellbeing of Nanoco’s employees is a key priority for the Board. Employees are working from home where possible and the Company is still meeting customer requirements through its facilities in Manchester and Runcorn.

Cost reductions including Directors’ contracts and salaries

The Board is taking the lead on cost savings with an immediate reduction in salary for all Directors. Salaries will be reduced by 35% for Non-Executive Directors and by 20% for Executive Directors with effect from 1 April 2020, until further notice.

As a precautionary medium-term measure, notice is being served with immediate effect under the employment contracts of Dr Michael Edelman (CEO) and Dr Nigel Pickett (CTO). Dr Edelman and Dr Pickett are expected to be fully committed to the business of the Group during the 12 months of their respective notice periods. Given that Brian Tenner’s service contract is terminable at any time on only six months’ notice, notice will be served on him at the appropriate time.

In addition, the Company has started a consultation process with its staff to provide certain necessary changes to employment contracts to enable the Group to apply for the UK Government’s recently announced employment support package for furloughed employees, and to instigate salary reductions for non-furloughed employees. The Group does not intend to apply the salary reduction to anyone earning less than £2,500 per month.

The consultation process is aimed at avoiding redundancies at this very challenging time for the economy and jobs market.

Formal Sale Process

The Company is continuing to review its strategic options including, but not limited to, a potential sale of the Company through the ongoing formal sale process as announced on 5 November and will make a further announcement in due course.

Business impact and cash runway

The proposed changes above and the availability of government employment support will potentially avoid the need for any redundancies while the support remains available and in the absence of other committed medium term funding. The proposed changes will also extend the Group's cash runway at a critical time when the formal sale process is ongoing and other commercial and strategic options are being pursued.

The Group had previously announced that, if no actions were taken to significantly reduce costs and in the absence of other material sources of cash, its cash resources would be exhausted by July 2020. The proposed measures above will potentially extend that cash runway beyond December 2020 as it is estimated that these actions, alongside other cost saving measures, will improve the Company's cash cost base for the year to 31 July 2020 by approximately 20%.

Our staff are working in line with government guidance to ensure that where possible all customer obligations are fulfilled. This includes preparing for some potential short term commercial orders currently under discussion.

Dr Christopher Richards, Nanoco's Chairman, commented:

"The safety and wellbeing of our employees is of the utmost importance to Nanoco. We have taken the lead on implementing changes to Board salaries with immediate effect whilst we firmly believe that the proposed changes to employment contracts are in the best interests of all our staff. We will keep all of these measures under review and make further changes as and when trading conditions and cash resources permit.

"We are working hard to deliver short term revenues and cash to support the business. These efforts are designed to safeguard value for all stakeholders by protecting our manufacturing, our R&D capabilities, and our core IP assets. We also continue to actively pursue the recently announced IP infringement lawsuit against Samsung.

"The extension to our cash runway buys the Group time to continue progress on the formal sale process, the lawsuit against Samsung, a number of short term commercial opportunities, and evaluation of other strategic options. By retaining our highly skilled workforce with the changes above, the probability of a successful outcome to these activities is significantly enhanced."

- Ends -

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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 announcement 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.

Notes for editors:

About Nanoco Group plc

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.

Nanoco has non-exclusive manufacturing and marketing licensing agreements in display with The Dow Chemical Company, Merck KGaA of Germany and Wah Hong Industrial Corporation of Taiwan. Nanoco was founded in 2001 and is headquartered in Manchester, UK, with a US subsidiary, Nanoco Inc., in Concord, MA. Nanoco continues to build out a world-class, patent-protected IP portfolio generated both by its own innovation engine, as well as through acquisition.

Nanoco is listed on the Main Market of the London Stock Exchange and trades under the ticker symbol NANO. For further information please visit: www.nanocogroup.com.