Interim results presentation

For the six months ended 31 January 2020

NANOCO GROUP PLC

possibilities

DISCLAIMER

The following presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ("relevant persons"). Any person who is not a relevant person should not act or rely on this presentation or any of its contents. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in Nanoco Group PLC or any of its subsidiaries ("Nanoco").

It should be noted that past performance cannot be relied on as a guide to future performance. This presentation contains forward-looking statements with respect to Nanoco's plans and objectives regarding its financial conditions, results of operations and businesses.

The financial information referenced in this presentation does not contain sufficient detail to allow a full understanding of Nanoco's results. For more detailed information, the entire text of the Interim Results announcement for the half year ended 31 January 2020, can be found on the Investor Relations section of the Nanoco website (www.nanocogroup.com).

SUMMARY

NANOCO GROUP PLC

Operational

- All milestones completed for US Customer
- Runcorn facility increasing capacity and reducing cost
- New IRQD POs received
- Lawsuit filed against Samsung

Financial

- **Revenue in line with expectations £2.9m** (FY19: £3.1m)
- **Loss reduced by ~50%* to £1.1m** (FY19: £2.5m*)
- **Period end monthly cash burn £0.7m, now cut further to ~£0.4m**
- **Cash runway extended to Q2 2021**

*FY19 not adjusted for IFRS16

PRIORITIES

NANOCO GROUP PLC

1 **Preserve cash**
- Suspended all longer term development efforts
- Reduced monthly cost base to c. £400k
- Retained core operational capability to respond to future demand

2 **Focus all operational activities on delivering near term revenue**
- Ramping IRQD sales
- Negotiating IRQD sensor development deals
- Selling latest generation of CFQDs into display applications

3 **Defend extensive patent portfolio**
- Law suit filed against Samsung for IP infringement in display
- Securing third-party litigation finance to support law suits

4 **Support Strategic Review activities**
- Pursue other sources of medium-term funding

COVID-19 OPERATIONS

NANOCO GROUP PLC

Protecting staff while continuing to service customers

- Two thirds of staff have been furloughed under UK Government scheme
- Safety focused lab operations on behalf of customers are being maintained:
  - Social distancing enabled in labs and offices
  - Increased use of PPE – much of our work is already performed using PPE
  - Enhanced cleaning / disinfecting routines of re-usable PPE and working environments
- Remainder of staff working from home where necessary
- Company-wide salary cut for the Board from 1 April and other staff from 1 May
- Employer pension contributions and staff benefits maintained at unreduced rates

IRQD SENSOR OPPORTUNITY

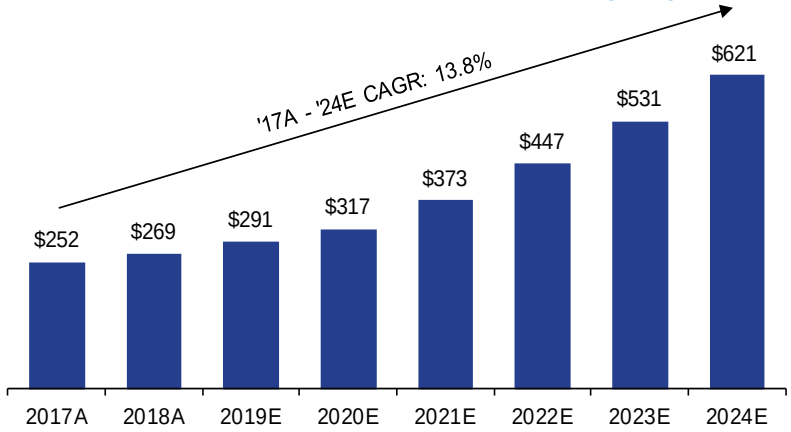
US Customer contract ended 31 Dec. 20
- All milestones delivered and paid for
- All exclusivity dropped away

Busy working with key industry players

IRQD Technology is highly relevant
- Facial recognition (front facing)
- Augmented reality (world facing)
- Autonomous vehicles
- Healthcare

Nanoco's differentiation
- Extend silicon range & sensitivity (~10x)
- Enhanced data collection
- Lower power consumption
- Cost effective vs InGaAs

IR Detector Market Forecast ($m)[1]



1. Yole – Uncooled Infrared Imagers and Detectors 2019

CFQD DISPLAY

Improved red and green CFQD for LCD display film
- China, Japan, Korea and Taiwan focus

Next generation CFQD for OLED-QD Hybrid system
- Currently being trialled by leading OEM's in Kr and CH

Merck license up for renewal
- Current license expires 30 June

CFQD VOLUME GROWTH IN DISPLAY

NANOCO GROUP PLC

QD film technology introduced to mid-range TVs (sub $1,000 price)

- Will result in higher volumes
- Nanoco pioneered the technology
- Samsung led commercialisation, others following

Hybrid QD-OLED TVs to launch 2021

- Further increases importance of QD technology
- QD more cost effective solution than OLED
- QD-OLED uses 3x QD volume than QD film

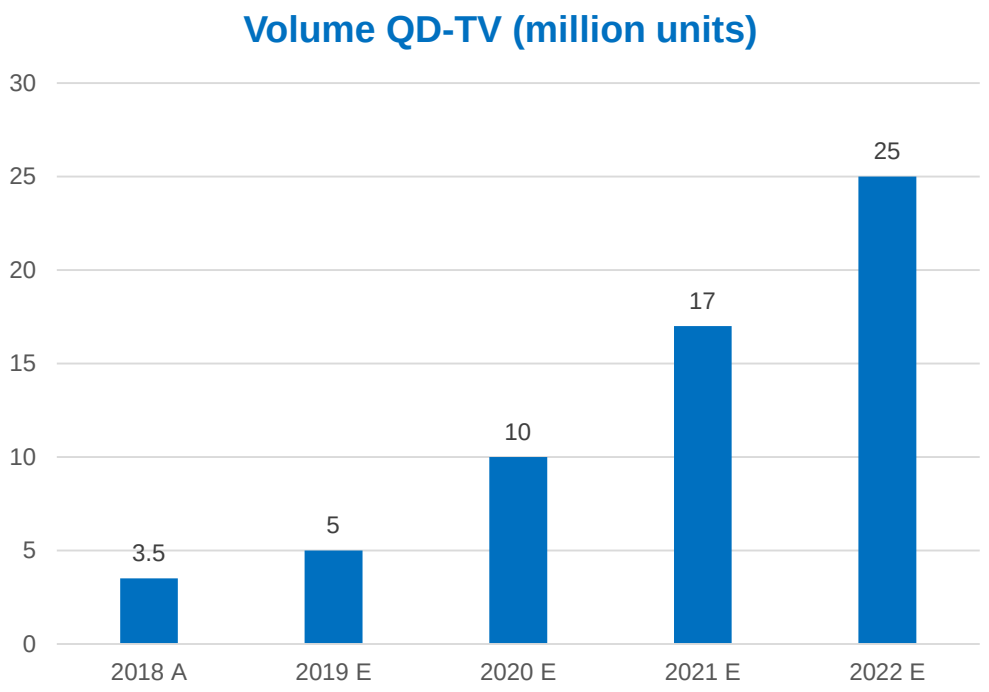
Nanoco capacity addresses both opportunities in film and QD-OLED

News

Sep 24, 2019 – Samsung to invest $11 billion to build manufacturing lines for QD-OLED displays

Why Quantum Dots?

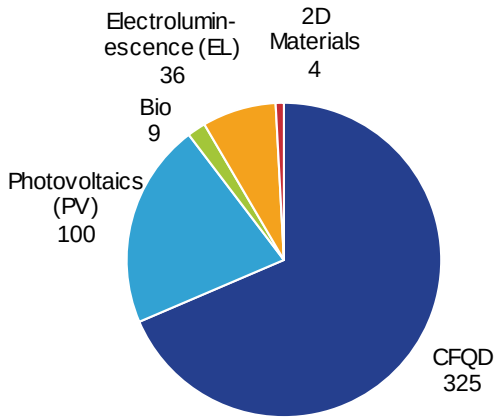
- ✓ Improved colour saturation relative to LCD
- ✓ Narrow bandwidth allows for more light extraction through color filters
- ✓ Minimal process disruption: uses existing LCD supply chain



DEFENDING OUR EXTENSIVE IP PORTFOLIO

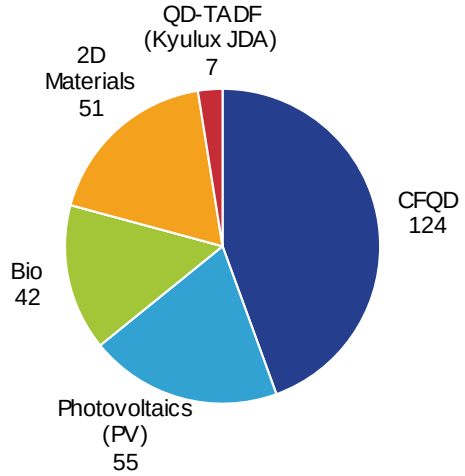
Nanoco has one of the largest quantum dot IP portfolios with >750 patents and patents pending spanning geographies and market applications

Issued Patents



US: 99
RoW: 375
Total: 474

Pending Patents



US: 43
RoW: 236
Total: 279

Foundational Patents

Key Patented Technologies and Applications

Seeding Patents	• Fundamental Nanoco technology which allows for controlled high volume production of high quality nano-materials including CFQDs and IRQDs
Heavy Metal Free Patents	• Composition of matter patents relating to fundamental cadmium-free quantum dot technology
Surface Chemistry Patents	• Critical technology covering the modification and tuning of the QD surface to ensure the QDs are compatible with different resins, ink, photo-resist systems and work in devices
Device	• Range of electroluminescent and photovoltaic device patents utilizing Nanoco's nano-particles and QDs

SAMSUNG LITIGATION

NANOCO GROUP PLC

Aggressively defending Nanoco's Intellectual Property to secure value for all stakeholders

- Retained IP litigation specialists 'Mintz, Levin' and strategic IP group, 'Epicenter'
- Filed patent infringement complaint, Eastern District of Texas, 14 February, 2020
- Various Samsung entities named as defendants in the lawsuit
- Complaint states Samsung wilfully infringed Nanoco's core intellectual property
- Five patents cited – relating to Nanoco's unique synthesis and resin capabilities for quantum dots
- Infringing products are Samsung's range of quantum dot enabled TV's previously sold under the SUHD brand and current sold under the QLED brand
- Samsung estimated to have sold 14 million TV's using Nanoco technology
- Case currently focuses on US (largest market), can extend to other major markets
- Next step in the lawsuit is to formally serve the suit
- Number of offers received for third party funding, final agreement being negotiated

NANOCO GROUP PLC

FINANCIAL REVEW

FINANCIAL OVERVIEW

NANOCO GROUP PLC

Billings & Revenue

- Billings £1.3m - down on H1 FY19 following completion of US contract
- Revenue and other operating income £2.9m – 10% down on H1 FY19
- Post period end, new orders and billings for sensing and display customers

Costs

- Cost base cut to £0.7m per month – 12.5% reduction on July 2019
- Cost base still protects value in R&D, production capability, Samsung lawsuit
- Post period end, cost base now reduced to under £0.4m per month

Cash

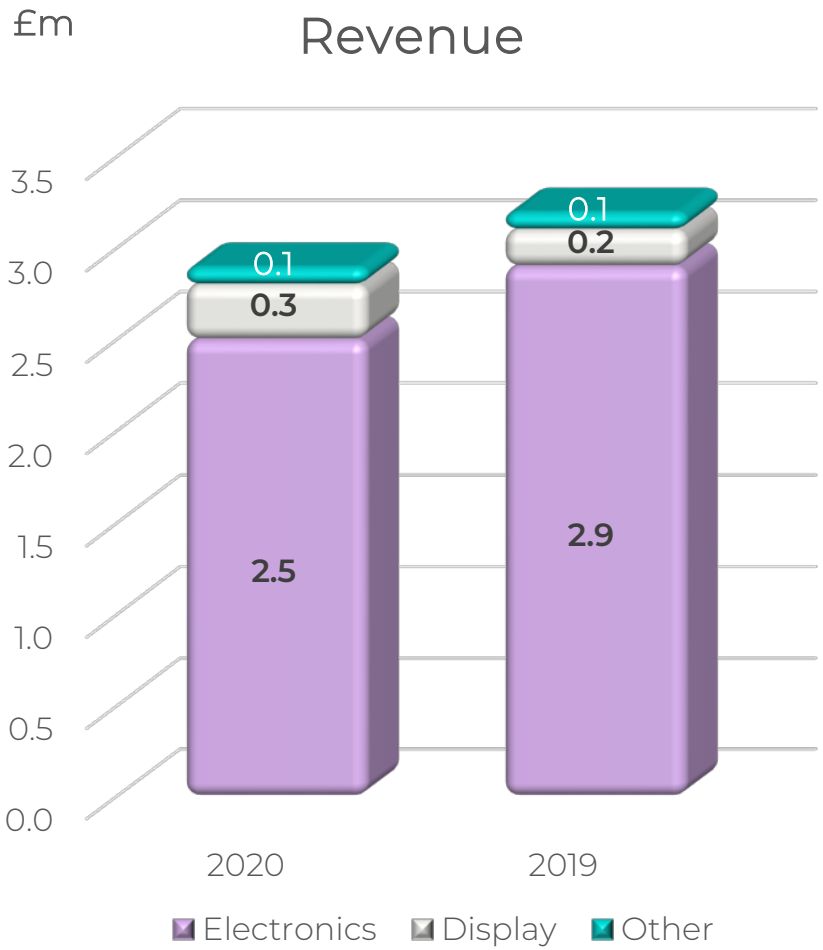
- Cash £4.2m, slightly below expectations - FSP related sales slow down
- Further reductions in monthly cash costs to £0.4m per month
- Cash runway, even in a restructured downside, still extends to Q2 2021

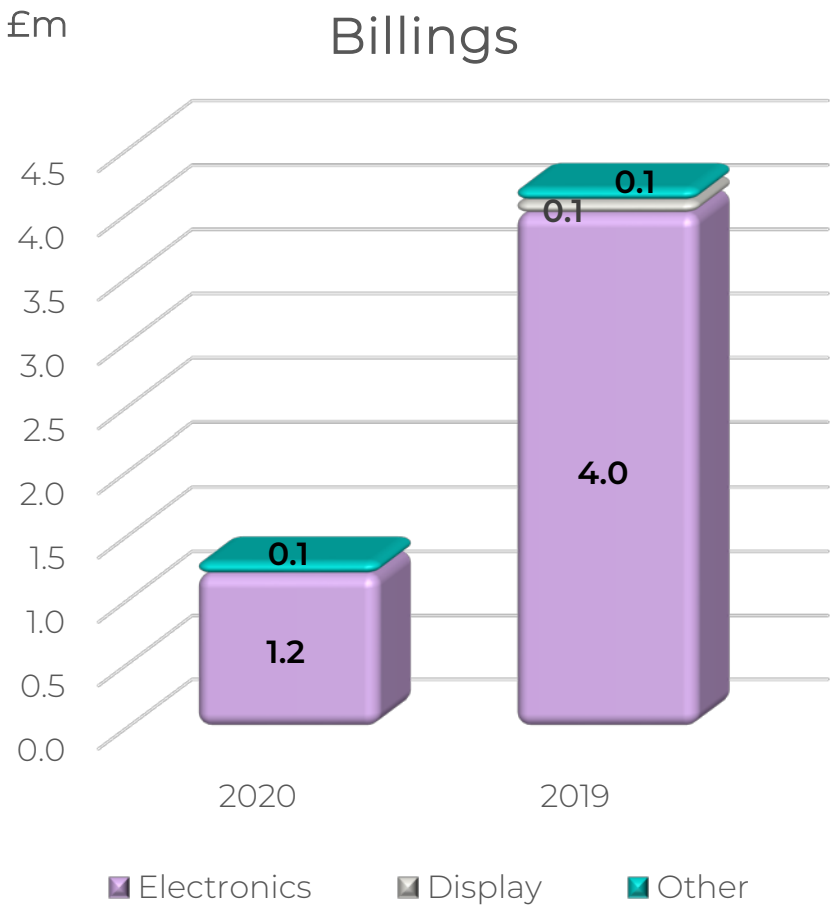
INCOME STATEMENT

	H1 20 £m	H1 19 £m	Change £m
Revenue and other operating income	2.9	3.2	(0.3)
Cost of sales	(0.0)	(0.5)	+0.5
Gross profit	2.9	2.7	+0.2
R&D investment	(1.7)	(1.6)	(0.1)
Other administrative expenses	(2.3)	(3.7)	+1.4
Exceptional items and share based payments	(0.3)	-	(0.3)
Loss Before Interest, Tax, Depreciation & Amortisation	(1.4)	(2.6)	+1.2
Depreciation & Amortisation	(1.0)	(0.5)	(0.5)
Operating loss	(2.4)	(3.1)	+0.7
Tax and financing costs	0.5	0.6	(0.1)
Loss after tax	(1.9)	(2.5)	+0.6

- **Adjusted EBITDA loss cut by 50% to £1.1m for the Period, despite the fall in revenue**
- **Administrative costs benefit from Q4 FY19 restructure, tight cost control and IFRS16 benefit (£0.2m)**
- **Depreciation and amortisation increase reflects IFRS16 and final write down of Runcorn plant**

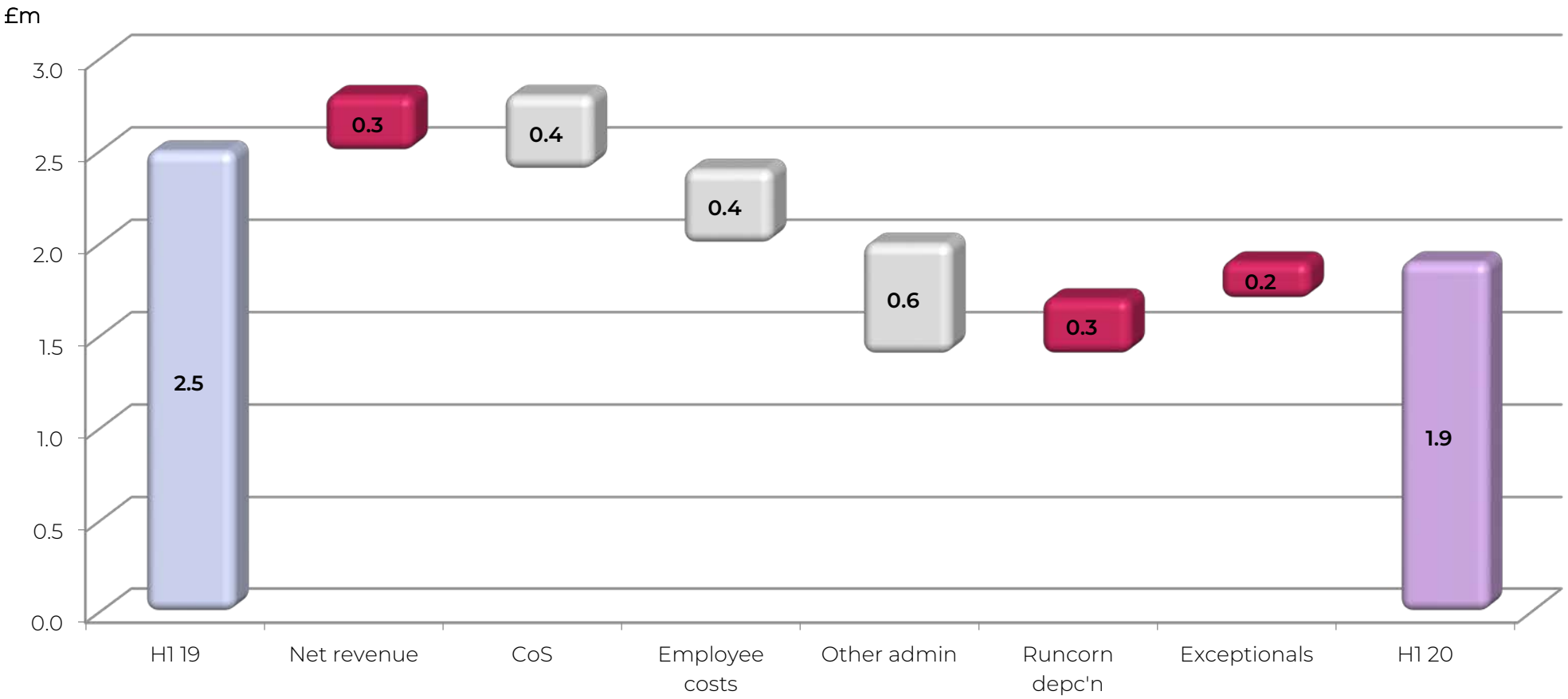
REVENUE AND BILLINGS





- **Electronics revenues driven by US Customer**
- **Increased display revenue from small R&D projects**
- **Large FY19 billings to US Customer**
- **Display royalties are billed annually**

MOVEMENT IN NET LOSS



- Improvement in loss position driven by significant reduction in most cost categories
- Cost of Sales fell with no repeat of Runcorn commissioning costs from H1 FY19
- Employee costs reduced by restructure in Q4 FY19 – average headcount now 70 compared to 90 in H1 FY19
- Reduction in other admin costs reflects tight cost control offset in part by one off Runcorn depreciation

MOVEMENT IN CASH

- **Adjusted LBITDA cut by 50% compared to H1 FY19 – includes benefit of change due to IFRS16**
- **Changes in deferred income and working capital reflect end of the US Customer contract**
- **Various IFRS16 changes - onerous lease provision released, leases separate cash flow**
- **Cash runway, with benefit of employment support and contingency plans, now extends to Q2 2021**

FINANCIAL SUMMARY

NANOCO GROUP PLC

Guidance

- → Withdrawing guidance except for cash, burn rate and runway
- → Material new orders and agreements to be announced when won

Capability

- → Working safely under Covid-19 restrictions to deliver customer orders
- → Protecting core assets, capabilities and significant installed revenue capacity

Cash

- → Monthly cash burn reduced further to £0.4m
- → Cash runway extends to Q2 2021 by means of contingency plans

NANOCO GROUP PLC

SUMMARY

SUMMARY

NANOCO GROUP PLC

1. Preserve cash
   - Monthly cost base reduced to c. £400k
   - Cash runway extended to Q2 2021, retaining stream-lined operational capability

2. Focus operations on near term revenue
   - Customer operations continue safely under Covid-19 restrictions
   - Advanced stage of negotiating IRQD sensor development deals

3. Prosecute extensive patent portfolio
   - Sue Samsung for IP infringement in display
   - Secure third-party litigation finance to support law suits

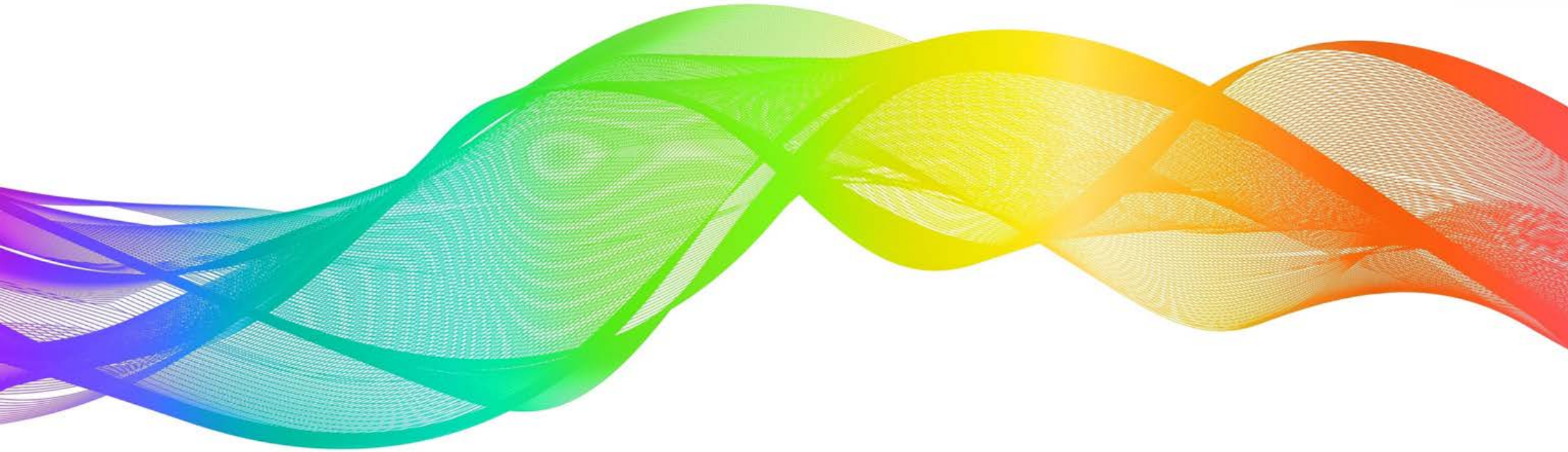
4. Support Strategic Review activities
   - Pursue other sources of medium-term funding

Preserving optionality to deliver maximum value

NANOCO GROUP PLC

QUESTIONS

NANOCO GROUP PLC



APPENDIX

NANOCO AT A GLANCE

Global leader in the R&D, licensing and manufacture of cadmium-free quantum dots and semiconductor nanomaterials

Business Description

Status:	Public (LON: NANO)
Founded:	2001
Headquarters:	Manchester, UK
Production:	Runcorn, UK
Employees:	69 (30 PhDs)

Key strengths include:

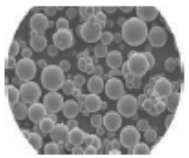
- Pioneer in Cadmium-Free® Quantum Dots (CFQD®)
- Among the largest intellectual property portfolios (~750 patents and patents pending)
- Unique scale-up and mass production capabilities

Critical Technologies

- Volume production
- Cadmium-free QD pioneer
- Infrared quantum dots
- Next generation 2D materials

Materials

Process



Surface Chemistry

Devices

PLATFORM TECHNOLOGY

Backed by leading IP portfolio of ~750 granted and pending patents

Current Priorities

Molecular Seeding

Unique molecular seeding approach to manufacture CFQDs at scale

- Patented technology
- Reaction via cluster results in more controlled uniform growth than hot-injection
- Uniform growth results in QDs of consistent size distribution and therefore narrow FWHM
- Can cost effectively produce a range of QDs

Sensing

Expanding the spectral range of silicon in sensors to the Infrared region

- Direct integration with silicon CMOS technology
- Enables more sensitive, thinner, lower power sensors
- Inexpensive alternative to current InGaAs technology
- Use cases in a variety of sensors from LiDAR to Consumer Devices

Display

Superior displays with CFQDs

- QDs provide superior color and energy efficiency to competing technologies
- QD technology fits in the existing LCD supply and production chain
- Currently working in QD film applications
- Future applications in QD colour conversion for QD-OLED hybrids

Longer term

Lighting

CFQD Quantum Dot Grow Light for horticulture lighting

- QDs work with LEDs to provides the optimal spectra to encourage maximum chlorophyll absorption

Life Sciences

Nanoco Vivodots™ Nanoparticles

- Versatile platform technology for medical applications
- Positioned to penetrate several markets including medical imaging, early diagnostics, PDT and IVD

LEADERSHIP TEAM

NANOCO GROUP PLC

Dr Christopher Richards Non-Executive Chairman	• CEO, Non-Executive chairman, Arysta LifeSciences • 20 years of increasing management roles at Syngenta • Executive chairman of Plant Health Care • NED of Origin Enterprises plc
Dr Michael Edelman CEO	• Led spin-out of Nanoco from University of Manchester • GE/Bayer JV, founded www.yet2.com Europe, • Commercial Director Colloids Ltd, Brunner Mond, ICI
Dr Nigel Pickett Co-founder & CTO	• Inventor of Nanoco's key patented scale-up technology • Leading expert on semi-conducting nano-crystals • Japanese Government, St. Andrews University, Georgia Tech
Brian Tenner CFO / COO	• Experienced Quoted Company CFO with strong operational and transformation experience • Previously Board Member and CFO of British Nuclear Group Ltd, Scapa Group plc, Renold Plc, NCC Group PLC
Dr Alison Fielding Non-Executive (Remuneration chair)	• NED of Getech Group plc, Zotefoams plc and Maven Income and Growth VCT plc. • Astra Zeneca, followed by McKinsey & Co, then co-founded Techtran Group Limited which was acquired by IP Group in 2005 and subsequently held the role of director and COO at IP Group • Board member and advisor of several early stage and quoted IP Group backed technology companies
Chris Batterham Non-Executive (Audit chair)	• 20 years of Non-Executive experience in high growth technology companies including: • Blue Prism, SDL, Betfair and Iomart • Previously CFO of Unipalm, first Internet IPO

Shareholder Analysis (As at 28 April 2020)

Name	Shareholding	Percentage
Lombard Odier Asset Management	66,700,015	23.50%
Hargreaves Lansdown Asset Management	38,175,440	13.45%
Mr Richard I Griffiths	36,983,341	13.03%
Interactive Investor	16,695,439	5.88%
Mr Nigel Pickett	11,074,119	3.90%
Barclays Wealth	9,967,981	3.51%
UBS Securities	9,434,284	3.32%
Halifax Share Dealing	8,385,279	2.95%
Close Asset Management	4,959,257	1.75%
Bank of America	4,403,638	1.55%
Total of shareholdings above	206,778,793	72.86%

Note: The total number of voting rights in the Company is 286,219,246