RNS Number : 9523O
Kromek Group PLC
12 February 2021

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under The Market Abuse Regulation (EU 596/2014) pursuant to the Market Abuse (Amendment) (EU Exit) Regulations 2018*. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.*

Not for publication, distribution or release directly or indirectly, in whole or in part, in or into the United States of America, Canada, Australia, Japan, the Republic of Ireland, the Republic of South Africa, New Zealand, Cayman Islands, Barbados, Switzerland, the State of Kuwait or Singapore in or into any other jurisdiction where offers or sales would be prohibited by applicable law. This announcement is for information purposes only and is not an offer to sell or a solicitation to buy securities in Kromek Group plc or any other entity in any jurisdiction, including the United States of America, Canada, Australia, Japan, the Republic of Ireland, the Republic of South Africa, New Zealand, Cayman Islands, Barbados, Switzerland, the State of Kuwait or Singapore.

Kromek Group plc

("Kromek", the "Company" or the "Group")

Firm Placing, Directors' Subscription and Open Offer to raise up to £13 million

and

Notice of General Meeting

Kromek (AIM: KMK), a worldwide supplier of detection technology focusing on the medical, security screening and nuclear markets, is pleased to announce a conditional Firm Placing, Directors' Subscription and Open Offer to raise up to £13.0 million before expenses. The Firm Placing has been undertaken with new and existing institutional investors in the Company.

Highlights

- Proposed conditional Firm Placing and Directors' Subscription to raise £10.0 million through the issue of 66,666,667 Placing Shares to new and existing institutional and other investors at 15 pence per Placing Share
- Proposed Open Offer to raise up to approximately £3.0 million through the issue of up to 20,288,064 Open Offer Shares to Qualifying Shareholders at 15 pence per Open Offer Share
- The net proceeds of the Transaction will be used to de-risk and commercialise bio-security/pathogen detectors and increase the rate of commercialisation, to expand sales and marketing for the Group's nuclear detection and medical imaging activities and to strengthen the balance sheet and provide the Group with flexibility to address and capitalise on the current and emerging opportunities

Rakesh Sharma OBE, Chairman of Kromek, said: "We thank our current and potential new shareholders for their commitment and interest in supporting Kromek. This investment

will help us with our next phase of growth and to become cash flow positive and achieve operational profitability. These funds in the short term will enable us to accelerate the commercialisation of our biological threat detection technology as well as the delivery of our nuclear detection and medical imaging pipeline. As such, the Board recommends all shareholders to vote in favour of the proposals, which will allow us to capitalise on the substantial opportunities with which we are presented."

General Meeting

The Transaction is conditional, *inter alia*, upon Shareholder approval at the General Meeting of the Company that is scheduled to be held at NETPark, Thomas Wright Way, Sedgefield, TS21 3FD, at 12.00 p.m. on 1 March 2021.

A Circular containing the Notice of the General Meeting to approve, amongst other things, resolutions relating to the allotment of the New Ordinary Shares, is expected to be published by the Company and sent to Shareholders later today, together with a Form of Proxy and, in the case of Qualifying Shareholders, the Application Form. A copy of the Circular and Form of Proxy will be available on the Company's website at www.kromek.com/investor-relations. Your attention is drawn to the letter from the Chairman of the Company that is set out in the Circular and which contains, amongst other things, the Directors' unanimous recommendation that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Capitalised terms used in this announcement have the meanings given to them in the Circular.

For further information, please contact:

Kromek Group plc

Arnab Basu, CEO +44 (0)1740 626 060
Paul Farquhar, CFO

Cenkos Securities plc (Nominated Adviser and Broker)

Max Hartley/Camilla Hume (NOMAD) +44 (0)20 7397 8900
Julian Morse (Sales)

Luther Pendragon Ltd (PR)

Harry Chathli +44 (0)20 7618 9100
Claire Norbury
Alexis Gore
Joe Quinlan

Important Notices

Cenkos Securities, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company and no-one else in connection with the Placing, the Open Offer and Admission. Cenkos Securities will not be responsible to anyone other than the Company for providing the regulatory and legal protections afforded to customers (as defined in the rules of the FCA) of Cenkos Securities nor for providing advice in relation to the contents of this announcement or any matter, transaction or arrangement referred to in it. The responsibilities of Cenkos Securities, as nominated adviser under the AIM Rules for Nominated Advisers, are owed solely to London Stock Exchange and are not owed to the Company or any director of the Company or to any other person in respect of their decision to subscribe for or purchase Placing Shares or Open Offer Shares.

Forward-looking statements

This announcement includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or "similar" expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

Introduction

The Company has today announced a conditional Firm Placing to raise £10.0 million by the issue and allotment by the Company of 66,666,667 Ordinary Shares at the Offer Price of 15 pence per Ordinary Share.

In addition, in order to provide Shareholders with an opportunity to participate in the proposed issue of new Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe at the Offer Price for an aggregate of up to 20,288,064 Offer Shares, to raise up to approximately £3.0 million, on the basis of 1 new Ordinary Share for every 17 Existing Ordinary Shares held by each Qualifying Shareholder.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of new Ordinary Shares whilst providing the Company with additional capital to invest in the business of the Group.

The Offer Price is at a discount of 23.7 per cent. to the closing middle market price of 19.65 pence per Existing Ordinary Share on 11 February 2021 (being the last practicable date before publication of this announcement).

The Firm Placing and Open Offer are conditional, *inter alia*, upon Shareholders approving the Resolutions at the General Meeting that will grant to the Directors the authority to allot the New Ordinary Shares and the power to disapply statutory pre-emption rights in respect of the New Ordinary Shares. The Resolutions are contained in the Notice of General Meeting at the end of the Circular. Admission is expected to occur no later than 8.00 a.m. on 2 March 2021 or such later time and/or dates as Cenkos Securities and the Company may agree. The Firm Placing and Open Offer are not underwritten.

The purpose of this announcement is to explain the background to and reasons for the Firm Placing and Open Offer, the use of proceeds, the details of the Firm Placing and Open Offer and to recommend that Shareholders vote in favour of the Resolutions.

Summary of Kromek Group plc

Kromek is a UK technology company that provides high-performance radiation detection products into three high-value global markets: medical imaging, nuclear detection and security screening. These radiation detection products are primarily based on Kromek's proprietary CZT technology that significantly enhances imaging quality. In addition, the Group is developing technology and products in a new market segment of bio-security for the detection of airborne bacteria and viruses including COVID-19.

The Group designs, develops and produces x-ray and gamma ray imaging and radiation detection products that provide high resolution information on material composition and structure. These products are used for multiple applications in the medical, nuclear and security screening markets, ranging from the identification of cancerous tissues to hazardous materials, such as explosives, and the analysis of radioactive materials.

The Group's business model provides a vertically integrated technology offering to customers, from radiation detector materials to finished products or detectors, including software, electronics and application specific integrated circuits.

The Group has operations in the UK (Durham and Huddersfield) and the US (California and Pennsylvania) and sells to 50 countries across the world through a combination of distributors and direct to OEMs. The Group's facility in Pennsylvania has been recently purpose built and designed to be a world-class manufacturing base to produce medical imaging products.

As announced in the Group's interim results on 13 January 2021, Kromek delivered a resilient performance for the first half of the financial year against the backdrop of halted deliveries and reduced manufacturing capacity, as a result of the COVID-19 pandemic. The Board was also pleased to announce that orders and shipments are resuming after the pandemic related disruption and, as such, management expects there to be a significant increase in H2 2020/21 revenue over H1 2020/21. Kromek has visibility over approximately £10.2 million and £14.9 million revenue for the financial year ended 30 April 2021 and 30 April 2022 respectively.

Background to and reasons for the Firm Placing and Open Offer

The Group has entered the second half of the year with an extensive commercial pipeline and is experiencing a rebound in commercial activity.

The Group has invested significantly in capacity over the past two years and the Directors believe that the commercial opportunities presented in both the medical and nuclear markets remain significant. In addition, the Group has made substantial progress in the development of an automated bio-detection system capable of detecting airborne pathogens. In situ trials are expected to commence during the second half of the year and the Directors believe that this new market segment could present a significant commercial opportunity in the short to medium term.

While the Directors believe that current cash levels could see the business trade successfully into FY22, they consider that there is limited capacity to exploit new opportunities and that the proceeds from the Transaction will help the business scale up and accelerate new commercial opportunities across all markets, as outlined below, as well as providing strength to the balance sheet.

Medical Imaging

Kromek has established itself as a key supplier of CZT-based detector modules for medical imaging and the Board believes that this area represents a significant market opportunity for the Group, supported by fundamental long-term drivers. By adopting Kromek's CZT detector platforms, OEMs are able to significantly improve the quality of medical imaging with lower radiation doses and at reduced cost. In particular, the Group's detector solutions are increasingly being adopted for single photon emission computed tomography ("SPECT") and, more specifically, molecular breast imaging ("MBI") applications, which are key target areas for future growth.

With GE Healthcare bringing CZT-based fully body SPECT imaging equipment to the market in 2019, the Directors believe the other tier 1 OEMs will soon follow suit. The Directors believe that Kromek is well-placed to benefit from this adoption, as one of only two independent providers of CZT, with none of the major OEMs (excluding GE Healthcare) having in-house capabilities. In addition, Kromek is already the exclusive CZT supplier to a major (tier 2) OEM under an approximately seven-year $58m contract signed in 2019.

Progress has continued to be made on the development of Kromek's ultra-low dose MBI technology based on its CZT-based SPECT detectors, with a product now entering the prototype validation phase. This technology can significantly improve the early detection

of breast cancer in women with dense breast tissue, which, the Directors believe, will positively impact patient outcomes and potentially reduce cost of treatment. Kromek is working alongside partners in the Newcastle-upon-Tyne Hospitals NHS Foundation Trust in the UK and an OEM partner.

Last year the Group entered a new area of medical application for its CZT-based detectors: improving patient outcomes from cancer surgery. The Group has commenced development, in partnership with Adaptix Ltd and the University of Manchester, of a new system that will distinguish between healthy and non-healthy tissue, enabling surgeons to confidently remove the minimum amount of healthy tissue and reducing the risks of multiple surgeries and of the cancer spreading.

Additionally, the Directors believe that computed tomography ("CT") will become a key segment for the Group in the coming years as this market transitions to CZT-based technology.

The Directors estimate that the addressable market in the Group's medical imaging segments of gamma probes (radio guided surgery), bone mineral densitometry (osteoporosis detection), SPECT (cancer detection) are USD 1.6 million, USD 20 million, USD 110 million. Additionally, the Directors estimate the CT (heart disease detection) market to be significant and larger than the SPECT market. Accordingly, the Directors intend to invest to expand sales and marketing for the Group's medical imaging division.

Nuclear Detection

Nuclear Security

Kromek's D3S platform is widely deployed as a networked solution to protect cities, buildings or critical infrastructure against the security threat of 'dirty bombs'. This family of high-performance handheld nuclear detectors was originally developed through a programme of the Defense Advanced Research Projects Agency ("DARPA"), an agency of the US Department of Defense. The D3S has now been fully commercialised and continues to attract orders from businesses and government agencies around the world - and has now been sold in more than 25 countries.

The Group has continued to build out the functionality of the D3S range and expand its commercial footprint. To date, over 10,000 detectors have been shipped with in excess of 2.5 billion recorded data points being acquired. Based on currently visible procurement programmes between 2021 and 2025, the Board believes that the total addressable market for the Group's product portfolio is in excess of USD 500 million. The Group's nuclear detection products have a wide addressable market with typically shorter development cycles enabling commercial opportunities to rapidly emerge.

Civil Nuclear

Kromek provides a range of high-resolution detectors and measurement systems used for civil nuclear applications, primarily in nuclear power plants and research, to customers across Europe, the US and Asia. The Group has continued to win repeat business from its current customers and the Board is pleased that the pipeline of enquiries and orders in this segment has remained robust into the second half of this year. In particular, following a successful online product demonstration of its drone-based radiation mapping system, the Group has seen widening interest for this product from a range of new sectors, including mining and waste management.

The Directors intend to utilise certain of the proceeds of the Transaction to expand the sales and marketing capability for the Group's nuclear detection business.

Biological-Threat Detection

The outbreak of COVID-19 has exposed the world to the severity of biological threats and their potential impact on public health and the global economy, and has demonstrated the need to rapidly evolve bio-security systems and associated technologies. As a result, Kromek has been significantly progressing its activities in this market.

Under a DARPA-funded programme that was established to combat bioterrorism, Kromek is developing a biological-threat detection solution that is intended to form part of a mobile wide-area bio-surveillance system. This was accelerated during the first half of 2020/21 with the award of a contract extension by DARPA worth up to $5.2m. Kromek's technology enables the automated detection and identification of airborne pathogens and virus mutations using DNA sequencing. Under the DARPA programme, the system is intended to be deployed in an urban environment via a vehicle-mounted biological-threat

identifier system that is also capable of being located in high footfall areas such as hospitals, mass-transportation hubs including airports, and entertainment venues.

Furthermore, the Group recently announced that it had commenced a £1.25 million programme, funded by Innovate UK, to develop and pilot a system, based on its bio-detection technology, that is focused on the detection of COVID-19 and that is designed to support identified end-use cases. Kromek is currently engaging with potential customers for the system to develop deployment models and identify how it can best fit their needs. The Group will provide customisation of the system ahead of piloting - with airport and hospital pilots expected to commence by the end of this financial year. The Group anticipates successful pilots will result in commercial deployment in 2021/22.

The Directors intend to use some of the net proceeds of the Transaction to de-risk and finalise the best commercialisation route for its bio-security technology. The Group may also consider forming strategic or financial partnerships to further accelerate the time to market for this technology.

Security Screening

In security screening, the Group provides OEM and government customers with components and systems for the scanning of cabin baggage, hold baggage and cargo. Kromek's bottle scanner product, for the detection of dangerous materials in liquids, is also installed in 55 airports in 12 countries. While there has been a slowdown in security screening activity as a result of the impact of COVID-19 on the travel industry, Kromek has continued to receive new orders as well as advance its development programmes that it expects to result in commercial adoption and integration of its technology in multiple baggage screening products. In addition, it has been awarded multiple contracts in recent years with delivery timetables extending into next year and beyond. The Group continues to pursue opportunities in this market, where its technologies can meet the high-performance standards demanded by customers, to ensure passenger safety while increasing the convenience and efficiency of the security screening process.

Use of proceeds

The Group has conditionally raised £10.0 million before expenses through the Firm Placing and, subject to take up, may raise up to a further £3.0 million before expenses under the Open Offer. The estimate of expenses for the Transaction is expected to be approximately £795,000 assuming the Open Offer is fully subscribed.

The Group expects to deploy the net proceeds as follows:

- 20-25 per cent. to de-risk and commercialise bio-security/pathogen detectors and increase the rate of commercialisation;
- 15-20 per cent. to expand sales and marketing for the Group's nuclear detection and medical imaging activities; and
- 55-65 per cent. to strengthen the balance sheet and provide the Group with flexibility to address and capitalise on the current and emerging opportunities.

Current Trading and Prospects

The Group announced its Interim Results for the 6 month period ended 31 October 2020 on 13 January 2021. Since that date the Group has traded in line with management's expectations.

The Firm Placing and Open Offer

Details of the Firm Placing

The Company has conditionally raised £10.0 million before expenses through the Firm Placing of 66,666,667 Firm Placing Shares at the Offer Price to the Firm Placees.

The Firm Placing is conditional, *inter alia*, upon:

(i) the passing of all of the Resolutions;

(ii) the Firm Placing and Open Offer Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and

(iii) Admission becoming effective by no later than 8.00 a.m. on 2 March 2021 or such later time and/or date (being no later than 8.00 a.m. on 16 March 2021) as Cenkos Securities and the Company may agree.

If any of the conditions are not satisfied, the New Ordinary Shares will not be issued and all monies received from the Firm Placees and Qualifying Shareholders will be returned to them (at the Firm Placees' and Qualifying Shareholders' risk and without interest) as soon as possible thereafter.

The Firm Placing Shares are not subject to clawback.

The Firm Placing Shares (and the Offer Shares) will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the Admission of the New Ordinary Shares to trading on AIM. On the assumption that, *inter alia*, the Resolutions are passed, it is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 2 March 2021 at which time it is also expected that the Firm Placing Shares will be enabled for settlement in CREST.

Details of the Open Offer

The Company is proposing to raise up to approximately £3.0 million before expenses pursuant to the Open Offer. A total of 20,288,064 new Ordinary Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Offer Price, payable in full on acceptance. Any Offer Shares not subscribed for by Qualifying Shareholders will be available to Qualifying Shareholders under the Excess Application Facility. The balance of any Offer Shares not subscribed for under the Excess Application Facility will not be available to Firm Placees under the Firm Placing.

Qualifying Shareholders may apply for Offer Shares under the Open Offer at the Offer Price on the following basis:

1 Offer Share for every 17 Existing Ordinary Shares

and in such proportion for any number of Existing Ordinary Shares held on the Record Date.

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Offer Shares. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders but will be aggregated and made available under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement. Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of Part 3 of the Circular.

Valid applications by Qualifying Non-CREST Shareholders will be satisfied in full up to their Open Offer Entitlements as shown on the Application Form. Applicants can apply for less or more than their entitlements under the Open Offer but the Company cannot guarantee that any application for Excess Shares under the Excess Application Facility will be satisfied as this will depend in part on the extent to which other Qualifying Shareholders apply for less than or more than their own Open Offer Entitlements. The

Company may satisfy valid applications for Excess Shares of applicants in whole or in part but reserves the right not to satisfy any excess above any Open Offer Entitlement. The Board may scale back applications made in excess of Open Offer Entitlements *pro rata* to the number of excess shares applied for by Qualifying Shareholders under the Excess Application Facility.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements will be credited to CREST on 15 February 2021. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 26 February 2021. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of *bona fide* market claims. The Offer Shares must be paid in full on application. The latest time and date for receipt of completed Application Forms or CREST applications and payment in respect of the Open Offer is 11.00 a.m. on 26 February 2021.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the Offer Shares which are not applied for by Qualifying Shareholders will not be sold in the market for the benefit of the Qualifying Shareholders who do not apply under the Open Offer. The Application Form is not a document of title and cannot be traded or otherwise transferred.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 3 of the Circular and on the accompanying Application Form.

The Open Offer is conditional on the Firm Placing becoming or being declared unconditional in all respects and not being terminated before Admission (as the case may be). The principal conditions to the Firm Placing are:

(a) the passing of all of the Resolutions at the General Meeting;

(b) the Firm Placing and Open Offer Agreement having become unconditional; and

(c) Admission becoming effective by no later than 8.00 a.m. on 2 March 2021 or such later time and/or date (being no later than 8.00 a.m. on 16 March 2021) as Cenkos Securities and the Company may agree.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and the Offer Shares will not be issued and all monies received by Link Group will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter. Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

The Offer Shares (and the Firm Placing Shares) will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the admission of the Offer Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 2 March 2021 at which time it is also expected that the Offer Shares will be enabled for settlement in CREST.

Firm Placing and Open Offer Agreement

Pursuant to the Firm Placing and Open Offer Agreement, Cenkos Securities have agreed to use its reasonable endeavours as agent of the Company to procure subscribers for the Firm Placing Shares at the Offer Price.

The Firm Placing and Open Offer Agreement provides, *inter alia*, for payment by the Company to Cenkos Securities of a corporate finance fee and commissions based on certain percentages related to the number of Firm Placing Shares placed by Cenkos Securities and issued Offer Shares, multiplied by the Offer Price.

The Company will bear all other expenses of and incidental to the Firm Placing and Open Offer, including printing costs, registrar's and Receiving Agent's fees, all legal and accounting fees of the Company and of Cenkos Securities, all stamp duty and other taxes and duties where payable.

The Firm Placing and Open Offer Agreement contains certain warranties and indemnities from the Company in favour of Cenkos Securities and is conditional, *inter alia*, upon:

(a) Shareholder approval of the Resolutions at the General Meeting;

(b) the Firm Placing and Open Offer Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and

(c) Admission becoming effective not later than 8.00 a.m. on 2 March 2021 or such later time and/or date as the Company and Cenkos Securities may agree, being not later than 16 March 2021.

Cenkos Securities may terminate the Firm Placing and Open Offer Agreement in certain circumstances, if, *inter alia*, there is a material adverse change in the condition, earnings, business, operations or solvency of the Company; or if there is a material adverse change in the financial, political, economic or stock market conditions, which in its reasonable opinion makes it impractical or inadvisable to proceed with the Firm Placing and Open Offer.

Directors' and related parties' participation in the Transaction

Rakesh Sharma, Arnab Basu, Paul Farquhar and Lawrence Kinet are directors of the Company and are participating in the Transaction therefore their participation in the Directors' Subscription will be a related party transaction. The independent Directors, having consulted with Cenkos Securities as the Company's nominated adviser, consider the terms of Directors' Subscription to be fair and reasonable insofar as the Shareholders are concerned. Details of the Director intentions are set out below:

Name	*Role*	*Number of Ordinary Shares held*	*Number of Ordinary Shares held as a percentage of the Existing Ordinary Shares*	*Value of Placing and Open Offer intended to be subscribed for (£)*	*Number of Placing Shares to be applied for in the Firm Placing*	*Number of Directors' Subscription Shares to be subscribed for in the Directors' Subscription*	*Maximum number of Ordinary Shares held following the Firm Placing, Directors' Subscription and Open Offer*	*Percentage of Ordinary Shares held following the Firm Placing, Directors' Subscription and Open Offer assuming the Open Offer is fully subscribed*
Rakesh Sharma	Chairman	178,454	0.05	19,988	-	133,250	311,704	0.07
Arnab Basu	CEO	2,972,000	0.86	2,513	-	16,750	2,988,750	0.69
Paul Farquhar	CFO	-	-	9,975	66,500[1]	-	66,500	0.02
Lawrence Kinet	Non-Executive Director	300,000	0.09	7,500	-	50,000	350,000	0.08

[1]. Includes subscriptions by family, as defined in the AIM rules for Companies.

Transaction Considerations

The Directors believe the Transaction to be in the best interests of the Company and its Shareholders as a whole. In making this statement the Directors have spent time, and have taken appropriate advice, in considering the Transaction and the method by which to raise the net proceeds. The Directors concluded that a Firm Placing accompanied by an Open Offer was the most appropriate structure to raise funding for the following reasons:

- the Firm Placing enables the Company to attract a number of new investors to its shareholder register, which the Directors expect will improve liquidity going forward, and also to provide an element of funding certainty within the Transaction; and
- the Open Offer of up to approximately £3.0 million enables all Qualifying Shareholders to participate in the Transaction on the same terms as institutional and new investors but without the time and costs associated with a full pre-emptive offer. A full pre-emptive offer, either via a rights issue or open offer, of greater than €8.0 million would have required the Company to have produced a prospectus which would have taken significant time and cost.

The Offer Price represents a discount of 23.7 per cent. to the closing mid-market price of the Ordinary Shares on 11 February 2021, being the latest practicable date prior to the publication of this announcement. The Directors can confirm the Offer Price, and therefore potential dilution for Shareholders, has been a key consideration in setting the amount raised as part of the Transaction and the decision to undertake an Open Offer. The Offer Price was established as part of a book building process undertaken by the Company's advisors and also following consultation with certain substantial Shareholders and incoming investors.

Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward the Circular or the Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part 3 of the Circular.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom (including without limitation the United States of America), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements under the Open Offer.

DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

"**Act**"	Companies Act 2006 (as amended)
"**Admission**"	the admission of the New Ordinary Shares to trading on AIM in accordance with the AIM Rules for Companies
"**AIM**"	the AIM market operated by London Stock Exchange
"**AIM Rules for Companies**"	the AIM Rules for Companies and guidance notes as published by the London Stock Exchange from time to time
"**Application Form**"	the non-CREST Application Form
"**Basic Entitlement**"	the number of Offer Shares which Qualifying Holders are entitled to subscribe for at the Offer Price pro rata to their holding of Existing Ordinary Shares pursuant to the Open Offer as described in Part 3 of the Circular
"**Board**" or "**Directors**"	the directors of the Company as at the date of this announcement
"**Business Day**"	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
"**CZT**"	Cadmium Zinc Telluride, a room temperature semiconductor radiation detector
"**Cenkos**" or "**Cenkos Securities**"	Cenkos Securities plc
"**Circular**"	the shareholder circular to be posted to shareholders setting out the Resolutions
"**Company**" or "**Kromek**"	Kromek Group plc
"**CREST**"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
"**CREST Manual**"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST Courier and Sorting Services Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since) as published by Euroclear
"**CREST member**"	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual)
"**CREST member account ID**"	the identification code or number attached to a member account in CREST
"**CREST participant**"	a person who is, in relation to CREST, a system-participant (as defined in the CREST regulations)

"**CREST participant ID**"	shall have the meaning given in the CREST Manual issued by Euroclear
"**CREST payment**"	shall have the meaning given in the CREST Manual issued by Euroclear
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
"**CREST sponsor**"	a CREST participant admitted to CREST as a CREST sponsor
"**CREST sponsored member**"	a CREST member admitted to CREST as a sponsored member
"**Directors' Subscription**"	the subscription for the Directors' Subscription Shares by Rakesh Sharma, Arnab Basu and Lawrence Kinet at the Offer Price pursuant to the Subscription Agreements
"**Directors' Subscription Shares**"	200,000 new Ordinary Shares the subject of the Director's Subscription
"**Enlarged Share Capital**"	the entire issued share capital of the Company on Admission following the issue of the New Ordinary Shares
"**EU**"	the European Union
"**Euroclear**"	Euroclear UK & Ireland Limited
"**Excess Application Facility**"	the arrangement pursuant to which Qualifying Shareholders may apply for additional Offer Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer
"**Excess CREST Open Offer**"	in respect of each Qualifying CREST Shareholder, their entitlement (in addition to his Open Offer Entitlement) to apply for Offer Shares pursuant to the Excess Application Facility, which is conditional on him taking up his Open Offer Entitlement in full
"Excess CREST Open Offer Entitlement"	in respect of each Qualifying CREST Shareholder who has taken up his Basic Entitlement in full, the entitlement to apply for Open Offer Shares in addition to his Basic Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which may be subject to scaling back in accordance with the provisions of the Circular
"**Excess Shares**"	Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility
"**Ex-entitlement Date**"	the date on which the Existing Ordinary Shares are marked "ex" for entitlement under the Open Offer, being 15 February 2021
"**Existing Ordinary Shares**"	the 344,897,089 Ordinary Shares in issue on the

	date of this announcement
"**FCA**"	the Financial Conduct Authority of the UK
"**Firm Placees**"	subscribers for Firm Placing Shares
"**Firm Placing**"	the placing by the Company of the Firm Placing Shares with certain institutional investors and Shareholders (or their associated investment vehicles), otherwise than on a pre-emptive basis, at the Offer Price
"**Firm Placing and Open Offer Agreement**"	the agreement entered into between the Company and Cenkos Securities in respect of the Firm Placing and Open Offer dated 12 February 2021, as described in this announcement
"**Firm Placing Shares**"	the 66,666,667 new Ordinary Shares the subject of the Firm Placing and Directors' Subscription
"**Form of Proxy**"	the form of proxy for use in relation to the General Meeting enclosed with the Circular
"**FSMA**"	Financial Services and Markets Act 2000 (as amended)
"**General Meeting**"	the General Meeting of the Company, convened for 12.00 p.m. on 1 March 2021 or at any adjournment thereof, pursuant to the Notice of General Meeting
"**Group**"	the Company and its subsidiaries
"**HMRC**"	Her Majesty's Revenue and Customs
"**ISIN**"	International Securities Identification Number
"**ITA 2007**"	Income Taxes Act 2007
"**Link Group**" or "**Link**"	a trading name of Link Market Services Limited
"**London Stock Exchange**"	London Stock Exchange plc
"**Long Stop Date**"	16 March 2021
"**Money Laundering Regulations**"	Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002
"**New Ordinary Shares**"	the Firm Placing Shares, the Offer Shares and the Directors' Subscription Shares
"**Notice of General Meeting**"	the notice convening the General Meeting as set out at the end of the Circular
"**OEM**"	original equipment manufacturer
"**Offer Price**"	15 pence per New Ordinary Share
"**Offer Shares**"	the 20,288,064 New Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer and Excess Application Facility
"**Open Offer**"	the conditional invitation made to Qualifying Shareholders to apply to subscribe for the Offer Shares at the Offer Price on the terms and

	subject to the conditions set out in Part 3 of the Circular and, where relevant, in the Application Form
"**Open Offer Entitlement**"	the entitlement of Qualifying Shareholders to subscribe for Offer Shares pursuant to the Open Offer
"**Ordinary Shares**"	ordinary shares of one pence each in the capital of the Company
"**Overseas Shareholders**"	a Shareholder with a registered address outside the United Kingdom
"**Prospectus Rules**"	the Prospectus Regulation Rules made in accordance with the EU Prospects Directive 2003/71/EC as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 in relation to offers of securities to the public an admission of securities to trading on a regulated market
"**Qualifying CREST Shareholders**"	Qualifying Shareholders holding Existing Ordinary Shares in a CREST account
"**Qualifying Non-CREST Shareholders**"	Qualifying Shareholders holding Existing Ordinary Shares in certificated form
"**Qualifying Shareholders**"	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholder who has a registered address in the United States of America or any other Restricted Jurisdiction)
"**Receiving Agents**"	Link Group
"**Record Date**"	6.00 p.m. on 11 February 2021 in respect of the entitlements of Qualifying Shareholders under the Open Offer
"**Regulatory Information Service**"	has the meaning given in the AIM Rules for Companies
"**Resolutions**"	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
"**Restricted Jurisdiction**"	United States of America, Canada, Australia, Japan, New Zealand, the Republic of South Africa, the Republic of Ireland, Cayman Islands, Singapore, Barbados, Switzerland or the State of Kuwait and any other jurisdiction where the extension or availability of the Firm Placing and Open Offer would breach any applicable law
"**Securities Act**"	US Securities Act of 1933 (as amended)
"**Shareholders**"	the holders of Existing Ordinary Shares
"**SPECT**"	single photon emission computed tomography
"**Subscription Agreement**"	the agreements between (i) the Company and

	Rakesh Sharma, (ii) the Company and Arnab Basu and (iii) the Company and Lawrence Kinet relating to the Directors' Subscription
"**Transaction**"	the Firm Placing, Open Offer and the Directors' Subscription
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland
"**United States**", "**United States of America**" or "**US**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction
"**Uncertificated**" or "**Uncertificated form**"	recorded on the relevant register or other record of the Ordinary Shares or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"**USE**"	has the meaning given in paragraph 3.2 of Part 3 of the Circular
"**USE Instruction**"	has the meaning given in paragraph 3.2 of Part 3 of the Circular

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

IOEBLLFFFLLLBBZ