RNS Number : 6336Y
Kromek Group PLC
05 May 2023

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Not for publication, distribution or release directly or indirectly, in whole or in part, in or into the United States of America, Canada, Russia, Australia, Japan, the Republic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, Russia, 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")

Placing, Subscription and Open Offer to raise up to £8 million
and
Notice of General Meeting

Kromek (AIM: KMK), a leading developer of radiation and bio-detection technology solutions for the advanced imaging and CBRN detection segments, is pleased to announce a conditional Placing, Subscription and Open Offer to raise up to £8 million before expenses. The Placing has been undertaken with new and existing institutional investors in the Company. Kromek Directors are participating in the Placing and Directors' Subscription.

Highlights

- Proposed Placing and Subscription to raise £7 million through the issue of 140,000,000 Placing Shares to new and existing investors at 5 pence per Placing Share
- Proposed Open Offer to raise up to approximately £1 million through the issue of up to 20,564,372 Open Offer Shares to Qualifying Shareholders at 5 pence per Open Offer Share
- The net proceeds of the Transaction will be used for development and working capital for computed tomography ("CT"), to invest in productivity and efficiency of CZT manufacturing, to expand sales and marketing for the Group's medical imaging and nuclear security activities including biological-threat detection and to strengthen the balance sheet to facilitate the restructuring of the Group's debt

Rakesh Sharma OBE, Chairman of Kromek, said:

"We are currently experiencing the highest ever levels of customer engagement in both advanced imaging and CBRN detection, and there have been notable developments in recent months that have represented the commercial realisation of our strategy. In particular, our seven-year agreement with a Tier 1 OEM has solidified our market leadership position in medical imaging as a leading independent supplier of CZT.

"This fundraising will help us to capitalise on the substantial opportunities with which we are presented thereby accelerating the commercialisation of our biological-threat detection technology as well as delivery of our advanced imaging and CBRN pipeline. Accordingly, the Board recommends all shareholders to vote in favour of the proposals."

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 Kromek, NETPark, Thomas Wright Way, Sedgefield, TS21 3FD, at 1.00 p.m. on 25 May 2023.

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 on 9 May 2023, 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

finnCap Ltd (Nominated Adviser and Broker)
Geoff Nash/Emily Watts/Seamus Fricker/ George Dollemore - Corporate Finance — +44 (0)20 7220 0500
Tim Redfern/Charlotte Sutcliffe - ECM

Gracechurch Group (Financial PR)
Harry Chathli/Claire Norbury — +44 (0)20 4582 3500

Important Notices

finnCap, which is authorised and regulated in the United Kingdom by the FCA, is acting as broker and bookrunner exclusively for the Company and no one else in connection with the contents of this document and the Fundraising and will not regard any other person (whether or not a recipient of this document) as its client in relation to Fundraising or the contents of this Announcement nor will it be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this document. Apart from the responsibilities and liabilities, if any, which may be imposed on finnCap by the Financial Services and Markets Act 2000 (as amended) (the "FSMA") or the regulatory regime established thereunder, finnCap accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this Announcement including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this document, whether as to the past or the future. finnCap accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this document or any such statement.

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.

1. Introduction

The Company has today announced a conditional Placing to raise £7 million by the issue and allotment by the Company of 140,000,000 Ordinary Shares at the Offer Price of 5 pence per Ordinary Share.

In addition, in order to provide all 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 20,564,372 Open Offer Shares, to raise up to approximately £1 million, on the basis of 1 new Ordinary Share for every 21 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 25.4 per cent. to the closing middle market price of 6.7 pence per Existing Ordinary Share on 4 May 2023 (being the last practicable date before publication of this announcement).

The 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 26 May 2023 or such later time and/or date as finnCap and the Company may agree. The Placing and Open Offer are not underwritten.

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

2. Summary of Kromek Group plc

Kromek is a UK technology company that develops high-performance radiation detection and bio-detection technology solutions for the global advanced imaging and CBRN detection segments.

The advanced imaging segment comprises medical, industrial and security markets. Kromek provides its OEM customers with detector components, based on its core CZT platform, to enable better detection of diseases such as cancer and Alzheimer's, contamination in industrial manufacture and explosives in aviation settings. Kromek designs, develops and produces CZT detectors and solutions along with specialist electronics, which, when incorporated into its customers' systems, significantly enhance imaging quality to provide high resolution information on material composition and structure, which enables more effective identification and analysis.

In CBRN detection, Kromek provides nuclear radiation detection solutions to the global homeland defence and security market as well as for civil nuclear applications, mainly in nuclear power plants and research facilities. In this segment, the Group provides primarily end-user products via distributors, such as Smiths Detection. Kromek's compact, easily-deployed, high-performance radiation detectors, based on advanced scintillation technology, are predominantly used to protect critical infrastructure and urban environments from the threat of 'dirty bombs'.

The Group is also developing bio-security solutions in the CBRN detection segment, which consist of fully automated and autonomous systems to detect a wide range of airborne pathogens. The Directors believe bio-security could emerge as another contributor to revenues in the short to medium term with the biosecurity strategies of the UK and US governments being aligned with the need for a national network of automated genomic sequencing systems for the early warning of pathogens.

The Group has operations in the UK (County Durham and West Yorkshire) and the US (California and Pennsylvania), including state-of-the-art CZT manufacturing facilities in both geographies housing processes and production equipment, with significant intellectual property across the entire operations.

As announced in the Group's interim results on 31 January 2023, Kromek is making excellent progress in both the advanced imaging and CBRN detection segments of the business. The Group delivered on its existing contracts and development programmes, won new and repeat orders and experienced significantly increased customer engagement regarding future projects. Revenue for H1 2023 was 44% higher than the same period in the prior year, representing significant growth in both the advanced imaging and CBRN detection segments.

3. Background to and reasons for the Placing and Open Offer

Over the last 18 months, the Group's engagement with customers and potential customers in advanced imaging and CBRN detection has grown significantly and is at its highest ever level. In the Group's key target market of single photon emission computed tomography ("SPECT")/photon counting computed tomography ("CT"), in

addition to its existing commercial supply agreement with Spectrum Dynamics, it is now working with eight OEMs to get qualified and designed into next-generation medical imaging products - which includes the recently-announced collaboration agreements signed with a Tier 1 medical imaging OEM and Analogic Corporation ("Analogic"). In addition, the Group also has a further seven OEM customers in other niche medical imaging markets such as molecular breast imaging ("MBI"), bone mineral densitometry ("BMD") and gamma probes that provide a stable revenue stream in this segment. This reflects the product roadmaps of those OEMs, as described further below, as well as Kromek having become the only commercial, large-scale, independent provider of CZT. In CBRN detection, the current geopolitical conflict continues to drive strong demand for the Group's nuclear security products as governments increase their defence and security spending - which is supported by Kromek having expanded its route-to-market through establishing a distribution partnership with Smiths Detection.

Accordingly, the Directors believe that the commercial opportunities currently being presented in both the medical and nuclear markets are significant, as outlined further below.

While the Directors believe that current cash levels, supported by cash flow forecasts, could see the business trade successfully through FY24, they consider that there is limited capacity to capture short-term growth opportunities and that the proceeds from the Transaction will help the business accelerate revenue growth and win market share, as outlined below. The proceeds of the Transaction would also strengthen the balance sheet to facilitate the Group's restructuring of its bank debt.

Medical Imaging

In recent years, leading OEMs in medical imaging have been increasingly adopting CZT detector platforms as the enabling technology for their product roadmaps. The rate of new product introduction with this class of detector is increasing with both GE Healthcare and Siemens Healthineers introducing new products in their clinical SPECT and CT business in 2021 and Spectrum Dynamics launching the VERITON-CT 400 Series in 2022. CZT detector platforms enable OEMs to significantly improve the quality of imaging, which leads to earlier and more reliable diagnosis of disease. SPECT and CT, as well as MBI and BMD, are key target areas for future growth as they address diseases particularly associated with an ageing population such as cancer, Alzheimer's, Parkinson's, cardiovascular illnesses and osteoporosis - with higher resolution images enabling earlier diagnosis for better patient outcomes and reduced overall cost of care.

The Directors believe that Kromek is well-placed to benefit from this adoption, as the only independent, commercial provider of CZT, with none of the major OEMs (excluding Canon, GE Healthcare and Siemens) having in-house capabilities. In addition, the barriers to entry are high - requiring significant investment, extensive know-how and undertaking lengthy validation processes (which Kromek has completed through its engagement with OEMs to date).

Kromek is already the key CZT supplier to Spectrum Dynamics, a major OEM, and is three years into a seven-year agreement (worth $58.1m) for SPECT. As noted, the Group recently signed collaboration agreements with a leading health-tech company and a recognised Tier 1 OEM, and Analogic to develop CZT-based detectors with the Tier 1 OEM agreement set to transition into a longer commercial supply phase following an initial short development phase. In total, the Group is now working with nine OEMs in SPECT and CT, and the Board expects some of these engagements to transition to formal significant contracts for final design and integration followed by the supply of CZT detectors and modules in the near term.

In addition, progress has continued to be made on the development of Kromek's ultra-low dose MBI technology based on its CZT-based SPECT detectors. 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. An OEM partner in the US is now preparing a system for clinical trials using Kromek's technology. In addition, earlier this year Kromek received approximately £2.5 million in funding from Innovate UK for two programmes to further develop an MBI system. These projects are being conducted in collaboration with the Newcastle-upon-Tyne Hospitals NHS Foundation Trust, the University of Newcastle-Upon-Tyne and University College London.

The Directors estimate that the Group's addressable market in SPECT/CT is over $400 million per annum and that the Group is well-positioned to capture this market. Accordingly, the Directors intend to invest to further enhance the Group's CZT manufacturing capabilities and use the proceeds of the Transaction to support the Group's CT detector development activities as well as to expand sales and marketing for the Group's medical imaging business.

Nuclear Security

Kromek's nuclear security platforms - D3S and D5 - consist of a family of products designed to cater for the varying demands of the homeland security and defence markets. In particular, the D3S platform is widely deployed as a networked solution to protect cities, buildings or critical infrastructure against the threat of use of nuclear 'dirty bombs'.

The Group has experienced a significant increase in demand for its nuclear security products - with multiple new and repeat orders being won and delivered in FY23 - as the current geopolitical instabilities drive an increase in global government defence and security spending. The Directors believe that Kromek's nuclear security devices are the smallest, most compact products in the market with superior performance, and they have received the validation of key user groups in the UK and US. In addition, the Group expanded its channels-to-market for its nuclear security products through the establishment, during the current financial year, of a distribution partnership with Smiths Detection - initially for the North and South American markets and subsequently expanded to markets in Asia and Australasia.

Based on currently visible procurement programmes, the Board believes that the total addressable market for the Group's nuclear security product portfolio is in excess of $500 million. The Directors intend to invest in an expansion of the Group's sales and marketing activities including the further enhancement and acceleration of channel development to enable it to leverage what the Board believes is a significant competitive advantage in this growing market.

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. 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 and mass-transportation hubs including airports and entertainment venues.

The Group may also consider forming strategic or financial partnerships to further accelerate the time to market for this technology.

4. Use of proceeds

The Group has conditionally raised £7 million before expenses through the Placing and, subject to take up, may raise up to a further £1 million before expenses under the Open Offer. The estimate of expenses for the Transaction is expected to be approximately up to £0.5 million assuming the Open Offer is fully subscribed.

The Group expects to deploy the net proceeds as follows to accelerate commercial drive and revenue growth:

- 10-15 per cent. for development and working capital for CT;
- 15-20 per cent. to invest in productivity and efficiency of CZT manufacturing;
- 10-15 per cent. to expand sales and marketing for the Group's medical imaging and nuclear security activities, including biological-threat detection; and
- 50-60 per cent. to strengthen the balance sheet to facilitate the restructuring of the Group's debt.

5. Current Trading and Prospects

As announced in its interim results and the trading update on 18 April 2023, Kromek started the second half of the financial year 2023 with increasing commercial momentum whilst delivering on multi-year contracts. As a result, revenue in Q3 was approximately 50% higher than the corresponding period and Kromek continues to expect substantial revenue growth for FY23 compared with FY22. The Group is also experiencing improvements in its gross margin due to the product mix sold and expects to report gross margin in its traditional high-40s percentile and be EBITDA positive for H2 2023. As noted in the trading update, the Group continues to trade in line with market expectations, was broadly cash neutral in Q3 and expected to remain so through Q4 2023.

6. The Placing and Open Offer

Details of the Placing

The Company has conditionally raised £7 million before expenses through the Placing of 140,000,000 Placing Shares at the Offer Price to the Placees.

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

(i) the passing of all of the Resolutions;

(ii) the 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;

(iii) the Subscription Agreement becomes unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and

(iv) Admission becoming effective by no later than 8.00 a.m. on 26 May 2023 or such later time and/or date (being no later than 8.00 a.m. on 9 June 2023) as finnCap 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 Placees and Qualifying Shareholders will be returned to them (at the Placees' and Qualifying Shareholders' risk and without interest) as soon as possible thereafter.

The Placing Shares are not subject to clawback.

The Placing Shares (and the Open 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 26 May 2023 at which time it is also expected that the Placing Shares will be enabled for settlement in CREST.

Details of the Open Offer

The Company is proposing to raise up to approximately £1 million before expenses pursuant to the Open Offer. A total of 20,564,372 new Ordinary Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Offer Price, payable in full on acceptance. Any Open Offer Shares not subscribed for by Qualifying Shareholders will be available to Qualifying Shareholders under the Excess Application Facility. The balance of any Open Offer Shares not subscribed for under the Excess Application Facility will not be available to Placees under the Placing.

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

1 Offer Share for every 21 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 Open 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 10 May 2023. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 23 May 2023. 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 Open 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 23 May 2023.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the Open 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 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 Placing are:

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

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

(c) the Subscription Agreement becomes unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and

(d) Admission becoming effective by no later than 8.00 a.m. on 26 May 2023 or such later time and/or date (being no later than 8.00 a.m. on 9 June 2023) as finnCap 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 Open 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 Open Offer Shares (and the 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 Open Offer Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 26 May 2023 at which time it is also expected that the Open Offer Shares will be enabled for settlement in CREST.

Placing and Open Offer Agreement

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

The Placing and Open Offer Agreement provides, *inter alia*, for payment by the Company to finnCap of a corporate finance fee and commissions based on funds raised pursuant to the Placing and Open Offer.

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

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

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

(b) the 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;

(c) the Subscription Agreement becomes unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and

(d) Admission becoming effective not later than 8.00 a.m. on 26 May 2023 or such later time and/or date as the Company and finnCap may agree, being not later than 9 June 2023.

finnCap may terminate the 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 Placing and Open Offer.

7. Directors' and related parties' participation in the Transaction

All Directors, save for Berry Beumer, are participating in the Transaction. Paul Farquhar is participating through the Placing while Rakesh Sharma, Arnab Basu, Lawrence Kinet, Jerel Whittingham and Christopher Wilks have agreed to conditionally subscribe for 1,300,000 Directors' Subscription Shares in aggregate at the Offer Price. Berry Beumer, being the independent director for this purpose, considers, having consulted with the Company's nominated adviser, finnCap, that the terms of the participation with such related parties is fair and reasonable insofar as the Company's Shareholders are concerned. Details of the Director intentions are set out below:

Director	*Position*	*Current Number of Ordinary Shares held*	*Number of Ordinary Shares held as a percentage of the Existing*	*Number of Directors' Subscription Shares to be subscribed for*	*Number of Shares under the Placing*	*Percentage of Ordinary Shares held following the Placing,*

			Ordinary Share Capital			*Directors' Subscription and Open Offer***
Rakesh Sharma*	Chairman	807,539	0.19%	400,000	-	0.20%
Arnab Basu	Chief Executive Officer	2,988,750	0.69%	100,000	-	0.52%
Paul Farquhar	Chief Financial Officer	66,500	0.02%	-	100,000	0.03%
Lawrence Kinet	Non-Executive Director	350,000	0.08%	400,000	-	0.13%
Jerel Whittingham	Non-Executive Director	364,890	0.08%	300,000	-	0.11%
Christopher Wilks	Non-Executive Director	177,941	0.04%	100,000	-	0.05%

** subscribed by his connected person, Kathleen Elizabeth Sharma*
***assuming full take-up of the Open Offer Shares under the Open Offer*

Transaction Considerations

As set out in the Recommendation section of the Circular, 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 Placing accompanied by an Open Offer was the most appropriate structure to raise funding for the following reasons:

- the 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 £1 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 25.4 per cent. to the closing mid-market price of the Ordinary Shares on 4 May 2023, 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.

8. 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 UK (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.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2023
Record Date for entitlements under the Open Offer	6.00 p.m. on 4 May
Announcement of the Firm Placing and Open Offer	5 May
Publication and posting of this document, the Application Form and Form of Proxy	9 May
Ex-entitlement Date	8.00 a.m. on 9 May
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	10 May
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 17 May
Recommended latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 18 May
Latest time and date for splitting Application Forms (to satisfy *bona fide* market claims only)	3.00 p.m. on 19 May
Latest time and date for receipt of completed Forms of Proxy to be valid at the General Meeting	1.00 p.m. on 23 May
Latest time and date for acceptance of the Open Offer and receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (if appropriate)	11.00 a.m. on 23 May
General Meeting	1.00 p.m. on 25 May
Announcement of result of General Meeting and Open Offer	25 May
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 26 May
New Ordinary Shares credited to CREST members' accounts	As soon as possible after 8.00 a.m. on 26 May
Despatch of definitive share certificates in certificated form	Within 5 business days of Admission

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

Certain of the events in the above timetable are conditional upon, amongst other things, the approval of the Resolutions to be proposed at the General Meeting.

All references are to London time unless stated otherwise.

KEY STATISTICS

FIRM PLACING STATISTICS

Number of Existing Ordinary Shares	431,851,820
Number of Placing Shares	140,000,000
Offer Price	5p
Number of Ordinary Shares in issue immediately following the Placing	571,851,820
Placing Shares as a percentage of the Ordinary Shares in issue immediately following the Placing*	24.5%
Gross Proceeds of the Placing	Approximately £7 million

OPEN OFFER STATISTICS

Number of Open Offer Shares	20,564,372
Offer Price	5p
Basis of Open Offer	1 Offer Share for every 21 Existing Ordinary Shares
Gross proceeds from the Open Offer**	Up to approximately £1 million
Enlarged Share Capital following the Placing and Open Offer**	Up to 592,416,192
Open Offer Shares as a percentage of the Enlarged Share Capital**	Up to 3.5%

**prior to the issue of the Open Offer Shares*

***on the assumption that the Open Offer is fully subscribed*

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 Open 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
"CT"	Computed Tomography
"**CZT**"	Cadmium Zinc Telluride, a room temperature semiconductor radiation detector
"CBRN"	Chemical, Biological, Radiological and Nuclear
"**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, Lawrence Kinet, Jerel Whittingham and Christopher Wilks, at the Offer Price pursuant to the Subscription Agreements
"**Directors' Subscription Shares**"	1,300,000 new Ordinary Shares that are the subject of the Directors' 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 & International Limited
"**Excess Application Facility**"	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open 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 their Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on them taking up their Open Offer Entitlement in full
"Excess CREST Open Offer Entitlement"	In respect of each Qualifying CREST Shareholder who has taken up their Basic Entitlement in full, the entitlement to apply for Open Offer Shares in addition to their Basic Entitlement credited to their 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**"	Open 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 9 May 2023
"**Existing Ordinary Shares**"	the 431,851,820 Ordinary Shares in issue on the date of this announcement
"**FCA**"	the Financial Conduct Authority of the UK
"finnCap"	finnCap Ltd, the Company's Nominated Adviser and Broker
"**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 1.00 p.m. on 25 May 2023 or at any adjournment thereof, pursuant to the Notice of General Meeting
"**Group**"	the Company and its subsidiaries
"**HMRC**"	His 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**"	9 June 2023
"**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 Placing Shares, the Open Offer Shares and the 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**"	5 pence per New Ordinary Share
"**Open Offer**"	the conditional invitation made to Qualifying Shareholders to apply to subscribe for the Open 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 Open Offer Shares pursuant to the Open Offer
"Open Offer Shares"	the 20,564,372 new Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer and Excess Application Facility
"**Ordinary Shares**"	ordinary shares of one penny each in the capital of the Company
"**Overseas Shareholders**"	a Shareholder with a registered address outside the United Kingdom
"Placees"	subscribers for Placing Shares
"Placing"	the placing by the Company of the Placing Shares with certain institutional investors and Shareholders (or their associated investment vehicles) and Subscription Shares, otherwise than on a pre-emptive basis, at the Offer Price
"Placing and Open Offer Agreement"	the agreement entered into between the Company and finnCap Ltd in respect of the Placing and Open Offer dated 5 May 2023, as described in the Circular
"Placing Shares"	the 140,000,000 new Ordinary Shares that are the subject of the Placing and Subscription
"**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, Corporate Actions
"**Record Date**"	6.00 p.m. on 4 May 2023 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, Russia, Australia, Japan, New Zealand, the Republic of South Africa, the Republic of Ireland, Cayman Islands, Singapore, Barbados, Switzerland, Russia, or the State of Kuwait and any other jurisdiction where the extension or availability of the 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
"Subscribers"	Rakesh Sharma (subscribed for by his connected person, Kathleen Elizabeth Sharma), Arnab Basu, Lawrence Kinet, Jerel Whittingham, Christopher Wilks, Polymer N2 Limited and Graeme Speirs
"Subscription"	the conditional direct subscription by the Subscribers for the Subscription Shares at the Offer Price in accordance with the Subscription Agreement
"**Subscription Agreement**"	the agreements between (i) the Company and Rakesh Sharma (subscribed by his connected person, Kathleen Elizabeth Sharma), (ii) the Company and Arnab Basu, (iii) the Company and Lawrence Kinet, (iv) the Company and Jerel Whittingham, (v) the Company and Christopher Wilks, (vi) the Company and Polymer N2 Limited, and (vii) the Company and Graeme Speirs
"Subscription Shares"	the 21,300,000 new Ordinary Shares to be issued pursuant to the Subscription
"**Transaction**"	the 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

MSCBSGDUXSGDGXU