RNS Number : 3112P
Kromek Group PLC
07 February 2019

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

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7 February 2019

Kromek Group plc

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

Firm Placing and Open Offer to raise up to £21 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 and Open Offer to raise up to £21 million before expenses. The Firm Placing has been undertaken with new and existing institutional investors in the Company and was over-subscribed.

Highlights

- Proposed conditional Firm Placing to raise £20.0 million through the issue of 80,000,000 Placing Shares to new and existing institutional and other investors at 25 pence per Placing Share

- Proposed Open Offer to raise up to approximately £1.0 million through the issue of up to 4,008,471 Open Offer Shares to Qualifying Shareholders at 25 pence per Open Offer Share

- The net proceeds of the Transaction will be used to significantly increase future manufacturing capacity and associated working capital to support the growth of the medical imaging business; to expand sales and marketing of the D3S for nuclear radiation detection; and to further strengthen balance sheet to provide the Company with flexibility to address and capitalise on opportunities as they emerge

Sir Peter Williams, Chairman of Kromek, said: "*Over the last three fiscal years we have won contracts totalling $138 million across all of our core sectors - reflecting the conversion of our expanding order pipeline and customers increasingly launching next-generation CZT-based products. With the growing demand for our flagship products in all our market segments, this fundraise will strengthen our ability to capitalise on these substantial opportunities. As such, the Board recommends all shareholders to vote in favour of the proposals, which will enable us to deliver increased value to our shareholders*."

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 Luther Pendragon, 48 Gracechurch Street, London EC3V 0EJ, at 12.00 p.m. on 25 February 2019.

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:

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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 £20.0 million by the issue and allotment by the Company of 80,000,000 Ordinary Shares at the Offer Price of 25 pence per Ordinary Share.

In addition, in order to provide Shareholders who have not taken part in the Firm Placing 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 4,008,471 Offer Shares, to raise up to £1.0 million, on the basis of 1 New Ordinary Share for every 65 Existing Ordinary Shares, at 25 pence each, payable in full on acceptance.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the 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 9.1 per cent. to the closing middle market price of 27.5 pence per Existing Ordinary Share on 6 February 2019 (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 26 February 2019 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 operates globally in three high-value markets: medical imaging, nuclear detection and security screening. Using its core CZT technology, Kromek designs, develops and produces x-ray and gamma ray imaging and radiation detection products for the medical, nuclear and security screening markets.

The Group's products provide high resolution information on material composition and structure and are used in multiple applications, 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 ("**ASICs**").

The Group has operations in the UK and the US (California and Pennsylvania) and sells internationally through a combination of distributors and direct to OEMs. The Group's new facility in the US has been purpose built and designed to be a world-class manufacturing base to produce medical imaging products. The site is fully operational and is expected to significantly increase capacity and efficiency of the manufacturing process.

As announced in the Group's interim results on 14 January 2019, Kromek has strong visibility on revenue for the next 24 months. Over the last three fiscal years, the Group has won contracts totalling $138 million.

Background to and reasons for the Firm Placing and Open Offer

The Company anticipates significant growth opportunities for its flagship medical imaging products and D3S in the nuclear detection division. This has been evidenced by the new medical imaging contract announced on 28 January 2019. The contract is with an existing OEM customer and is expected to be worth a minimum of $58 million over a seven-year period. The Directors believe that the medical imaging and nuclear detection markets are each worth in excess of $100 million per annum.

Medical Imaging

Kromek has developed a range of CZT medical imaging detectors for use by OEMs in CT scanners. CZT is a room-temperature semiconductor radiation detector that has numerous uses in medical imaging, especially in single photon emission computed tomography ("**SPECT**") and bone mineral densitometry ("**BMD**"). CZT detects photons emitted from radio-pharmaceuticals injected into patients, which concentrate at sites for identification of diseases including: cancer, Alzheimer's, Parkinson's, dementia and osteoporosis.

CZT-based detectors are smaller and weigh less than existing scintillator detectors. CZT-based detectors have higher resolution, superior specificity and reduce scan time, resulting in improved and earlier diagnoses, better patient outcomes and a lower overall cost of healthcare. The Directors believe that CZT-based detectors are set to replace the prevalent scintillator-based detectors. Kromek is well positioned as one of only four companies that can manufacture and supply CZT worldwide, resulting in high barriers to entry. The Directors believe that Kromek is therefore strategically placed to benefit from its customers commercially adopting and launching next-generation CZT-based products.

As referenced above, the Company has recently signed a new contract expected to be worth a minimum of $58 million to supply CZT-based detectors and associated advanced electronics to an existing OEM customer. Whilst the Company has sufficient capacity to meet the production demands in the near term, the Directors believe that, with the growing contract momentum, the Company will need to invest in increasing its future capacity. Accordingly, to support this growth and, in anticipation of winning further contracts, the Company intends to

invest in its manufacturing capacity and the associated working capital required to grow medical imaging.

Nuclear Detection - D3S

The nuclear division's flagship product, the D3S, is an advanced, portable, nuclear detection device used by counter-terrorist agencies to protect civilians and key infrastructure in cities including ports, borders and transport hubs. The D3S can be worn by frontline security workers and offers an extensive and effective safeguard against the threat of nuclear terrorism.

The Group has successfully delivered over 10,000 D3S units as a sole supplier to the Defence Advanced Research Projects Agency ("**DARPA**"), an agency of the US Department of Defence ("**US DoD**"), under its SIGMA programme. The D3S is currently being deployed and field tested in major areas in the US by DARPA and other agencies and by a number of customers in Europe and Asia. Kromek is also working with the Defense Threat Reduction Agency ("**DTRA**"), another agency of the US DoD, to develop a ruggedised small form factor D3S for use by the US military. In addition, Kromek is a qualified contractor under the US DoD's Joint Enterprise - Research, Development, Acquisition, and Production/Procurement contract framework, which has been allocated $8.2 billion to invest over a 10-year period in a number of programmes covering chemical, biological, radiation and nuclear detection.

In order to capitalise on increased traction that the D3S family of products is experiencing worldwide, with a shift from R&D to product sales, the Company intends to invest to expand its sales and marketing capability.

Balance Sheet

Looking further ahead, Kromek continues to benefit from customers commercially launching next-generation CZT-based products and from increasing adoption of CZT-based technology across its target markets. A further strengthened balance sheet is expected to provide flexibility to address and capitalise on opportunities as they emerge.

Use of proceeds

The Company has conditionally raised £20.0 million before expenses through the Firm Placing and subject to take up may raise up to a further £1.0 million before expenses under the Open Offer. The estimate of expenses for the Transaction is expected to be up to £1.1 million dependent on the proceeds from the Open Offer.

The Company expects to use the net proceeds for the following purposes:

- £10.0 million - Capital expenditure (manufacturing capacity expansion) and working capital for medical imaging, providing a significant capacity increase for the next 15 years
- £3.0 to £4.0 million - Sales and marketing expansion to develop and drive D3S global market opportunity
- The balance will be used to further strengthen balance sheet to provide the business with flexibility to address and capitalise opportunities as they emerge

Current Trading and Prospects

The Company announced its Interim Results for the 6 month period ended 31 October 2018 on 14 January 2019. Since that date, the Company has traded in line with management's expectations.

The Firm Placing and Open Offer

Details of the Firm Placing

The Company has conditionally raised £20.0 million before expenses through the Firm Placing of 80,000,000 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 26 February 2019 or such later time and/or date (being no later than 8.00 a.m. on 26 March 2019) as Cenkos Securities and the Company may agree.

If any of the conditions are not satisfied, the Firm Placing Shares and the Open Offer 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 Firm Placing Shares and Offer 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 February 2019 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 £1.0 million before expenses. A total of 4,008,471 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 65 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 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 8 February 2019. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 22 February 2019. 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 22 February 2019.

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 26 February 2019 or such later time and/or date (being no later than 8.00 a.m. on 26 March 2019) 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 Asset Services 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 26 February 2019 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 has agreed to use their 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 26 February 2019 or such later time and/or date as the Company and Cenkos Securities may agree, being not later than 26 March 2019.

Cenkos Securities may terminate the Firm Placing and Open Offer Agreement in certain circumstances, if, *inter alia*, the Company is in material breach of any of its obligations under the Firm Placing and Open Offer Agreement; if 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 their respective reasonable opinion makes it impractical or inadvisable to proceed with the Firm Placing and Open Offer.

Directors' and related parties' participation in the Transaction

Certain Directors have either committed or indicated their intentions to subscribe for New Ordinary Shares in the Firm Placing or to subscribe for Offer Shares in the Open Offer. Details 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 committed or intended to be subscribed for*	*Number of Offer Shares to be applied for under the Open Offer*	*Number of Placing Shares applied for in the Firm Placing*	*Maximum number of Ordinary Shares held following the Firm Placing and Open Offer*	*Percentage of Ordinary Shares held following the Firm Placing and Open Offer assuming the Open Offer is fully subscribed*
Sir Peter Williams	Chairman	100,000	0.04%	£12,500	-	50,000	150,000	0.04%
Derek Bulmer	Chief Financial Officer	100,000	0.04%	£12,500	50,000	-	150,000	0.04%
Lawrence Kinet	Non-Executive Director	250,000	0.10%	£12,500	-	50,000	300,000	0.09%
Christopher	Non-Executive	75,000	0.03%	£12,500	-	50,000	125,000	0.04%

Wilks Director

Related party participation in the Transaction

The following substantial Shareholder (being a Shareholder holding 10 per cent. or more of the Company's Ordinary Shares as at 6 February 2019, the latest practicable date prior to publication of this announcement) is participating in the Placing as described below:

	Number of Ordinary Shares held	*Number of Ordinary Shares held as a percentage of the Existing Ordinary Shares*	*Number of Firm Placing Shares*	*Amount Subscribed*	*Number of Ordinary Shares held including the Placing Shares*	*Percentage of Ordinary Shares held following the Firm Placing and Open Offer assuming the Open Offer is fully subscribed*
Miton Asset Management	49,201,886	18.9%	20,000,000	£5,000,000	69,201,886	20.1%

The participation by the Shareholder referred to above in the Placing is classified as a related party transaction for the purposes of the AIM Rules by virtue of such Shareholder being a substantial shareholder (as defined in the AIM Rules for Companies) in the Company. The Directors, having consulted with Cenkos, the Company's nominated adviser, consider that the terms of the transaction are fair and reasonable insofar as the Company's Shareholders are concerned.

Transaction Considerations

As set out in the Recommendation section below, 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 £1.0 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 9.1 per cent. to the closing mid market price of the Ordinary Shares on 6 February 2019, 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 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.

DEFINITIONS

"**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
"**Cantor**"	Cantor Fitzgerald Europe
"**Cenkos**" or "**Cenkos Securities**"	Cenkos Securities plc
"**Company**" or "**Kromek**"	Kromek Group Plc
"**Circular**"	the circular to be posted to Shareholders on 7 February 2019
"**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
"**Enlarged Share Capital**"	the entire issued share capital of the Company following completion of the Firm Placing and Open Offer on Admission
"**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 7 February 2019
"**Existing Ordinary Shares**"	the 260,550,618 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 existing 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 7 February 2019, as described in the Circular
"**Firm Placing Shares**"	the 80,000,000 Ordinary Shares the subject of the Firm Placing
"**Form of Proxy**"	the form of proxy for use in relation to the General Meeting
"**FSMA**"	Financial Services and Markets Act 2000 (as amended)
"**General Meeting**"	the General Meeting of the Company, convened for 12.00 p.m. on 25 February 2019 or at any adjournment thereof, notice of which is set out at the end of the Circular
"**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 Asset Services**" or "**Link**"	a trading name of Link Market Services Limited
"**London Stock Exchange**"	London Stock Exchange plc
"**Long Stop Date**"	26 March 2019
"**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 and the Offer 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**"	25 pence per New Ordinary Share
"**Offer Shares**" or "**Open Offer Shares**"	the 4,008,471 Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer
"**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 allocated to Qualifying Shareholders on the Record Date 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 Rules made in accordance with the EU Prospects Directive 2003/71/EC 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 Asset Services
"**Record Date**"	6.00 p.m. on 5 February 2019 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
"**Transaction**"	the Firm Placing and Open Offer
"**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

FIRM PLACING STATISTICS

Number of Existing Ordinary Shares	260,550,618
Number of Firm Placing Shares	80,000,000
Offer Price	25p
Number of Ordinary Shares in issue immediately following the Firm Placing	340,550,618
Firm Placing Shares as a percentage of the Ordinary Shares in issue immediately following the Firm Placing*	23.5%
Gross Proceeds of the Firm Placing	Approximately £20.0 million

OPEN OFFER STATISTICS

Number of Offer Shares	4,008,471
Offer Price	25p
Basis of Open Offer	1 Offer Share for every 65 Existing Ordinary Shares
Gross proceeds from the Open Offer**	up to £1.0 million
Enlarged Share Capital following the Firm Placing and Open Offer**	up to 344,559,089
Offer Shares as a percentage of the Enlarged Share Capital**	up to 1.2%

**prior to the issue of the Offer Shares*

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

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	6.00 p.m. on 5 February 2019
Announcement of the Firm Placing and Open Offer, publication and posting of the Circular, the Application Form and Form of Proxy	7 February 2019

Ex-entitlement Date	8.00 a.m. on 7 February 2019
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	8 February 2019
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 18 February 2019
Recommended latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 19 February 2019
Latest time and date for splitting Application Forms (to satisfy *bona fide* market claims only)	3.00 p.m. on 20 February 2019
Latest time and date for receipt of completed Forms of Proxy to be valid at the General Meeting	12.00 p.m. on 21 February 2019
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 22 February 2019
General Meeting	12.00 p.m. on 25 February 2019
Announcement of result of General Meeting and Open Offer	25 February 2019
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 26 February 2019
New Ordinary Shares credited to CREST members' accounts	26 February 2019
Despatch of definitive share certificates in certificated form	5 March 2019

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.

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