RNS Number : 1926V
Kromek Group PLC
30 January 2025

30 January 2025

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

Kromek Signs Agreements with SiemensHealthineers

Non-exclusive IP licensing and CZT production enablement agreements to generate $37.5m
Kromek expected to become profitable for FY 2025

Kromek Group plc (AIM: KMK), a leading developer of radiation and bio-detection technology solutions for the advanced imaging and CBRN detection segments, is pleased to announce that it has entered into multi-year agreements with Siemens Medical Solutions USA, Inc. ("Siemens Healthineers") to provide know-how and use rights of IP on a non-exclusive basis, as well as furnaces and related services, under an Enablement Agreement and Patent Licensing Agreement, and also for the Group to supply CZT-based detector tiles (the "Supply Agreement") (together with the Enablement and Patent Licensing Agreements, the "Agreements") to enable the production of CZT detectors for SPECT application (single-photon emission computed tomography).

Under the Enablement Agreement, the Group will be paid a total of $37.5m in cash in four installments over a four-year period, with the first installment of $25.0m to be received in the current financial year, a material amount of which will be recognised as revenue. In addition, the Directors believe the Supply Agreement will make a material contribution to Advanced Imaging revenue from the second year of the agreement onwards.

Summary

- Over a four-year period, Kromek will:
  - transfer 15 of its existing 174 furnaces for CZT production to Siemens Healthineers
  - provide Siemens Healthineers with all know-how, IP and related services for CZT-based SPECT detector production
- The Group has licensed to Siemens Healthineers its patents related to CZT production for SPECT applications
- All know-how and IP will be provided and licensed on a non-exclusive basis. Accordingly, Kromek is unencumbered from continuing to utilise its know-how and IP and supplying other OEMs in SPECT or other advanced imaging markets
- Kromek is expected to supply Siemens Healthineers with CZT-based detector tiles over the four-year period under the Supply Agreement
- The Group expects to report revenue growth for the current financial year and profit significantly ahead of market expectations, with a much strengthened balance sheet

Enablement and Patent Licensing Agreements

Kromek will transfer title of 15 of its furnaces (the "Transfer Furnaces") for the production of CZT, which are currently sited in the Group's UK facility, to Siemens Healthineers. The Group will enable the physical relocation of the Transfer Furnaces to a Siemens Healthineers facility, which is expected to occur at the end of the four-year period of the Enablement Agreement. Prior to the relocation, the Group will use the Transfer Furnaces to deliver the CZT-based detector tiles under the Supply Agreement.

Over a four-year period, commencing immediately, the Group will provide Siemens Healthineers with its know-how and IP regarding the production of CZT-based detector tiles for SPECT applications and services required to enable such production. Kromek has licensed in perpetuity its patents relevant for producing CZT-based detectors for SPECT applications on a non-exclusive basis. Kromek retains ownership of the patents. Under the terms of the Agreements, the Group is entitled to continue to exercise all its know-how and IP and to serve the global SPECT market for CZT-based detectors.

Supply Agreement

Kromek is set to supply its CZT-based detector tiles to Siemens Healthineers for the duration of the Enablement Agreement, which may be extended for an additional year at Siemens Healthineers' discretion. This multi-year agreement is projected to significantly contribute to revenue, complementing the $37.5m to be received under the Enablement Agreement for the Advanced Imaging Division, throughout the agreement period.

Under the terms of the Supply Agreement, Kromek will manufacture the CZT-based detector tiles and will be responsible for providing all necessary capital equipment, engineering, manufacturing technology, as well as the equipment and facilities required to fulfil the agreement.

Benefit to Kromek
Kromek plans to utilise the initial $25.0m installment to support delivery under the Enablement Agreement, reduce its debt and significantly strengthen its balance sheet. As a result of the Agreements and recognising a material amount of the first installment under the Enablement Agreement as revenue in FY 2025, the Group expects to become profitable in the current year, with profit significantly ahead of market expectations. The Group also expects to achieve further revenue growth beyond FY 2025 while delivering sustainable profits.

Additionally, the Enablement Agreement does not restrict Kromek from seeking other potential collaborations, including similar ventures with other OEMs in advanced imaging markets. As the largest independent producer and supplier of CZT, Kromek intends to continue producing CZT for the SPECT and CT (computed tomography) markets, utilising the remaining 159 furnaces it owns.

Arnab Basu, Chief Executive Officer of Kromek, said:*"We are delighted to have entered into these agreements with Siemens Healthineers, a move that underscores Kromek's position as the largest independent producer of CZT and CZT-based detectors. We both have an ongoing commitment to innovation that is critical for developing superior detector solutions that play a vital role in the early detection of serious illnesses. Both Siemens Healthineers and Kromek are aligned in our vision to enhance healthcare through technological advancements, and we eagerly anticipate collaborating to bring this vision to fruition.*

"The initial $25.0m payment will be used to support the delivery of various milestones under the agreements, significantly reduce our debt and strengthen our balance sheet, ultimately enhancing our operational capabilities. These significant agreements enable Kromek to report FY 2025 profit ahead of market expectations and lay the groundwork for further growth in revenues and sustainable profitability beyond that period. These agreements also enable Kromek to continue its leadership in CZT production for SPECT and CT markets, as we maintain the flexibility to explore further collaborations with other OEMs in advanced imaging."

For further information, please contact:

Kromek Group plc
Arnab Basu, CEO — +44 (0)1740 626 060
Paul Farquhar, CFO

Cavendish Capital Markets Limited (Nominated Adviser and Broker)
Geoff Nash/Giles Balleny/Seamus Fricker- Corporate Finance — +44 (0)20 7220 0500
Tim Redfern- ECM
Michael Johnson/Tamar Cranford-Smith - Sales

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

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 as it forms part ofUKdomestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. The person responsible for making this announcement on behalf of the Company is Paul Farquhar, Chief Financial Officer.

Kromek Group plc

Kromek Group plc is a leading developer of radiation detection and bio-detection technology solutions for the advanced imaging and CBRN detection segments. Headquartered in County Durham, UK, Kromek has manufacturing operations in the UK and US, delivering on the vision of enhancing the quality of life through innovative detection technology solutions.

The advanced imaging segment comprises the medical (including CT and SPECT), security and industrial markets. Kromek provides its OEM customers with detector components, based on its core cadmium zinc telluride (CZT) platform, to enable better detection of diseases such as cancer and Alzheimer's, contamination in industrial manufacture and explosives in aviation settings.

In CBRN detection, the Group provides nuclear radiation detection solutions to the global homeland defence and security market. Kromek's compact, handheld, high-performance radiation detectors, based on advanced scintillation and solid-state readout technology, are primarily used to protect critical infrastructure, events, personnel and urban environments from the threat of 'dirty bombs'.

The Group is also developing bio-security solutions in the CBRN detection segment. These consist of fully automated and autonomous systems to detect a wide range of airborne pathogens.

Kromek is listed on AIM, a market of the London Stock Exchange, under the trading symbol 'KMK'.

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

AGRBCGDBIGDDGUC