

17 April 2015

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

Business and Trading Update

Kromek, a radiation detection technology company focusing on the medical, security and nuclear markets, provides a business and trading update ahead of its financial year end on 30 April 2015.

As the Company stated in its interim results on 14 January 2015 ("the Interims"), whilst the increasing order book and a strong pipeline provides Kromek with improved visibility going forward, dealing with government agencies and OEMs makes it difficult to predict the exact timing of some of the contracts. Recently, this has resulted in orders worth £0.6m being contracted, but delivery, and therefore invoicing, being postponed by the customer; £0.4m in orders being received and in the process of being delivered according to the contract specifications, with delivery scheduled for the next fiscal year. The Company is in an advanced stage in negotiating contracts for further orders worth over £0.5m, which would now be delivered in the next financial year.

Consequently, the Company now expects to report full year revenues for the twelve months ending 30 April 2015 of £8.1m. This represents year-on-year growth of 38% and growth from the first half to the second half of 53% (which, for the reasons detailed above, is lower than the 100% sequential growth anticipated in the Interims). However, consistent with what was stated at the time of the Interims, based on current favourable revenue mix and tight cost control the Company expects full year EBITDA to be in line with market expectations, including being EBITDA-positive for the second six months of the year.

The Company achieved its growth primarily through expansion in the number and scope of customer-funded development projects as well as direct sales of both end-user and component-level products for OEMs. As announced in February 2015, the Company won contracts across all three of its target segments and in multiple geographies. The Company's investment in additional sales and marketing resources is resulting in increased interest in its products and technology from a greater number of companies and organisations.

Working Capital Facility and Cash Position

As announced on 16 March 2015 the Company secured a £3m revolving credit facility. The funds available through the facility will be used for working capital to support the growth of the business, and facilitate the Company in capitalising on the large and increasing opportunities that it continues to develop across its target markets.

As a result of this the Board does not foresee any near-term challenges with cash balances, but will continue to closely monitor cash requirements and maintain tight cost control.

Outlook

The Company believes that its largest opportunities are in the three areas of Computerised Tomography ("CT"), Single Photon Emission Computed Tomography ("SPECT") and portable advanced radiation detectors where its proprietary technologies bring important and differentiated performance advantages. As the Company announced today, it has been awarded a modification to its existing contract with the Defense Advanced Research Projects Agency (DARPA), an agency of the U.S. Department of Defense, for the volume supply of radiation network detectors – increasing the total contracted revenues awarded under this programme to \$4.35m to date. This represents an approximate quadrupling of the contract value since it commenced in August 2014, reflecting the strength of the Company's offer and scalable nature of its projects. Additionally, the Company is at an advanced stage of negotiation on a number of

contracts, with a combined value of over £2m, in its core markets. This, combined with revenues from signed contracts where delivery is scheduled for the next financial year, provides Kromek with good visibility of revenues for financial year 2015/16. Such high visibility of revenues, which is 50% higher than at the equivalent point in 2014, gives the Board confidence in continued strong growth year-on-year.

Appointment of Interim Chairman

The Company is also pleased to announce that Mr Lawrence Kinet has taken on the position of Interim Chairman with immediate effect.

Lawrence Kinet, Interim Chairman of Kromek, said: “I am delighted to take on this role at this time of great growth for the Company. Kromek has solid fundamentals based on the strength of its technology as demonstrated by the success of our programme with DARPA. As a result, with every passing half year, the Board has increasing confidence in Kromek’s future as we build ever-stronger ties with government and commercial customers.”

Enquiries

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About Kromek Group plc

Kromek Group plc is a UK technology company (global HQ in County Durham) and a leading developer of high performance radiation detection products based on cadmium zinc telluride (“CZT”). Using its core CZT technology Kromek designs, develops and produces x-ray and gamma ray imaging and radiation detection products for the medical, security screening and nuclear 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.

Kromek uses multiple technologies in its manufacturing processes, including the established methods of ‘liquid phase’ detector production, and also ‘vapour phase’ production methods, which allow the production of high quality, high performance detectors on an industrial scale. Kromek has an intellectual property portfolio of more than 250 pieces of IP.

The Group’s business model provides a vertically integrated technology offering to customers, from the growth of CZT crystals to finished products or detectors, including software, electronics and application specific integrated circuits (“ASICs”).

The Board believes that the vertical integration offered by Kromek, combined with the benefit of 25 years of research into CZT production and the patents and trade secrets accumulated by the Group, are unparalleled in the market place.

The Group has operations in the UK, Germany and US (California and Pennsylvania), and is selling internationally through a combination of distributors and direct OEM sales.

Currently, the Group has over a hundred full time employees across its global operations.