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Kromek Group PLC
16 May 2022

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

Business and Trading Update

Kromek (AIM: KMK), a leading developer of radiation and bio-detection technology solutions for the advanced imaging and CBRN detection segments, provides an update on business and trading for the year ended 30 April 2022.

As noted in the Group's interim results announcement in January 2022, Kromek continued to deliver on its existing contracts as well as win new and repeat orders during the first half of the year. In H2 2022, the commercial momentum increased, ahead of management's expectations, including £5.9m in new orders being won in the final quarter, primarily in the CBRN detection segment.

The additional contract wins contributed to the Group achieving strong revenue growth in H2 over H1 2022 and Kromek expects to report revenue of £12.1m for the year ended 30 April 2022 (FY 2021: £10.4m), an increase of approximately 16%. However, the Group continued to be impacted by supply chain issues as detailed in the interim results. Specifically, the late arrival of certain components prevented the completion of orders totalling approximately £2.9m that were scheduled to be delivered before the year end. These orders have now begun to be shipped and the revenue is expected to be recognised in the first half of the current financial year. As a result, the Group expects to report an adjusted EBITDA loss for the year ended 30 April 2022 of approximately £1.2m.

The Group continued to maintain tight cost control, improve collections, and manage cash flow. As a result, and despite the significant increase in inventories due to the delayed shipment of certain orders, the Group had cash and cash equivalents at 30 April 2022 of approximately £5.1m. Kromek expects cash inflows following the delivery and payment of the aforementioned £2.9m orders; the unwinding of high inventory levels; and a continued improvement in customer collections. Consequently, the Board believes that the Group has sufficient cash available for the foreseeable future.

For the current financial year, Kromek continues to expect accelerated growth in both its segments and is forecasting substantial revenue growth in the year to 30 April 2023. The Group has excellent visibility over full year revenue forecasts with 50% contracted, 37% going through contract negotiation and the remaining 13% being provided by the Group's regular repeat order business. This is the highest level of visibility that the Group has ever had at the start of a financial year.

The anticipated growth is based on delivery under existing long-term contracts, new orders won in H2 2022, and the sustained demand being received for its products. In particular, the current geo-political environment is driving increased interest from government agencies in Kromek's products in the CBRN detection segment. In advanced imaging, Kromek's CZT-based products continue to be in high demand from both its existing and new OEM customers.

Accordingly, the Board remains confident of the Group's prospects and of delivering further strong growth in the current year. The level of contracted revenue continues to build, further improving revenue visibility and the Board is enthused by the substantial opportunities for Kromek and its technology.

The Group will provide further information at the time of its full year results announcement in July 2022.

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About 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 technology, are primarily 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. 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'.

Further information is available at www.kromek.com.

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