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

Full Year 2019/20 Trading Update and Response to COVID-19

Kromek (AIM: KMK), a worldwide supplier of detection technology focusing on the medical, security screening and nuclear markets, provides an update on trading for the 12-month period ended 30 April 2020 and its business response to COVID-19.

FY 2019/20 Trading Update

As previously announced in its interim results on 11 December 2019, Kromek started the second half of the financial year 2019/2020 with increasing commercial momentum and delivering on multi-year contracts won over the previous three years. Until the end of February 2020, the Group did not experience any material impact on its businesses as a result of the COVID-19 outbreak. However, in the subsequent two months, it has experienced a delay in certain projects due to constraints imposed upon sub-contractors, suppliers and customers. Also, it has been informed that two of its key contracts will now be postponed to the new financial year. As a result, Kromek expects to report revenues of £14.5m, similar to FY 2018/2019 revenues, and adjusted EBITDA is expected to be breakeven. The Group will continue to deliver on its multi-year contracts, which give it good visibility over future revenues, and it has a healthy pipeline of projects. At 30 April 2020, the Group had a robust balance sheet and cash of approximately £10m, including £3m utilised under its revolving credit facility due for renewal in 2024 as well as a £2m five-year term-loan.

Response to COVID-19

In the middle of March 2020, Kromek activated its business continuity plan in response to the COVID-19 outbreak. In order to protect the health and safety of its workforce, some of the Group's employees in the UK and US were transitioned to remote working. Kromek uses virtualised applications and storage on the cloud, which has enabled easier remote working and therefore there has been no significant reduction in the Group's delivery capability for clients. Sales and marketing activities have also adapted to current market conditions.

Furthermore, a number of temporary mitigation measures have been implemented to bolster the liquidity of the business and its financial position. Actions taken include the implementation of some organisational restructuring; ceasing all discretionary capital expenditure; curtailing all travel and non-essential spend; and, securing a short-term rent concession on the Group's leased properties. These measures, along with others in the pipeline, are expected to reduce monthly running costs and cash outflow, generating annualised savings of approximately £3m.

The Group also leveraged its technical and manufacturing skills in response to increased demand for sophisticated medical equipment such as ventilators. It formed a partnership with Metran Co., Ltd. to commence manufacture and sale of medical ventilators in the UK and globally. Kromek is receiving significant interest in the ventilators from potential customers in Europe and worldwide, and it is on track to produce at least 2,000 units by the end of July 2020.

Outlook

Given the evolving nature of the pandemic and the uncertainty over its length and severity, Kromek is working diligently to assess, plan for and mitigate the potential impact on its core markets by using its technical and manufacturing skills to procure other opportunities in the short-term. As a result, the Group is unable to provide accurate market guidance for FY 2020/2021. The fundamentals of the business remain sound, and the Board is confident in the Group's ability to withstand the current situation, maximise the short-term opportunities and deliver on its long-term growth ambitions.

A further announcement will be made as and when appropriate.

This announcement contains inside information.

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About Kromek Group plc

Kromek Group plc is a technology group (global HQ in County Durham) and a leading developer of high performance radiation detection products based on cadmium zinc telluride ("CZT") and other advanced technologies. Using its core technology platforms, 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.

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 US (California and Pennsylvania), and is selling internationally through a combination of distributors and direct OEM sales.

Currently, the Group has over one hundred full-time employees across its global operations. Further information on Kromek Group is available at www.kromek.com and https://twitter.com/kromekgroup.

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