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safer and healthier world

30 January 2025

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

Interim Results
Multi-year agreements signed with Siemens Healthineers post period will deliver profitability in the current financial year

Kromek Group plc (AIM: KMK), a leading developer of radiation and bio-detection technology solutions for the advanced imaging and CBRN detection segments, announces its interim results for the six months ended 31 October 2024.

Multi-year Agreements with Siemens Healthineers

Post period, as also announced today, Kromek has signed agreements with Siemens Medical Solutions USA, Inc. ("Siemens Healthineers") to enable the production of cadmium zinc telluride ("CZT") detectors for single photon emission computed tomography ("SPECT") application pursuant to which:

- 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, of which a material amount will be recognised as revenue
- 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
- 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
- In addition, Kromek is expected to supply Siemens Healthineers with CZT-based detector tiles over the four-year period, which the Directors believe will make a material contribution to advanced imaging revenue from the second year of the agreement onwards

Impact on Kromek of Agreements with Siemens Healthineers

- The Group expects to become profitable from the current financial year, with profit for FY 2025 significantly ahead of market expectations
- Debt will be reduced and the balance sheet will be significantly strengthened
- Kromek intends to continue producing CZT for the SPECT and computed tomography ("CT") markets utilising the remaining 159 furnaces it owns
- As the largest independent producer and supplier of CZT, and with a significantly strengthened balance sheet, Kromek is strategically positioned for sustained revenue growth and profitability

Financial Summary for H1 2025

- Revenue was £3.7m (H1 2024: £7.1m)
- Gross margin improved to 56.9% (H1 2024: 54.2%)
- Adjusted EBITDA loss of £2.3m (H1 2024: £0.1m loss)*
- Loss before tax was £5.7m (H1 2024: £3.5m loss)
- Cash and cash equivalents at 31 October 2024 were £0.6m (30 April 2024: £0.5m)

**A reconciliation of adjusted EBITDA can be found in the Financial Review.*

Operational Summary for H1 2025

Advanced Imaging

- Sustained delivery under landmark collaboration contracts and other component supply agreements, with customers including recognised Tier 1 OEMs, Analogic and Spectrum Dynamics

- Continued to make progress under the ultra-low dose molecular breast imaging programme funded by Innovate UK

CBRN Detection

- Awarded a contract worth £2.0m from the UK Ministry of Defence for the supply of the Group's D5 RIID along with its Alpha Beta probe attachment and ancillary products
- Selected under two new UK Government frameworks, each lasting four years, designed to enhance the UK's systems and capabilities for ensuring public safety and security:
  - Kromek's D3M detector was named as the Personal Radiation Detector under the UK Government Resilience Framework, with a first order already received under this framework
  - Selected as a supplier under the UK Government's Radiological Nuclear Detection Framework

Biological-Threat Detection

- Continued to progress the development of biological-threat detection systems under contracts with a UK Government department and the US Department of Homeland Security

Manufacturing and IP

- Continued to execute on programmes for the expansion of production capacity and process automation, particularly at its US facility, resulting in greater manufacturing productivity and cost efficiency
- Applied for three new patents during the period

Dr Arnab Basu, CEO of Kromek, said: "As we stated at the time of the full year results in October last year, Kromek was actively engaged with OEMs to drive delivery of products and monetisation of the valuable intellectual property the Group has developed in the advanced imaging area. We also said we were confident that these initiatives would benefit the Group and drive a significant increase in both revenue and cash generation in the second half of FY 2025. Today's announcement is an exciting moment as both Siemens Healthineers and Kromek are aligned in our vision to enhance healthcare through technological advancements.

"The initial $25.0m payment from Siemens Healthineers 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 us to deliver profitability in FY 2025, significantly ahead of market expectations and lay the groundwork for further growth in revenues and sustainable profitability beyond that period.

"Looking beyond FY 2025, we expect to deliver growth in revenues for the fifth year in a row in FY 2026 and remain profitable as we continue to deliver on our agreement with Siemens Healthineers and our other OEM customers as well as the CBRN contracts won with governmental agencies in UK and abroad. Consequently, the Board looks to the future with confidence. "

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

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'.

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

Operational Review

During the six months to 31 October 2024, the Group continued to deliver on its agreements in advanced imaging, and in particular the significant collaboration agreements that were entered into with a blue-chip health technology solutions provider, a Tier 1 OEM and Analogic, all of which represent significant additional commercial avenues for Kromek. In the CBRN detection segment, demand continued to be driven by global geopolitical insecurity and the consequent need for solutions that help to provide public safety and security, with the Group receiving a contract from the UK Ministry of Defence and being selected as a supplier under two UK Government frameworks. In addition, the Group continued to drive through operational efficiencies, particularly within the advanced imaging manufacturing process.

Also during the period, the Group undertook discussions to explore the possibility of entering a strategic partnership with a leading OEM in advanced imaging. The Directors sought an agreement that would result in a significantly improved financial position and balance sheet – which had been identified as the primary constraints to the Group's growth – and thereby enable the Group to capitalise on the substantial opportunities in the SPECT and CT markets. This culminated in the signing, post period and as also announced today, of the agreements with Siemens Healthineers.

Advanced Imaging

Medical Imaging – Agreements with Siemens Healthineers

Kromek has entered into multi-year agreements with 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.

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, of which a material amount 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.

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 use rights of 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.

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.

Medical Imaging – H1 2025 Operational Review

During the period to 31 October 2024, Kromek continued to receive orders in its regular repeat business, deliver under its supply agreements and progress its development programmes. In particular, work continued under its landmark collaboration agreements that were signed in the 2024 and 2023 financial years. There has been significant technical progress in recent months, which has enabled Kromek to transition the CZT detector development programme for photon counting CT ("PCCT") applications to an early commercialisation stage. Collaborations with leading OEMs in the medical and industrial imaging segments are now progressing to early stage validation and adoption of this device capability. Whilst device and production optimisation will continue for the near future, the Group is rapidly enabling the CT segment with the detector device capability required for the platform conversion to PCCT imaging systems.

Through multiple government-funded programmes, Kromek has developed its gamma imaging detection technologies to make significant breakthroughs in image quality. By incorporating advancements in detector hardware, machine learning and algorithms, new opportunities for gamma imaging at low doses are developing. The Group's technologies, which are protected by a suite of patent applications and trade secrets, deliver what the Directors believe to be unprecedented image results, which have been presented at leading industry gatherings, including the annual meeting of the Radiological Society of North America in December 2024.

The ultra-low dose molecular breast imaging programme funded by Innovate UK, which is being undertaken in collaboration with Newcastle Upon Tyne Hospital and University College London, continues to deliver on its objectives. This technology is aimed at paving the way for a new screening and diagnostic capability for the detection of cancer for women with dense breast tissue for whom mammography is not effective. The first prototype system has been installed in the Nuclear Medicine department at a hospital in Newcastle, and it is undergoing evaluation to demonstrate the benefits of the new Kromek technology. The design and build of the full-size system suitable for clinical testing and clinical trials is on track to be completed in the second half of calendar year 2025.

Security & Industrial Screening

In security and industrial screening, Kromek continued to deliver under its existing component supply agreements and development programmes. This includes the detector solutions being developed under its collaboration agreement with Analogic, noted above, which will be for security applications as well as medical.

CBRN Detection

Nuclear Security

During the period, the Group secured milestone agreements with UK Government entities for its nuclear security products, receiving a contract from the UK Ministry of Defence, which is a significant strategic customer for Kromek, and being selected as a supplier under two UK Government frameworks.

The Group was awarded, after a competitive tender process, a contract worth £2.0m from the Ministry of Defence for the supply of the D5 RIID and Alpha Beta probe attachment, which is to be delivered during the Group's current financial year. The Group's D3M was named as the Personal Radiation Detector under the UK Government Resilience Framework, scheduled to be in place for four years. The D3M is the only detector pre-approved for purchase under the framework. During the period, the Group received its first order under this framework, which was from Merseyside Fire & Rescue Service, which will use the D3M for its Detection, Identification and Monitoring vehicles. In addition, the Group was selected as a supplier under the UK Government's Radiological Nuclear Detection Framework for the procurement of radiological nuclear detection equipment and supporting services for the Home Office. Kromek is pre-qualified to be selected for orders in three categories, covering the supply of handheld, wearable and large volume static radiation detectors, which over the four-year term of the framework have a combined maximum procurement value of £84m.

While the initiation of procurement and the receipt of orders under these programmes has been later than the Group initially anticipated, Kromek is pleased to confirm that it has commenced since period end.

Civil Nuclear

Business in the civil nuclear market continued as expected, with regular sales through Kromek's distributor network and direct to customer. In particular, Kromek's new Raymon product, which provides spectroscopic detection and identification capability in a wide range of civil nuclear applications and that was launched in the prior year, has been well received within the Group's distribution network.

Biological-Threat Detection

During the period, Kromek continued to progress the development of biological-threat detection systems under multi-year contracts with a UK Government department and the US Department of Homeland Security. Under the contract with a UK Government department, the Group will develop and supply a biological-threat detection system. The contract with the US Department of Homeland Security is for the development of technologies focusing on an agent agnostic bio-detection system. These programmes are continuing to deliver milestones and meet customer expectations. The Group is also pursuing several other customer engagements in this area.

Manufacturing and IP

Kromek continued to execute on its programmes for the expansion of production capacity and increased process automation, with particular progress being made at its CZT manufacturing facility in the US. These programmes are resulting in greater manufacturing productivity and cost efficiencies. The Group has dedicated teams that are focussed on targeted improvements for every step in the manufacturing process, which directly contributes to yield and cost improvement.

During the period, Kromek applied for three new patents.

Financial Review

Revenue for the six-month period ended 31 October 2024 was £3.7m (H1 2024: £7.1m) due to a decrease in product revenue. The split between product sales and revenue from R&D contracts is as follows:

	H1 2025 (Unaudited)		**H1 2024 (Unaudited)**	
	£'000		**£'000**	
Product	**£2,348**	**64%**	£5,910	83%
R&D	**£1,330**	**36%**	£1,185	17%
Total	**£3,678**	**100%**	£7,095	100%

The lower product revenue reflects a reduction in both advanced imaging and CBRN detection. In advanced imaging, the strategic discussions the Group was having with OEMs resulted in some customers pausing their engagement with the Group due to uncertainty over the outcome of the process. With the agreement with Siemens Healthineers now finalised, and on a non-exclusive basis, the Group is able to resume its work with other OEMs. In CBRN detection, the Group's key priority was securing the contracts with the UK Government, which it did so successfully, as it represents a significant strategic customer. As noted above, while the initiation of procurement and the receipt of orders under these programmes has been later than the Group initially anticipated, Kromek is pleased to confirm that it has commenced since period end.

Gross margin improved to 56.9% compared with 54.2% for H1 2024. The increase is largely due to the mix of product revenue in the period – including the increased contribution to revenue from R&D contracts – and the continued easing of global supply constraints resulting in cost savings on component parts compared with the prior year. Gross margin also continues to benefit from increasing efficiencies in advanced imaging as the Group delivers on its manufacturing productivity programmes. Gross profit decreased to £2.1m (H1 2024: £3.8m) as a result of the lower revenue.

Administrative expenses and distribution costs were £6.9m (H1 2024: £6.4m). The increase is primarily due to increased amortisation, as well as a reduction in the capitalisation of development costs. The Group's focus remains on tight cost control.

As a result of the increased operating costs and lower revenue, operating loss was £4.8m (H1 2024: £2.3m loss). After net finance costs of £1.0m (H1 2024: £0.9m), loss before tax was £5.7m (H1 2024: £3.5m loss).

The adjusted EBITDA loss for the period was £2.3m (H1 2024: £0.11m loss). Adjusted EBITDA is calculated as follows:

	H1 2025 (Unaudited)	**H1 2024 (Unaudited)**	**FY 2024 (Audited)**
	£'000	**£'000**	**£'000**
Loss before tax	**(5,742)**	**(3,492)**	**(3,455)**
EBITDA adjustments:			
Net interest	954	913	1,834
Depreciation	808	883	1,751
Amortisation	1,475	1,357	2,758
Share-based payments	245	180	490
Change in fair value of derivative	-	(202)	(517)
Exceptional items	-	246	246
Adjusted EBITDA*	(2,260)	(115)	3,107

**Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, amortisation, exceptional items, the change in fair value of financial derivatives and share-based payments. Share-based payments are added back when calculating the Group's adjusted EBITDA as this is currently an expense with a zero direct cash impact on financial performance. Adjusted EBITDA is considered a key metric to the users of the financial statements as it represents a useful milestone that is reflective of the performance of the business resulting from movements in revenue, gross margin and the costs of the business. The exceptional item in the comparative information relates to costs associated with the refinancing of the debt facility.*

The Group invested £2.2m in product development in the six-month period (H1 2024: £2.6m) that was capitalised on the balance sheet, which largely reflects:

- the continuing investment in cost reduction and productivity improvements in CZT crystal growth and detector manufacturing in advanced imaging; and
- the development of automated and autonomous biological-threat detection technology to detect airborne pathogens for the purposes of national security and protecting public health.

This expenditure was capitalised in accordance with IAS38 to the extent that it related to projects in the later stage (development phase) of the project life cycle.

Cash and cash equivalents at 31 October 2024 were £0.6m (30 April 2024: £0.5m). The £0.1m increase in cash over the six-month period was due to the combination of the following cash inflows and outflows:

- £(2.2)m - operating loss for the period
- £2.1m - net working capital movements
- £(2.3)m - investment in development costs and capital expenditure
- £3m - net new funds raised less debt and interest payments
- £(0.5)m - effect of foreign exchange rate changes

At 31 October 2024, total borrowings included in current liabilities were £11.8m (30 April 2024: £7.6m), of which £10.4m related to the Group's principal borrowing facility with Polymer N2 Limited, an existing and significant shareholder in the Company.

Outlook

As Kromek stated at the time of the full year results in October last year, it was actively engaged with OEMs to drive delivery of products and monetisation of the valuable intellectual property the Group has developed in the advanced imaging area. The Group was confident that these initiatives would benefit it and drive a significant increase in both revenue and cash generation in the second half of FY 2025. Today's announcement is an exciting moment as both Siemens Healthineers and Kromek are aligned in their vision to enhance healthcare through technological advancements.

The initial $25.0m payment from Siemens Healthineers will enable the Group to report significant revenue growth for the current financial year, profit significantly ahead of market expectations and positive cash flow.

Looking further ahead, the Siemens Healthineers agreements, progress with other customer contracts in advanced imaging as well as delivery of products and services with the contracts won in CBRN detection last year with the UK Government and other government agencies lay the groundwork for further growth in revenues and sustainable profitability. The Group expects to deliver further revenue growth in FY 2026 and remain profitable. As a result, the Board is confident in the Group's future prospects.

Consolidated condensed income statement
For the six months ended 31 October 2024

	Note	Six months ended 31 October 2024 £'000 (Unaudited)	Six months ended 31 October 2023 £'000 (Unaudited)	Year ended 30 April 2024 £'000 (Audited)
Continuing operations				
Revenue	4	**3,676**	7,095	19,403
Cost of sales		**(1,583)**	(3,246)	(8,693)
Gross profit		**2,093**	3,849	10,710
Distribution costs		**(219)**	(216)	(456)
Administrative expenses (including operating expenses)		**(6,662)**	(6,168)	(12,146)
Change in fair value of derivative		**-**	202	517
Operating loss		**(4,788)**	(2,333)	(1,375)
Exceptional items	5	**-**	(246)	(246)
Operating results (post exceptional items)		**(4,788)**	(2,579)	(1,621)
Finance income		**2**	32	40
Finance costs		**(956)**	(945)	(1,874)
Loss before tax		**(5,742)**	(3,492)	(3,455)
Tax	6	**50**	425	162
Loss from continuing operations		**(5,692)**	(3,067)	(3,293)
Loss per share				
-basic (p)	8	**(0.9)**	(0.5)	(0.6)

Consolidated condensed statement of comprehensive income
For the six months ended 31 October 2024

	Six months ended 31 October 2024 £'000 (Unaudited)	Six months ended 31 October 2023 £'000 (Unaudited)	Year ended 30 April 2024 £'000 (Audited)
Loss for the period	**(5,692)**	(3,067)	(3,293)
Items that may be recycled to the income statement			
Exchange (losses)/gains on translation of foreign operations	**(1,011)**	808	8
Total comprehensive loss for the period	**(6,703)**	(2,259)	(3,285)

Consolidated condensed statement of financial position
As at 31 October 2024

	Note	31 October 2024 £'000 (Unaudited)	31 October 2023 £'000 (Unaudited)	30 April 2024 £'000 (Audited)
Non-current assets				
Goodwill		**1,275**	1,275	1,275
Other intangible assets		**33,076**	32,361	32,726
Property, plant and equipment	9	**8,036**	9,368	8,675
Right-of-use asset		**3,085**	3,721	3,400
		45,472	46,725	46,076
Current assets				
Inventories		**11,051**	11,411	10,295
Trade and other receivables		**9,321**	6,586	12,983
Current tax assets		**422**	300	372
Cash and bank balances		**577**	3,723	466
		21,371	22,020	24,116
Total assets		**66,843**	68,745	70,192
Current liabilities				
Trade and other payables		**(6,738)**	(6,750)	(7,475)
Lease obligation		**(436)**	(448)	(452)
Borrowings	11	**(11,773)**	(3,167)	(7,573)
Derivative financial instruments	12	**-**	(309)	-
		(18,947)	(10,674)	(15,500)
Net current assets		**2,424**	11,346	8,616
Non-current liabilities				
Deferred income		**(869)**	(970)	(920)
Lease obligation		**(3,436)**	(4,051)	(3,736)
Borrowings	11	**(503)**	(5,737)	(526)
Deferred tax liability		**(156)**	-	(156)
		(4,964)	(10,758)	(5,338)
Total liabilities		**(23,911)**	(21,432)	(20,838)
Net assets		**42,932**	47,313	49,354
Equity				
Share capital	13	**6,415**	6,003	6,410
Share premium account		**81,511**	79,138	81,480
Merger reserve		**21,853**	21,853	21,853
Translation reserve		**894**	2,705	1,905
Accumulated losses		**(67,741)**	(62,386)	(62,294)
Total equity		**42,932**	47,313	49,354

Consolidated condensed statement of changes in equity
For the six months ended 31 October 2024

	Equity attributable to equity holders of the Group					
	Share Capital £'000	**Share Premium Account £'000**	**Merger Reserve £'000**	**Translation Reserve £'000**	**Accumulated Losses £'000**	**Total £'000**
Balance at 1 May 2024	**6,410**	**81,480**	**21,853**	**1,905**	**(62,294)**	**49,354**
Loss for the period	-	-	-	-	(5,692)	**(5,692)**
Exchange difference on translation of foreign operations	-	-	-	(1,011)	-	**(1,011)**
Total comprehensive loss for the period	-	-	-	(1,011)	(5,692)	**(6,703)**
Transactions with shareholders recorded in equity						
Conversion of convertible loan notes	5	31	-	-	-	**36**
Credit to equity for equity-settled share-based payments	-	-	-	-	245	**245**
Balance at 31 October 2024	**6,415**	**81,511**	**21,853**	**894**	**(67,741)**	**42,932**
Balance at 1 May 2023	**4,319**	**72,943**	**21,853**	**1,897**	**(59,488)**	**41,524**
Loss for the period	-	-	-	-	(3,067)	**(3,067)**
Exchange difference on translation of foreign operations	-	-	-	808	-	**808**
Total comprehensive loss for the period	-	-	-	808	(3,067)	**(2,259)**
Transactions with shareholders recorded in equity						
Issue of share capital	1,684	-	-	-	-	**1,684**
Premium on shares issued less expenses	-	6,195	-	-	-	**6,195**
Conversion of convertible loan notes	-	-	-	-	(11)	**(11)**
Credit to equity for equity-settled share-based payments	-	-	-	-	180	**180**
Balance at 31 October 2023	**6,003**	**79,138**	**21,853**	**2,705**	**(62,386)**	**47,313**
Balance at 1 May 2023	4,319	72,943	21,853	1,897	(59,488)	**41,524**
Loss for the period	-	-	-	-	(3,293)	(3,293)
Exchange difference on translation of foreign operations	-	-	-	8	-	8
Total comprehensive gain/(loss) for the year	-	-	-	8	(3,293)	**(3,285)**
Issue of shares less issuance costs	1,606	5,873	-	-	-	**7,479**
Conversion of convertible loan notes	485	2,664	-	-	(11)	**3,138**
Credit to equity for equity-settled share-based payments	-	-	-	-	490	**490**
Deferred tax movement	-	-	-	-	8	**8**
Balance at 30 April 2024	**6,410**	**81,480**	**21,853**	**1,905**	**(62,294)**	**49,354**

Consolidated condensed statement of cash flows
For the six months ended 31 October 2024

	Note	Six months ended 31 October 2024 £'000 (Unaudited)	Six months ended 31 October 2023 £'000 (Unaudited)	Year ended 30 April 2024 £'000 (Audited)
Net cash used in operating activities	10	**(64)**	(1,607)	(2,802)
Investing activities				
Interest received		**2**	32	40
Purchases of property, plant and equipment		**(58)**	(57)	(146)
Purchases of patents and trademarks		**(57)**	(122)	(252)
Capitalisation of research and development costs		**(2,177)**	(2,625)	(4,644)
Net cash used in investing activities		**(2,290)**	(2,772)	(5,002)
Financing activities				
New borrowings		**3,400**	5,900	7,000
Interest paid		**(164)**	(820)	(699)
Payment of loan and borrowings		**(35)**	(5,712)	(5,822)
Finance lease repayments		**(221)**	(340)	(678)
Financing costs		**-**	-	(102)
Net proceeds on issue of shares		**-**	7,879	7,479
Net cash generated from financing activities		**2,980**	6,907	7,178
Net increase / (decrease) in cash and cash equivalents		**626**	2,528	(626)
Cash and cash equivalents at beginning of period		**466**	1,097	1,097
Effect of foreign exchange rate changes		**(515)**	98	(5)
Cash and cash equivalents at end of period		**577**	3,723	466

Notes to the unaudited interim statements
For the six months ended 31 October 2024

1. Basis of preparation

This interim financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The auditors reported on the Kromek Group plc financial statements for the year ended 30 April 2024, their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The Group's consolidated annual financial statements for the year ended 30 April 2024 have been filed with the Registrar of Companies and are available on the Group's website: www.kromek.com.

2. Interim report

This interim financial report will be available from the Group's website at www.kromek.com.

3. Going concern

The Directors have a reasonable expectation that the going concern basis of accounting remains appropriate and that the Group has adequate resources and facilities to continue in operation for the next 12 months based on its cash flow forecasts prepared. Accordingly, the Group's unaudited interim statements for the six months ended 31 October 2024 have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities and commitments in the normal course of operations.

4. Business and geographical segments

Products and services from which reportable segments derive their revenues

For management purposes, the Group is organised into two business units (UK and USA) and it is on these operating segments that the Group is providing disclosure.

The chief operating decision maker is the Board of Directors who assess performance of the segments using the following key performance indicators; revenue, gross profit, operating profit and EBITDA. The amounts provided to the Board with respect to assets and liabilities are measured in a way consistent with the Financial Statements.

The turnover, profit on ordinary activities and net assets of the Group are attributable to one business segment, i.e. the development of digital colour x-ray imaging enabling direct materials identification, as well as developing a number of detection products in the industrial market. Whilst results are not measured by end market, the Group currently categorises its customers as belonging to the advanced imaging and CBRN detection markets.

A geographical analysis of the Group's revenue by destination is as follows:

	Six months ended 31 October 2024 £'000 (Unaudited)	**Six months ended 31 October 2023 £'000 (Unaudited)**	**Year ended 30 April 2024 £'000 (Audited)**
United Kingdom	**1,323**	1,305	3,023
North America	**1,396**	1,745	5,937
Asia and Middle East	**141**	2,255	1,374
Europe	**796**	1,698	8,950
Other	**20**	92	119
Total revenue	**3,676**	7,095	19,403

A geographical analysis of the Group's revenue by origin is as follows:

Six months ended 31 October 2024

	UK Operations £'000	**USA Operations £'000**	**Total for Group £'000**
Revenue from sales			
Revenue by segment:			
-Sale of goods and services	3,038	3,358	6,396
-Revenue from grants	281	-	281
-Revenue from contract customers	973	-	973
Total sales by segment	4,292	3,358	7,650
Removal of inter-segment sales	(2,679)	(1,295)	(3,974)
Total external sales	1,613	2,063	3,676
Segment result – operating loss	(2,347)	(2,441)	(4,788)
Net interest	(848)	(106)	(954)
Loss before tax	(3,195)	(2,547)	(5,742)
Tax credit	50	-	50
Loss for the period	(3,145)	(2,547)	(5,692)
Other information			
Property, plant and equipment additions	33	25	58
Depreciation of property, plant and equipment	464	348	812
Intangible asset additions	1,420	814	2,234
Amortisation of intangible assets	782	693	1,475
Balance Sheet			
Total assets	35,891	30,952	66,843
Total liabilities	(18,862)	(5,049)	(23,911)

Inter-segment sales are charged at prevailing market prices.

No impairment losses were recognised in respect of property, plant and equipment and goodwill.

Six months ended 31 October 2023

	UK Operations	USA Operations	Total for Group
	£'000	**£'000**	**£'000**
Revenue from sales			
Revenue by segment:			
-Sale of goods and services	5,575	5,650	11,225
-Revenue from grants	263	-	263
-Revenue from contract customers	1,028	-	1,028
Total sales by segment	6,866	5,650	12,516
Removal of inter-segment sales	(3,574)	(1,847)	(5,421)
Total external sales	3,292	3,803	7,095
Segment result – operating loss	(989)	(1,344)	(2,333)
Net interest	(788)	(125)	(913)
Exceptional items	(246)	-	(246)
Loss before tax	(2,023)	(1,469)	(3,492)
Tax credit	425	-	425
Loss for the period	(1,598)	(1,469)	(3,067)
Other information			
Property, plant and equipment additions	18	39	57
Depreciation of property, plant and equipment	496	387	883
Intangible asset additions	1,152	1,595	2,747
Amortisation of intangible assets	704	653	1,357
Balance Sheet			
Total assets	37,863	30,882	68,745
Total liabilities	(15,708)	(5,724)	(21,432)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss earned by each segment without allocation of the share of profits or losses of associates, central administration costs including Directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

5. Exceptional Items

The Group has recognised £nil exceptional items in the six months to 31 October 2024 (six months ended 31 October 2023: £246k).

6. Tax

The Group has recognised R&D tax credits of £50k for the six months ended 31 October 2024 (six months ended 31 October 2023: £425k).

7. Dividends

The Directors do not recommend the payment of a dividend (six months ended 31 October 2023: £nil).

8. Losses per share

The calculation of the basic and diluted loss per share is based on the following data:

Losses

	Six months ended 31 October 2024 £'000 (Unaudited)	Six months ended 31 October 2023 £'000 (Unaudited)	Year ended 30 April 2024 £'000 (Audited)
Losses for the purposes of basic loss per share being net loss attributable to owners of the Group	**(5,692)**	(3,067)	(3,293)

Number of shares	Six months ended 31 October 2024 '000 (Unaudited)	Six months ended 31 October 2023 '000 (Unaudited)	Year ended 30 April 2024 '000 (Audited)
Weighted average number of ordinary shares for the purposes of basic loss per share	**641,431**	573,626	595,404
Effect of dilutive potential ordinary shares:			
Share options and warrants	**1,059**	640	1,019
Weighted average number of ordinary shares for the purposes of diluted loss per share	**642,490**	574,266	596,423
Basic (p)	**(0.9)**	(0.5)	(0.6)

Basic earnings per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year. IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. For a loss-making company with outstanding share options, net loss per share would be decreased by the exercise of options. Therefore, the anti-dilutive potential ordinary shares are disregarded in the calculation of diluted EPS.

9. Property, plant and equipment

During the six months ended 31 October 2024, the Group acquired property, plant and equipment with a cost of £58k (six months ended 31 October 2023: £57k).

10. Notes to the cash flow statement

	Six months ended 31 October 2024 £'000 (Unaudited)	Six months ended 31 October 2023 £'000 (Unaudited)	Year ended 30 April 2024 £'000 (Audited)
Loss for the period	**(5,692)**	(3,067)	(3,293)
Adjustments for:			
Finance income	**(2)**	(32)	(40)
Finance costs	**956**	945	1,874
Change in fair value of derivative	**-**	(202)	(203)
Income tax credit	**(50)**	(425)	(322)
Depreciation of property, plant and equipment	**812**	883	1,751
Amortisation of intangible assets	**1,475**	1,357	2,758
Disposal of fixed assets	**-**	-	35
Share-based payment expense	**245**	180	490
Other non-cash movements	**74**	-	-
Operating cash flows before movements in working capital	**(2,182)**	(361)	3,050
(Increase) / decrease in inventories	**(756)**	(517)	599
Decrease / (increase) in receivables	**3,662**	(1,057)	(7,454)
Decrease in payables and deferred income	**(788)**	(737)	(62)
Cash used in operations	**(64)**	(2,672)	(3,867)
Income taxes received	**-**	1,065	1,065
Net cash used in operating activities	**(64)**	(1,607)	(2,802)

11. Borrowings

	Six months ended 31 October 2024 £'000 (Unaudited)	Six months ended 31 October 2023 £'000 (Unaudited)	Year ended 30 April 2024 £'000 (Audited)
Secured borrowing at amortised cost			
Term loan facility	**6,103**	5,333	5,767
Other borrowings	**6,173**	1,086	2,298
Convertible loan notes (see note 12)	**-**	2,485	34
Total borrowings	**12,276**	8,904	8,099
Amount due for settlement within 12 months	11,773	3,167	7,573
Amount due for settlement after 12 months	503	5,737	526

During the prior period, the Group completed a refinancing of its £5.0m revolving credit facility with HSBC with the signing of a new £5.5m secured term loan. The new term loan facility was provided by Polymer N2 Limited, an existing and significant shareholder in the Company. The facility has a repayment date for the principal sum of 27 March 2025, with an option to extend for a further 12 months. It carries a fixed interest rate of 9.5%, which is payable quarterly, and Kromek has the option to pay the interest through

the issue of new ordinary shares of 1p each in the Company at the trailing 10-day volume weighted average price of the Company's ordinary shares on the date that payment falls due.
Other borrowings comprise:

- In 2020 and 2021 the Group's US operations were eligible to apply for Covid-related Economic Injury Disaster Loans. A loan of £0.1m was approved and secured in June 2020 and a further loan of £0.4m was approved and secured in August 2021. These loans attract interest at a rate of 3.75% per annum and the maturity date is 30 years from the date of the loan note.
- Short-term loans totalling £1.5m were secured in FY24 and a further £3.4m was secured in H1 FY25 to date to aid with working capital requirements. The additional loan carries the same terms as the term loan facility described above.

12. Convertible Loan Notes

During the period, the balance of the loan note liability, as well as the loan accrued interest, was converted into equity on 22 May 2024.

	Embedded derivative £'000	**Convertible loan note £'000**	**Total £'000**
Brought forward at 30 April 2024	-	34	34
Extinguish on conversion	-	(34)	(34)
Balance at 31 October 2024	-	-	-

13. Share capital

During the period, no ordinary shares (six months ended 31 October 2023: nil) were issued to satisfy the exercise of employee share options. In May 2024, one convertible loan holder converted 100% of their holding, as well as accrued interest, into equity. This resulted in the issue of 527,092 new ordinary shares.

14. Events after the balance sheet date

The Group has received further financing of £1m from Polymer N2 Ltd since year-end. The further financing was provided on the same terms as the initial Polymer N2 Ltd loan described in Note 11.

Post period-end, the Group has entered into a multi-year agreement with Siemens Medical Solutions USA, Inc. to provide know-how and IP on a non-exclusive basis, and furnaces and related services, under an Enablement Agreement and Patent Licensing Agreement, and also for the Group to supply CZT-based detectors under a supply agreement for SPECT applications. Under the Enablement Agreement, the Group will be paid a total of $37.5m in cash in four instalments over a four-year period.