

30 January 2018

PhotonStar LED Group Plc

Trading Update

PhotonStar LED Group plc (AIM: PSL, "PhotonStar" or the "Group"), the British designer and manufacturer of smart LED lighting solutions, announces a trading update for the year ended 31 December 2017.

The audit for the year ended 31 December 2017 is now underway, with the full year revenue for 2017 expected to be approximately £4.7m (2016: £5.4m) and the unaudited adjusted EBITDA loss approximately £0.35m (2016: £0.7m) and unaudited loss after tax for the year of £0.9m (2016: £1.43m). During the course of the year to 31 December 2017 approximately £0.6m of additional investment was made into the Group's halcyon platform in order to address the modifications that have been identified during the paid for client trial installations. In addition, as of 31 December 2017, the Group had drawn down approximately £0.76m of its invoice financing debt out of its total maximum facility of £1.65m and had an unaudited cash balance as at 31 December 2017 of approximately £0.04m.

Following the sale of Camtronics Vale Limited ("Camtronics"), which the Group is also announcing today, the maximum that the Group can draw down under the invoice financing facility will reduce to £0.85m, of which approximately £0.35m is currently drawn down.

Throughout 2017 the Group's key strategic focus was the further development of its halcyon™ product range and the further development of the offering to address the improvements and modifications that have been identified during the paid for client trials. There has been a very limited investment in other areas of the Group's business in line with the Group's strategy which has been outlined to shareholders previously. The Group's focus on the development of its halcyon™ product range is further evidenced by the sale of Camtronics. At year end the Group had a combined gross debt of approximately £0.85m, which consisted largely of the invoice finance facility and equipment loans. Approximately £0.46m of the Group's debt was attributable to Camtronics, so the sale of Camtronics reduces the Group's debt by approximately 55%.

The Group continues to see strong interest in its halcyon products and services and management remain confident about the market potential for halcyonPRO2™ and its halcyon cloudBMS platform. Management had expected that the various client trials of these systems would result in a progression to full roll out with those clients during the course of the second half of 2017. However, the modifications to the systems that have been identified in the trials that were installed during 2017 have taken significantly longer to put in place than management initially expected and consequently full roll outs of the halcyon product and services have been delayed.

PhotonStar continues to work in a highly constructive manner with a number of clients who anticipate that roll outs of the system will begin shortly, but the Group and the clients want to ensure that the modifications are successfully completed and tested before a full roll out begins. PhotonStar is collaboratively working with clients who operate in a number of industry sectors including student accommodation provision, pub chains, restaurant and other food outlet chains and housing associations. The Group now expects that the full roll outs will commence in the first half of 2018 and management look forward to providing shareholders with further updates as appropriate.

In the traditional areas of the Group business (specification and wholesale LED lighting) PhotonStar continued to experience challenging trading conditions resulting in the Group generating lower revenues during the second half of 2017 than in the previous period. The Board has worked to further reduce costs which has meant that, despite these lower revenues, the unaudited net loss for the Group has been reduced to approximately £0.9m, compared to a net loss of £1.46m in the previous year.

PhotonStar expects to release its full year results for the year ended 31 December 2017 before the end of May 2018.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

For further information:**PhotonStar LED Group Plc** (www.photonstarled.com)

+44 (0)2381 230381

James McKenzie – Group Chief Executive

Northland Capital Partners

+44 (0)20 3861 6625

David Hignell/Jamie Spotswood (Corporate Finance)

John Howes/Rob Rees (Corporate Broking)

About PhotonStar LED Group Plc

PhotonStar LED Group Plc is a leading British designer and manufacturer of intelligent lighting & building control solutions. The Group's proprietary technology Halcyon™ is a scalable, secure wireless IoT platform for retrofit into commercial buildings, for energy reduction, asset monitoring & control, and real time environmental, behavioral and energy insights.

PhotonStar is based in Romsey, Hampshire.