



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

January 16, 2020

ProPhotonix Limited

("ProPhotonix" or the "Group")

Trading Update

Improved 2H order bookings and shipments

ProPhotonix Limited (London Stock Exchange - AIM: PPIX, OTC: STKR), a leading technology designer and manufacturer of LED illumination systems and laser diode modules, with operations in Ireland and the United Kingdom, is pleased to announce a trading update for the year ended December 31, 2019.

Trading conditions improved in the second half of 2019 as compared to the first half 2019 with orders placed approximating \$9.3 million (1H 2019: \$7.1 million), an increase of 30%, and revenue recognized of approximately \$7.8 million (1H 2019: \$7.1 million), an increase of 9%. Importantly, much of this increase was from the Group's larger and more important customers, albeit not yet having recovered to 2018 run-rate levels. This second half performance resulted in orders placed for the full year totaling approximately \$16.5 million (2018: \$16.1 million) and revenue recognized of approximately \$14.9 million (2018: \$16.4 million), in line with previous guidance.

Tim Losik, CEO, commented:

"The Board is pleased with the rebound in business in the second half of the year following a resumption of orders from the Group's largest laser module customer and increases in orders from and shipments to other major customers. Despite this improved customer activity, there remain a number of key accounts who have yet to resume their activity to the levels in 2018. However, following recent discussions with many of these other customers, the outlook for 2020 is more positive than 2019.

"Our strategy, to support our significant OEM customer base and to make continued investments in new product introductions, continues to be a priority for the Board. We continue to invest in production and technical capability as we take on new customers and develop products. These investments, which will occur in advance of realized revenue, will allow us to complete the production build out necessary for OEM and UV LED products."

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About ProPhotonix

ProPhotonix Limited, headquartered in Salem, New Hampshire, is a high technology designer and manufacturer of LED illumination systems and laser diode modules for industry leading OEMs and medical equipment companies. In addition, the Company distributes premium diodes for Ushio, Osram, QSI, Panasonic, and Sony. The Company serves a wide range of markets including the machine vision, industrial inspection, security, and medical markets. ProPhotonix has offices and subsidiaries in the U.S., Ireland, U.K., and Europe. For more information about ProPhotonix and its innovative products, visit the Company's web site at www.prophotonix.com.

Cautionary Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact, including without limitation, those with respect to ProPhotonix's goals, plans and strategies set forth herein are forward-looking statements. The following important factors and uncertainties, among others, could cause actual results to differ materially from those described in these forward-looking statements: uncertainty that cash balances may not be sufficient to allow ProPhotonix to meet all of its business goals; uncertainty that ProPhotonix's new products will gain market acceptance; the risk that delays and unanticipated expenses in developing new products could delay the commercial release of those products and affect revenue estimates; the risk that one of our competitors could develop and bring to market a technology that is superior to those products that we are currently developing; and ProPhotonix's ability to capitalize on its significant research and development efforts by successfully marketing those products that the Company develops. Forward-looking statements represent management's current expectations and are inherently uncertain. All Company, brand, and product names are trademarks or registered trademarks of their respective holders. ProPhotonix undertakes no duty to update any of these forward-looking statements.