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31 October 2019

Biome Technologies plc

("Biome", "the Company" or "the Group")

Biome Technologies plc, a leading bioplastics and radio frequency technology business, today provides a trading update for the nine months ended 30 September 2019.

Bioplastics Division

Revenues in the Bioplastics division in Q3 were £0.9m, representing the best quarter of 2019 to date and a 50% increase on the prior year comparative (Q3 2018: £0.6m). The division's revenues in the first nine months of the financial year stand at £2.3m (2018: £1.5m), 21% higher than the full year 2018 revenues of £1.9m.

Revenues in Q3 reflected strong underlying demand for products that have been commercialised for some time (e.g. outer packaging and non-woven filter mesh for the US coffee pod market) coupled with continuing revenues in materials for both cutlery and a single serve nutrition pod that are in the early stages of their market deployment.

The Bioplastics team continues to work on a strong product development pipeline of opportunities with a variety of existing and new customers. Encouragingly, the final testing for a heat stable and compostable material for coffee pod rings has now been completed and commercial revenues are expected to commence in Q4.

The division's medium-term Industrial Biotechnology research continues, with two of its government grant backed projects having been completed at the end of the quarter, which has delivered a number of important technical results and initial techno-economic assessments to guide future work. Key focuses in this area continue to be the development and testing of several novel bio-based and biodegradable polymers and their supporting bio-based monomers.

Stanelco RF Technologies Division

Revenues in the RF Technologies division in Q3 were £0.6m (Q3 2018: £2.0m), resulting in revenues in the first nine months of the financial year of £2.8m (2018: £5.5m), as the division returns to a more normalised turnover level from the previously reported exceptionally high levels of 2018.

The Board continues to expect full year revenues for this division to be in line with those achieved in 2017, with the final quarter underpinned by a multiple furnace order for delivery in Q4, as reported in previous announcements.

Group Performance

Total Group revenues in Q3 were £1.5m (2018: £2.6m), taking Group revenues for the nine months to 30 September 2019 to £5.1m (2018: £7.0m), with the Bioplastics division's revenues at £2.3m, already above those of full year 2018.

The Group's cash position as at 30 September 2019 was £0.6m (30 June 2019: £1.7m). In Q3, the principal utilisers of cash were the RF division, as it was building the multiple furnaces for delivery in Q4, and the Bioplastics division, as it increased its working capital utilisation in line with its anticipated trading performance going forward. The Group year end cash position is anticipated to be in line with current market expectations.

The Group announced in September that it had raised £1.3m (£1.2m net of costs) to support the increased working capital requirements of the Bioplastics division's growth. Shareholder approval was obtained on 30 September and the funds were received in early October.

Group Outlook

The Group has continued its upward momentum in the Bioplastics division and the fund raise of £1.2m (net) that completed in early Q4 will support both existing business positions and a more vigorous approach to this fast growing market. Trading conditions for the RF division remain as expected. It is against this backdrop that the Board expects the full year results to be in line with current market expectations.

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About Biome

Biome Technologies plc is an AIM listed, growth-orientated, commercially driven technology group. Our strategy is founded on building market-leading positions based on patented technology and serving international customers in valuable market sectors. We have chosen to do this by developing products in application areas where the value-added pricing can be justified and that are not reliant on government legislation. These products are driven by customer requirements and are compatible with existing manufacturing processes. They are market rather than technology-led.

The Group comprises two divisions, Biome Bioplastics Limited and Stanelco RF Technologies Limited. Biome Bioplastics is a leading developer of highly-functional, bio-based and biodegradable plastics. The company's mission is to produce bioplastics that challenge the dominance of oil-based polymers. Stanelco RF Technologies designs, builds and services advanced radio frequency (RF) systems. Dielectric and induction heating products are at the core of a product offering that ranges from portable sealing devices to large furnaces for the fibre optics markets.

In 2018, the Board has adopted the following three high level KPIs for the next three years to continue its ambitious momentum:

- Compound revenue growth of 25% per annum across the Group and 40% compound revenue growth in the Bioplastics division
- Diversify the Group's turnover by product and market to ensure that no one product or end customer contributes more than 15% of revenues by 2020
- Increase investment in the Group's next generation of products by spending significantly more per annum on average than the £0.3m per annum average spend over the previous strategic objective cycle

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