

*Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information for the purposes of Article 7 under the Market Abuse Regulation (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.*

**24 September 2020**

**Biome Technologies plc  
("Biome", "the Company" or "the Group")**

**Interim Results**

Biome Technologies plc announces its unaudited Interim Results for the six months ended 30 June 2020.

**Highlights**

- The Group generated revenues of £2.5m (H1 2019: £3.4m<sup>1</sup>) and gross profit of £0.8m (H1 2019: £1.5m)
- The Biome Bioplastics division has now become the principal revenue generator for the Group with growth of 71% on H1 2019
- Biome Bioplastics has continued to grow its revenues from both developed and new products
- Stanelco RF division saw a sharp decline in revenues as the impact of Covid-19 exacerbated weak market demand

Paul Mines, Chief Executive Officer said:

“The Bioplastics division performed exceptionally well in the first half despite the upheaval caused by Covid-19, with a 71% increase in revenues compared with the same period in the prior year. As previously reported, the revenues of the Stanelco RF division, however, were compromised by both over-capacity in the fibre optic market and the slow-down in industrial activity caused by Covid-19. The Bioplastics division has now therefore become the principal revenue generator for the Group, and we expect this to be maintained into the future.”

<sup>1</sup> Grant income was classified as Revenue in the Group's interim results for the period ended 30 June 2019, and as Other operating income in the Group's Annual Report and Financial Statements for the year ended 31 December 2019. The comparatives for 30 June 2019 have correspondingly been restated in these interim results. Group income including grant income for the period ended 30 June 2020 was £2.6m (H1 2019: £3.6m). Bioplastics income including grant income for the period ended 30 June 2020 was £2.2m (H1 2019: £1.4m).

**- Ends -**

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## **About Biome**

Biome Technologies plc (Ticker: BIOM) 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 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.

[www.biometechnologiesplc.com](http://www.biometechnologiesplc.com)  
[www.biomebioplastics.com](http://www.biomebioplastics.com) and [www.thinkbioplastic.com](http://www.thinkbioplastic.com)  
[www.stanelcorftechnologies.com](http://www.stanelcorftechnologies.com)

#ThinkBioplastic is our digital educational platform, launched in October 2018 in response to the emerging global plastic conversation. It speaks to a wide audience, highlighting bioplastics as a leading solution among several to reduce the negative impact of plastic manufacture and disposal. Following the much acclaimed first series of short videos, the second series was recently released.

## **Chairman's Statement**

During the first half of 2020, the Group's two divisions performed in line with the expectations set out by the Board in April 2020 during the early stages of the lockdown due to the Covid-19 pandemic.

Group revenues for the period were £2.5m (H1 2019: £3.4m). Including grant income, Group income was £2.6m (H1 2019: £3.6m). Grant income was classified as Revenue in the Group's interim results for the period ended 30 June 2019, and as Other operating income in the Group's Annual Report and Financial Statements for the year ended 31 December 2019. The comparatives for 30 June 2019 have correspondingly been restated in these interim results.

The Bioplastics division continued its strong growth trajectory despite the impact of Covid-19, delivering an increase in revenues of 71% on the comparable period, and has become the principal revenue generator for the Group. Revenues in the Stanelco RF Technologies division sharply reduced by 82% due to weak market demand and the impact of Covid-19.

Gross profit for the Group was £0.8m (H1 2019: £1.5m) impacted by the effect of the reduced revenues highlighted above. The overall gross margin for the Group was 30% (H1 2019: 44%) reflecting the increased weighting of sales towards the Bioplastics division.

Vigorous cost cutting measures, including a voluntary reduction of Directors' remuneration and accessing government support schemes, contributed to reduced administrative expenses in the period to £1.7m (H1 2019: £2.2m). As a result, the Group recorded a loss before interest, depreciation, amortisation and share option charges for the six months to 30 June 2020 of £0.5m (H1 2019: £0.2m loss). The loss after taxation was £0.8m (H1 2019: £0.5m loss), which equates to a loss per share of 29 pence on a basic and diluted basis (H1 2019: loss per share of 20 pence on a basic and diluted basis).

The Group's cash position as at 30 June 2020 was £1.1m (31 December 2019: £2.1m) reflecting the first half losses and an increase in working capital requirements in the Bioplastics division. The Group had no debt as at 30 June.

## **Biome Bioplastics Division**

Revenues in the Bioplastics division continued to grow during H1 2020, reaching £2.1m for the period (H1 2019: £1.2m). Revenue in the second quarter was £1.2m and represented a new record for the division, despite the disruption caused by the pandemic.

The strong performance in the period was underpinned by increased sales of outer packaging for the US coffee market and by growing revenues for rigid ring materials for the coffee-pod application. Despite the lockdown and supply chain constraints in both Europe and the US, the Bioplastics division's workflows proved resilient and production output met customer requirements throughout the first half.

As well as increased sales to existing customers, the Bioplastics division is working with an expanding list of potential new customers particularly in the US and developmental work related to this continues with some vigour. The business is well positioned to exploit further opportunities in this growing market as consumers and brands continue to move to reduce the impact of waste from oil-based persistent plastics, driving recognition of the benefits of novel bio-based polymers.

These prospects include:

- Filtration mesh - implementation is underway with a second end-use customer in the coffee filtration market
- Coffee pod material - the Company's heat stable material, developed for coffee pods, is attracting new customers within the US market and commercial sales of this product are gaining momentum
- Packaging film - the Company is working on seven new customer projects that focus on the conversion of flexible packaging to compostable formats. Six of these projects are for the North American market

The division's medium term research activities in Industrial Biotechnology continue, which include the development of a new range of performance polymers with properties which are expected to improve the existing generation of products. This work, taking place at the universities of Nottingham and York, is supported by government grants. Whilst university closures have slowed this work, post period end, the division has received an Innovate UK Continuity Grant of £63,000 to support the recovery of time lost.

### **Stanelco RF Technologies Division**

Revenues for the first half of 2020 in the Stanelco RF division were £0.4m (H1 2019: £2.2m).

A substantial proportion of the Stanelco RF division's revenues are typically derived from the production and maintenance of furnaces for the manufacture of fibre optic cable. Overcapacity in the fibre optic cable market, apparent from late 2018, has been exacerbated by the pandemic as telecommunication companies have suffered restrictions on cable deployment activity and international trade disputes have slowed the deployment of 5G. These factors have led to temporary shutdowns of a number of manufacturing facilities at Stanelco RF's customers, with a consequential reduction in the requirement for Stanelco RF to provide equipment, spares and service support. The expectation is that in the long term, the fibre optic market will benefit from the pandemic through the enhanced pace of global digitisation required to meet the demands of, for example, increased home working and the 5G roll-out. However, in the short term, demand is likely to remain weak.

The division also provides induction heating and welding equipment to various end markets in the UK and continental Europe. Activity in these markets in the second quarter was very weak, with many facilities closed and customers deferring the purchase of capital goods.

The division has accordingly reduced costs and cash outflows where possible as well as reviewing possible alternative markets for its technologies.

The Board is pleased that in the last few weeks, the enquiry level has increased and there have been some small contract wins, albeit overall demand levels remain subdued.

### **Other matters**

To protect the Group's cash resources, the Directors and other staff salary reductions, agreed during quarter two, have been continued in quarter three of 2020, and use of the UK government's furlough scheme has been made where appropriate.

The Board has considered the effect of Brexit on the Group's future performance. As the majority of the Group's revenues and manufacturing are located in North America the Board believes any impact will be relatively limited. Similarly, the majority of raw material purchases are sourced from outside the EU.

The Group exports the majority of its products and therefore fluctuations in exchange rates may affect product demand. The Board are informed regularly of any potential impact of exchange rate movements and act to mitigate any adverse movements wherever possible.

The Board has considered the going concern basis for the preparation of these Interim Results. The outlook for trading and the availability of funds have been forecast for the period to September 2021.

The Company intends to raise total proceeds of £1.1m before costs, representing £1.0m net of costs, via a placing and subscription of new ordinary shares, as explained in the outlook section below and in Note 4. The Directors are satisfied that the Group has sufficient resources to continue in operational existence for at least one year from the date of approval of these Interim Results.

## **KPIs**

The Board adopted ambitious Key Performance Indicators (KPIs) for the 2018 – 2020 objective cycle. These will now be adjusted and extended to the end of 2023 reflecting the continued progress of the Bioplastics division (with the addition of an EBITDA KPI), the headwinds facing the Stanelco RF division and the impact of the Covid-19 virus to date:

- 40% annual revenue growth in the Biome Bioplastics division
- Bioplastics division's profitable revenue growth to achieve a 10%-12.5% EBITDA margin by the end of the KPI period
- Continued diversification of the Group's turnover by product and market to ensure that no single product or end customer contributes more than 15% of revenues by 2023
- Continued 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

The Group's segmental EBITDA will be based on a revised allocation of Central Costs. This revision will enable a better understanding of Divisional performance and is explained in some detail in Note 5 to the interim financial statements below.

The Board will continue to measure the Group's performance against these KPIs and report to shareholders annually on progress.

## **Outlook**

Current trading continues in line with the Board's expectations set out in the Trading Statement of 30 July 2020.

Looking further forward, the Bioplastics division's orderbook remains strong with a range of products with a more predictable and improving growth profile, particularly in the US market. An encouraging list of prospects for 2021 and strong customer engagement has enabled the Board to form its expectations of continued vigorous growth in this division for 2021. Delivering this growth will require continued investment in resources and working capital.

The Board believes that the Stanelco RF division's prospects for 2021 will remain moderated by continued overcapacity in the fibre optic cable market and Covid-19 related uncertainties around demand and capital expenditure in the industrial markets that the division serves. The Board's expectations have been set accordingly. As mentioned above the expectation is that, in time, the fibre optic market will benefit from global digitisation (accelerated by the pandemic).

The Company intends to raise total proceeds of £1.1m before costs, representing £1.0m net of costs, via a placing and subscription of new ordinary shares. This will provide support for the ambitious growth plans of the Bioplastics division. New and existing shareholders have confirmed their intention to participate in this fundraising which is expected to be announced shortly.

**John Standen**  
Chairman

**CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME**  
For the period ended 30 June 2020

		<b>6 Months Ended 30 June 2020</b>	<b>6 Months Ended 30 June 2019 As restated</b>	<b>Year Ended 31 December 2019</b>
	<b>Note</b>	<b>Unaudited £'000</b>	<b>Unaudited £'000</b>	<b>Audited £'000</b>
<b>REVENUE</b>	<b>5</b>	<b>2,500</b>	3,398	6,957
Cost of sales		(1,746)	(1,890)	(3,933)
<b>GROSS PROFIT</b>		<b>754</b>	1,508	3,024
Other operating income		87	207	436
Administrative expenses		(1,668)	(2,210)	(4,480)
<b>LOSS FROM OPERATIONS</b>		<b>(827)</b>	(495)	(1,020)
Loss from operations before share options charges		(657)	(424)	(884)
Share options charges		(170)	(71)	(136)
Finance charges		(19)	-	(9)
Investment revenue		2	3	6
Foreign exchange gain		23	8	-
<b>LOSS BEFORE TAXATION</b>		<b>(821)</b>	(484)	(1,023)
Taxation	<b>6</b>	-	-	146
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT</b>		<b>(821)</b>	(484)	(877)
Basic loss per share - pence	<b>7</b>	<b>(29)</b>	(20)	(35)
Diluted loss per share - pence	<b>7</b>	<b>(29)</b>	(20)	(35)

**CONSOLIDATED STATEMENT  
OF FINANCIAL POSITION  
As at 30 June 2020**

		At 30 June 2020 Unaudited £'000	At 30 June 2019 As restated Unaudited £'000	At 31 December 2019 Audited £'000
	Note			
<b>NON-CURRENT ASSETS</b>				
Other intangible assets	8	778	931	883
Property, plant and equipment	9	611	179	653
		<b>1,389</b>	1,110	1,536
<b>CURRENT ASSETS</b>				
Inventories	10	997	548	555
Trade and other receivables	11	1,781	1,232	1,885
Cash and cash equivalents		1,074	1,731	2,126
		<b>3,852</b>	3,511	4,566
<b>TOTAL ASSETS</b>				
		<b>5,241</b>	4,621	6,102
<b>CURRENT LIABILITIES</b>				
Trade and other payables	12	(1,245)	(1,281)	(1,381)
Lease liabilities		(35)	-	(76)
		<b>(1,280)</b>	(1,281)	(1,457)
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities		(401)	-	(438)
		<b>(401)</b>	-	(438)
<b>TOTAL LIABILITIES</b>				
		<b>(1,681)</b>	(1,281)	(1,895)
<b>NET ASSETS</b>				
		<b>3,560</b>	3,340	4,207
<b>EQUITY</b>				
Share capital		140	118	140
Share premium		1,250	805	1,250
Capital redemption reserve		4	4	4
Share options reserve		548	314	377
Translation reserve		(85)	(85)	(85)
Retained profits		1,703	2,184	2,521
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY</b>				
		<b>3,560</b>	3,340	4,207

The interim statements were approved by the Board on 23 September 2020.

Signed on behalf of the Board of Directors

**Paul R Mines**  
Chief Executive  
23 September 2020





**CONSOLIDATED STATEMENT  
OF CASH FLOWS**  
For the period ended 30 June 2020

	<b>6 Months Ended 30 June 2020 Unaudited £'000</b>	<b>6 Months Ended 30 June 2019 As restated Unaudited £'000</b>	<b>Year ended 31 December 2019 Audited £'000</b>
Loss from operations	(827)	(495)	(1,020)
Adjustment for:			
Amortisation of intangible assets	142	148	317
Depreciation of property, plant and equipment	44	29	77
Share based payments	170	71	136
Foreign exchange	23	5	9
Operating cash flows before movement of working capital	(448)	(242)	(481)
(Increase)/decrease in inventories	(442)	407	400
(Increase)/decrease in receivables	104	(414)	(1,087)
Decrease in payables	(214)	(512)	(405)
Cash utilised in operations	(1,000)	(761)	(1,573)
Corporation tax received	-	59	205
Interest paid	-	-	(2)
<b>Net cash outflow from operating activities</b>	<b>(1,000)</b>	<b>(702)</b>	<b>(1,370)</b>
<b>Cash flows from investing activities</b>			
Interest received	2	3	6
Investment in intangible assets	(37)	(161)	(282)
Purchase of property, plant and equipment	(2)	(23)	(27)
<b>Net cash used in investing activities</b>	<b>(37)</b>	<b>(181)</b>	<b>(303)</b>
<b>Cash flows from financing activities</b>			
Proceeds of issue of ordinary share capital	-	-	1,300
Costs of issue of ordinary share capital	-	-	(104)
Repayment of obligations under leasing activities	(15)	-	(11)
<b>Net cash used in investing activities</b>	<b>(15)</b>	<b>-</b>	<b>1,185</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,052)</b>	<b>(883)</b>	<b>(488)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,126</b>	<b>2,614</b>	<b>2,614</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,074</b>	<b>1,731</b>	<b>2,126</b>

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended 30 June 2020

### **1. CORPORATE INFORMATION**

The financial information for the year ended 31 December 2019 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2019 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498 of the Companies Act 2006. The interim results are unaudited. Biome Technologies plc is a public limited company incorporated and domiciled in England & Wales. The Company's ordinary shares are publicly traded on the AIM market of the London Stock Exchange.

### **2. BASIS OF PREPARATION**

These interim consolidated financial statements (the interim financial statements) are for the six months ended 30 June 2020. They have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019.

The comparative figures for the first half of 2019 have been restated to reclassify grant income from Revenue to Other operating income in accordance with IAS 20 (Accounting for Government Grants).

These interim financial statements have been prepared under the historical cost convention. The Directors have considered the impact of IFRS 3 and IFRS 9 and have concluded that no adjustments are required.

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2019.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of the interim financial statements.

### **3. BASIS OF CONSOLIDATION**

The Group's interim financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up to 30 June 2020. As at 30 June 2020, the subsidiary undertakings were Biome Bioplastics Limited, Stanelco RF Technologies Limited, Aquasol Limited and InGel Technologies Limited.

### **4. GOING CONCERN**

The Directors have reviewed forecasts for the period to September 2021. These have been prepared with appropriate regard for the current macroeconomic environment including the impact of Covid-19 and the circumstances in which the Group operates. In particular the Directors have considered the continuing growth of the Bioplastics Division, its need for continued investment in development resource and working capital, the steps they can take to improve the efficiency of the working capital deployed and the availability of future funding.

The model has assumed little growth in the period from the Stanelco RF Division and the Directors have already taken steps to ensure resources meet current demand.

The Directors believe that the model is resilient to further limitations arising as a consequence of Covid-19. Other than the current furlough scheme ending in October 2020 no other government-backed funding has been assumed in the model.

The Company intends to raise total proceeds of £1.1m before costs, representing £1.0m net of costs, via a placing and subscription of new ordinary shares, comprising a first tranche of new ordinary shares which would be issued to raise approximately £308,000 pursuant to the Directors' existing share allotment

authorities, with two subsequent tranches of new ordinary shares which would be issued to raise £742,000 and £50,000 respectively, subject to, *inter alia*, approval of shareholders at a general meeting.

The Directors are satisfied that the Group has sufficient resources to continue in operational existence for at least one year from the date of approval of these Interim Results.

## 5. SEGMENTAL INFORMATION

Revenue from external customers	Biome Bioplastics £'000	Stanelco RF Technologies £'000	Total £'000
For the 6 months to 30 June 2020 - unaudited	2,117	383	2,500
For the 6 months to 30 June 2019, as restated – unaudited	1,235	2,163	3,398
For the 12 months to 31 December 2019 - audited	2,991	3,966	6,957

From the end of the current financial year, the Group intends to amend its presentation of segmental information by allocating certain Central Costs to its divisions.

Segmental information has previously treated shared costs e.g. site rent, as Central Costs. These costs will, in the future, be reallocated to the business' divisions on a proportionate basis, using appropriate drivers for allocation based on use. Central Costs will therefore no longer include the costs associated with running the operational businesses, and divisional results will be reported on a fully costed basis. This change is designed to allowing users of the financial statements to better understand divisional performance.

## 6. TAXATION

The Group's policy is to recognise tax credits resulting from tax research and development claims on a cash received basis. The claim in respect of the year ended 31 December 2019 has not yet been settled.

## 7. LOSS PER SHARE

The calculation of basic earnings per share is based on the loss attributable to the equity holders of the parent for the period of £821,000 (H1 2019: loss of £484,000, FY 2019: loss of £877,000) and a weighted average of 2,798,525 ordinary shares in issue (H1 2019: 2,365,188, FY 2019: 2,472,038). The calculation uses the same weighted average number of shares under the basic and diluted basis in the current and comparative periods due to a loss being made.

## 8. OTHER INTANGIBLE ASSETS

Other intangible assets decreased in the period as a result of the capitalisation of product development costs of £37,000 being lower than the amortisation charge of £142,000.

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased in the period as a result of the acquisition of property, plant and equipment of £2,000 being lower than the depreciation charge of £44,000.

## 10. INVENTORIES

The increase in inventories in the period reflects the increase in raw material orders to support the growth of the Bioplastics division.

## 11. TRADE AND OTHER RECEIVABLES

Trade and other receivables have decreased in the period due to the collection of some large balances in the first quarter, partly offset by the growth of the Bioplastics division and the timing of invoicing and shipments around the period end.

## **12. TRADE AND OTHER PAYABLES**

The decrease in trade and other payables during the period primarily reflects the decrease in activity levels, and equipment sale deposits, within the Stanelco RF division.

## **13. RISKS AND UNCERTAINTIES**

The principal risks and uncertainties affecting the business activities of the Group are detailed in the Strategic Report which can be found on pages 7-14 of the Annual Report and Financial Statements for the year ended 31 December 2019 ("the Annual Report"). A copy of the Annual Report is available on the Company's website at [www.biometechnologiesplc.com](http://www.biometechnologiesplc.com)

The Directors consider that the risks affecting the business remain similar to those listed in the Annual Report. In summary, these risks include:

- the uncertainty arising from the impact of Covid-19. This has been considered elsewhere in this statement, in particular in the Outlook section of the Chairman's statement and also in the going concern review. The Directors believe that a further lockdown in the UK due to Covid-19 will not significantly adversely impact the Group but, if necessary, that they will be able to continue the actions taken in 2020 to date to protect the business
- changes in the regulatory environments in which the Group operates
- fluctuations in exchange rates
- volatility in raw material prices and supply
- breach of intellectual property rights
- competitors developing more attractive products
- failure to commercialise products
- reliance on a small number of customers for certain products
- financial risks including exchange rate risk, liquidity risk, interest rate risk and credit risk

Further details of how these risks impact the business and how the Directors attempt to mitigate the risks can be found in the Annual Report.

Copies of this interim report will shortly be available on the Company's website at [www.biometechnologiesplc.com](http://www.biometechnologiesplc.com).

## **Independent review report to Biome Technologies plc**

### **Introduction**

We have been engaged by the Company to review the financial information in the half-yearly financial report for the six months ended 30 June 2020 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cashflows and the related explanatory notes. We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 2.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **The impact of macro-economic uncertainties on our audit**

Our review of the condensed set of financial statements in the half yearly financial report requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. Such reviews assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no review of interim financial information should be expected to predict the unknowable factors or all possible future implications for a Company associated with these particular events.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

**Use of our report**

This report is made solely to the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company those matters we are required to state to it in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusion we have formed.

**Grant Thornton UK LLP**

Statutory Auditor, Chartered Accountants

Southampton  
23 September 2020