

This announcement contains inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

15 September 2021

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 2021.

Highlights

- The Group generated revenues of £2.6m (H1 2020: £2.5m) and gross profit of £0.9m (H1 2020: £0.8m)
- The Biome Bioplastics division was the principal revenue generator for the Group, with growth of 7.3% on H1 2020 despite the logistics disruption caused by ongoing issues in the global shipping industry
- Biome Bioplastics continued to grow its end-customer base and received a contractual commitment to accelerate the commercialisation of its proprietary compostable filtration mesh with a US customer. Whilst implementation was constrained by a site utility issue, an engineering solution is being implemented and we expect to see the acceleration of offtake during Q4 2021
- The Stanelco RF Technologies division saw tendering activity increase, contract wins in induction heating and an improvement in the leading demand indicators of the cyclical fibre optic market
- Current trading continues in line with the Board's expectations set out in the trading updates of 1 and 29 July 2021

Paul Mines, Chief Executive Officer said:

"We continue to see a healthy level of orders and enquiries for Biome Bioplastics' products and our opportunity pipeline is increasing. The ongoing delays in shipping and transportation constrained the first half and we have been investing in inventory to mitigate the effects as we progress through H2. Demand for our biodegradable filtration mesh from our new end-customer is already encouraging and the further conversion of this customer in Q4 2021 should provide significant long-term benefits. We continue to trade in line with the Board's expectations set out in the trading updates of 1 and 29 July 2021."

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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 www.biomebioplastics.com and www.thinkbioplastic.com
www.stanelcofstechnologies.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 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 2021, the Group's two divisions saw a continuance of recent trends. An increase in revenue in the Biome Bioplastics Division ("Bioplastics"), with a slight decrease in sales in Stanelco RF Technologies Division ("RF Technologies"), resulted in Group revenues for the period of £2.6m, slightly ahead of the previous half year (H1 2020: £2.5m).

Encouragingly, we have seen a continuance of improving sales enquiry levels, with a notable customer win for Bioplastics and an upturn in enquiries and tender activity in RF Technologies. However, we, like many businesses, have been constrained by the disruption in the international sea container industry affecting Bioplastics and to a lesser extent a shortage of electronic components for RF Technologies. The direct effect of Covid 19 have been marginal on both divisions.

Gross profit for the Group was £0.9m (H1 2020: £0.8m) reflecting the improved revenues. The overall gross margin for the Group was 33% (H1 2020: 30%) reflecting an improved mix of product sales in the first half of the year.

Administrative expenses continued to be tightly controlled in the period and were broadly in line with the first half of 2020 at £1.7m (H1 2020 restated: £1.6m). The Group recorded a loss before interest, depreciation, amortisation and share option charges for the six months to 30 June 2021 of £0.5m (H1 2020 restated: £0.4m loss)¹. The loss after taxation was £0.7m (H1 2020: £0.8m loss), which equates to a loss per share of 19 pence on both a basic and diluted basis (H1 2020: loss per share of 29 pence on a basic and diluted basis).

The Group's cash position as at 30 June 2021 was £1.4m (31 December 2020: £1.7m) reflecting the first half's losses. As at 30 June 2021, the Group continued to have no external bank borrowings.

¹ Loss before interest, taxation, depreciation and amortisation is an alternative profit measure as detailed in Note 7.

Biome Bioplastics Division

Revenues in Bioplastics reflected increasing demand for biodegradable plastics. Sales for H1 2021 of £2.3m (H1 2020: £2.1m) represented an increase of 7.3% when compared to the corresponding period in the prior year.

The performance in the period was underpinned by a continuance of sales of outer packaging for the US coffee market and by growing revenues for rigid ring materials for coffee-pod applications.

A major milestone in the period was the receipt of a contractual commitment from a second US end customer for conversion to our biodegradable filtration material. This was referred to in our trading updates of 1 and 29 July 2021, where we reported that this implementation had been constrained by an issue relating to the provision of a utility. An engineering solution addressing this constraint is now underway and our understanding is that the work required will be completed shortly and that we can expect to see the acceleration of offtake during Q4 2021.

The division's opportunity pipeline has continued to expand, with sales to existing customers being supplemented with development work together with sample and pre-production sales being made in H1 2021 to a greater number of customers both in North America and the UK. We anticipate a number of these opportunities moving into larger scale production during H2 2021 underwriting our growth expectations.

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 and one is in the UK
- Tree shelters (see below) – favourable market feedback is leading to accelerated development activity and initial production is planned for H2 2021.

In H1 2021, the division announced that it had secured £248,000 of further Innovate UK funding to complete the development phase and reach commercial production of its biodegradable tree shelter project. Activity on this project accelerated significantly in the period, in cooperation with Suregreen, a UK end customer. With further extensive laboratory testing of materials now completed, UK-wide field trials are expected to commence later this year.

Stanelco RF Technologies Division

Revenues for the first half of 2021 in RF Technologies were £0.3m (H1 2020: £0.4m).

The cyclical downturn in the demand for furnaces used in the manufacture of fibre optic cable, first seen in 2018, has continued to limit the opportunities for RF Technologies. However, during the first half we saw customers increasing orders for spares and some early signs that the fibre optic market is seeing recovery with reduced inventory and higher pricing for fibre optic cable being reported. We have provided quotations to a number of our long-established clients as they begin to consider further capacity expansion. We are encouraged by the improvement in these leading indicators.

The division has made a concerted effort to gain new customers for induction heating and welding equipment from various end markets in the UK and continental Europe. Some encouraging new orders have been received, from large customers, for delivery in H2 2021.

The division continues to keep a tight rein on costs and cash whilst maintaining its operational capability to meet future demand.

KPI Targets

The Board restated its ambitious Key Performance Indicators (“KPIs”) for the period to 2023 in the 2020 interim report published on 24 September 2020. These KPIs considered the effects of the Covid-19 Pandemic to the extent that these were known at that point in time and the cyclical downturn in the fibre optic manufacturing industry.

Whilst H1 2021 saw relatively modest gains, we remain committed to the delivery of these targets and continue to strive to meet them over the required period. The KPI targets remain: -

- 40% annual revenue growth in Bioplastics
- Bioplastics 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 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 referred to in the trading updates of 1 and 29 July 2021.

Positive progress continues in Bioplastics. Order intake has been good and as the engineering limitations are removed at our second end customer for filtration mesh and as global sea container freight normalises, we expect to see sales growth accelerate.

The prospects for RF Technologies in 2021 will remain constrained, but with a reasonable expectation for an improvement in order intake in H2 2021 and the potential for an improved outlook for 2022.

John Standen

Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2021

	Note	6 Months Ended 30 June 2021 Unaudited £'000	6 Months Ended 30 June 2020 Restated Unaudited £'000	Year Ended 31 December 2020 Restated Audited £'000
Revenue	5	2,589	2,500	5,705
Cost of goods sold		(1,731)	(1,746)	(4,029)
Gross Profit		858	754	1,676
Other operating income		110	87	300
Administrative expenses		(1,739)	(1,645)	(3,639)
Loss from operations		(771)	(804)	(1,663)
Investment income		-	2	2
Finance and similar charges		(19)	(19)	(38)
Loss before taxation		(790)	(821)	(1,699)
Taxation		90	-	155
Total comprehensive loss for the period		(700)	(821)	(1,544)
Basic loss per share - pence		(19)p	(29)p	(51)p
Diluted loss per share - pence		(19)p	(29)p	(51)p

Restatement

The consolidated statement of comprehensive income has been restated to include foreign exchange gains and losses as part of administrative expenses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	At 30 June 2021	At 30 June 2020	At 31 December 2020
	Unaudited £'000	Unaudited £'000	Restated Audited £'000
NON-CURRENT ASSETS			
Other intangible assets	797	778	821
Property, plant and equipment	541	611	574
	1,338	1,389	1,395
CURRENT ASSETS			
Inventories	1,205	997	746
Trade and other receivables	1,228	1,781	1,439
Taxation receivable	90	-	155
Cash and cash equivalents	1,390	1,074	1,678
	3,913	3,852	4,018
TOTAL ASSETS	5,251	5,241	5,413
CURRENT LIABILITIES			
Trade and other payables	(1,587)	(1,245)	(1,076)
Lease liabilities	(43)	(35)	(38)
	(1,630)	(1,280)	(1,114)
NON-CURRENT LIABILITIES			
Lease liabilities	(381)	(401)	(400)
	(381)	(401)	(400)
TOTAL LIABILITIES	(2,011)	(1,681)	(1,514)
NET ASSETS	3,240	3,560	3,899

CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

As at 30 June 2021

	At 30 June 2021	At 30 June 2020	At 31 December 2020
	Unaudited £'000	Unaudited £'000	Restated Audited £'000
EQUITY			
Share capital	189	140	186
Share premium	2,283	1,250	2,200
Capital redemption reserve	4	4	4
Share options reserve	647	548	617
Translation reserve	(85)	(85)	(85)
Treasury shares reserve	(55)	-	-
Retained earnings	257	1,703	977
TOTAL EQUITY	3,240	3,560	3,899

Restatement

The consolidated statement of financial position has been restated to disclose taxation receivable as a separate amount in the position as at 31 December 2020, previously it was included within trade and other receivables.

The interim statements were approved by the Board on 14 September 2021.

Signed on behalf of the Board of Directors

Paul R Mines
Chief Executive

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2021

	At 30 June 2021	At 30 June 2020	At 31 December 2020
	Unaudited £'000	Restated Unaudited £'000	Restated Audited £'000
Loss after taxation:	(700)	(821)	(1,544)
Adjustments for: -			
Taxation	(90)	-	(155)
Finance charges	19	19	38
Investment income	-	(2)	(2)
Loss from operations	(771)	(804)	(1,663)
Adjustments for: -			
Amortisation and impairment of intangible assets	169	142	320
Depreciation of property, plant and equipment	44	44	98
Share based payments - equity settled	38	170	240
Operating cash flows before movement in working capital	(520)	(448)	(1,005)
(Increase)/decrease in inventories	(459)	(442)	(191)
Decrease in receivables	211	104	293
Increase/(decrease) in payables	538	(214)	(152)
Cash utilised in operations	(230)	(1,000)	(1,055)
Taxation received	155	-	-
Interest paid	(19)	-	(38)
Net cashflow from operating activities	(94)	(1,000)	(1,093)
Investing activities			
Interest received	-	2	2
Investment in intangible assets	(145)	(37)	(258)
Purchase of property, plant and equipment	(10)	(2)	(19)
Net cash used in investing activities	(155)	(37)	(275)
Financing activities			
Proceeds from issue of share capital	1	-	1,100
Costs of issue of ordinary share capital	-	-	(104)
Repayment of obligations under leasing activities	(40)	(15)	(76)
Net cash from financing activities	(39)	(15)	920
Net decrease in cash and cash equivalents	(288)	(1,052)	(448)
Cash and cash equivalents at the beginning of the period	1,678	2,126	2,126
Cash and cash equivalents at the end of the period	1,390	1,074	1,678

Restatement

The consolidated statement of cash flows has been restated to reflect the inclusion of foreign exchange gains and losses as part of administrative expenses.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2021

1. CORPORATE INFORMATION

The financial information for the year ended 31 December 2020 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 2020 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 2021. They have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 2020.

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 2020, save that: -

- The consolidated statement of comprehensive income has been restated to include foreign exchange gains and losses as part of administrative expenses for the period ending 30 June 2020 and the year ending 31 December 2020, and
- The consolidated statement of financial position has been restated to disclose taxation receivable as a separate amount as at 31 December 2020, previously it was included within trade and other receivables.

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 2021. As at 30 June 2021, 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 December 2022. These have been prepared with appropriate regard for the current macroeconomic environment including the ongoing 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 growth in the period from the Stanelco RF Division and the Directors have already taken steps to ensure resources meet current demand.

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

	6 Months Ended 30 June 2021 Unaudited £'000	6 Months Ended 30 June 2020 Unaudited £'000	Year Ended 31 December 2020 Audited £'000
Biome Bioplastics Division	2,271	2,117	4,946
Stanelco RF Technologies Division	318	383	759
Total Revenue	2,589	2,500	5,705

6. 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 £700,000 (H1 2020: loss of £821,000, FY 2020: loss of £1,544,000) and a weighted average of 3,729,257 ordinary shares in issue (H1 2020: 2,798,525, FY 2020: 3,035,740). 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.

7. ALTERNATIVE PROFIT MEASURE

The Group measures and reports on Earnings (Loss) Before Interest, Taxation, Amortisation and Depreciation (E(L)BITDA). The following table sets out the calculation of E(L)BITDA.

	6 Months Ended 30 June 2021 £'000s	6 Months Ended 30 June 2020 £'000s	Year Ended 31 December 2020 £'000s
Loss from operations	(771)	(804)	(1,663)
Depreciation	44	44	98
Amortisation	169	142	320
Share based payments	38	170	240
Loss Before Interest, Taxation, Depreciation and Amortisation	(520)	(448)	(1,005)