

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.

17 November 2021

Biome Technologies plc
("Biome", the "Group" or the "Company")
Trading Update

Biome Technologies plc, a leading bioplastics and radio frequency technology business, provides an unaudited trading update for the nine months ended 30 September 2021.

In the Interim Statement of 15 September 2021, we reported that, heading into the second half of the year, the order intake for the Bioplastics Division had been good and we expected to see sales growth accelerate, particularly in the final quarter of 2021. This assumed that the previously reported engineering limitations at our second US customer for filtration mesh would be removed, allowing a ramp up of their additional manufacturing lines.

These engineering limitations have been resolved and a quarter of the customer's installed capacity has been equipped to run Biome's products, with high efficiency production being achieved. However, Biome now understands that the expected acceleration of further offtake will not occur until next year as the customer manages conflicting production priorities.

In the Interim Statement we also reported that logistics difficulties (which included port congestion and global sea container freight and road transport constraints), as experienced by many industries, were hampering the Group's normal delivery patterns to fulfil existing customers' contracts. These ongoing logistics difficulties have also now led to some customer delays in the implementation of new projects as they manage their own supply chain problems.

Due to these factors, and the resulting revenue slippage into the 2022 financial year, despite not losing any orders, nor new projects, the Directors now believe revenues in the final quarter of the year will be lower than they previously envisaged and that therefore Group revenues for the year ending 31 December 2021 will be significantly below current market expectations. However, due to an anticipated improved mix of sales, higher Other Operating Income (specifically Grant Income) and lower overhead expenditure, the impact on Group profitability will be minor, with the Director's expectation now being that the EBITDA loss for the year ending 31 December 2021 will be only slightly greater than current market expectations.

Whilst the issues highlighted above have stretched the Group's working capital resources in 2021, the Directors believe that actions underway will improve the efficiency of Biome's working capital cycle over time in a continuing process to release cash. The Directors believe this is the optimum manner to reach a cash positive position from trading, whilst securing growth and building the Biome business successfully.

Bioplastics Division

Revenues in the Bioplastics division in Q3 at £0.8m were well behind the prior year comparative (Q3 2020: £1.6m), as order deliveries slipped to Q4. The division's revenues in the first nine months of the financial year stood at £3.1m, compared to the equivalent period last year (2020: £3.8m).

As highlighted above, engineering work at our second US end-customer for filtration mesh is complete and we expect further scale-up of offtake in due course. Development work with a new third large customer in North America for filtration mesh and other materials is proceeding satisfactorily. Commercial scale trials continue with several large-scale North American customers for packaging films. Our new business pipeline remains strong.

In Q3, the large-scale UK-wide field testing and initial commercial sales of biodegradable tree shelters using Biome's proprietary bioplastics materials began. Extended field testing of approximately 40,000 shelters at more than 40 sites is being carried out in close collaboration with Suregreen, a leading UK manufacturer and supplier of products for the forestry, fencing and landscaping markets. Significant revenue from this project is expected to commence in 2022.

Stanelco RF Technologies Division

Revenues in the RF Technologies division in Q3 were £0.3m (Q3 2020: £0.2m), resulting in revenues in the first nine months of the financial year of £0.6m, in line with the same period in the prior year (2020: £0.6m).

This modest increase in revenues in Q3 reflects both improvement in demand in the UK industrial sector and the division's continued efforts to increase its geographic footprint and range of applications. The business has continued to win smaller projects in the UK induction heating and welding market.

Encouragingly, the division recently signed a contract worth £247,000 with a UK customer to deliver two fibre optic furnaces in the first half of 2022. This is the first new capacity order received since 2018 and, viewed in the context of increasing orders for spares and requests for quotations from other clients, represents an encouraging development in this market.

Group Performance

Total Group revenues in Q3 were £1.1m (2020: £1.8m) taking Group revenues for the nine months to 30 September 2020 to £3.6m (2020: £4.3m).

The Group's cash position as at 30 September 2021 was £1.0m (30 June 2021: £1.4m) and the Group continued to have no external bank borrowings.

Group Outlook

In the short term, there are more challenges than we expected when we last reported to shareholders in September and we now believe that revenues from certain customers of the Bioplastics division will be delayed into the first half of 2022.

Despite the difficulties described above, the market for the Group's products remains positive. In Bioplastics, new business, materials and opportunities continue to increase our reputation and revenue potential. In RF, there are early but positive signs that the market trough is behind us, and that new business generated in the division will be more broadly based than in the past.

-Ends-

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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 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.stanelcorftechnologies.com