

*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.*

**22 September 2022**

**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 2022.

**Highlights**

- The Group generated revenues of £2.4m (H1 2021: £2.6m) and gross profit of £0.9m (H1 2021: £0.9m)
- The Biome Bioplastics division was the principal revenue generator for the Group. However, raw material availability limited revenues achieved in H1
- New customers for Biome Bioplastics, gained in the last few years in both North America and Europe, grew three-fold in terms of revenue contribution in the period and now count for 32% of revenues (H1 2021: 10%)
- Anticipated H2 2022 revenues from Biome Bioplastics' increased supply of biodegradable coffee filter material to a second large US customer are now expected to be significantly lower than previously anticipated, impacting expected revenues from this customer in 2022 and 2023
- Biome Bioplastics is also experiencing other customer launch delays related to raw material supply, logistics and uncertainty of end-consumer behaviour in the current economic climate, all of which have and will have an impact on the revenue generation of this division
- The Stanelco RF Technologies division is working to deliver the major contracts announced previously. Elongated lead-times for critical components, particularly electronics, have delayed some shipments. However, key issues have been resolved and these shipments have or are expected to occur in H2 2022 with revenues from this division in the second half expected to be above previous Board expectations
- The Board now believes that Group revenues for the years ending 31 December 2022 and 2023 will be substantially below current market expectations with a consequential substantial impact on the Group's loss/profit before interest, taxation, depreciation, amortisation and share option charges in those years
- Despite trading conditions deteriorating significantly, the Board believes the Group has sufficient working capital for the foreseeable future
- Accounts receivable financing agreement signed in August 2022 provides new working capital finance of up to £600k as required

**Paul Mines, Chief Executive Officer said:**

"Growth has been limited in both divisions in the first half by ongoing supply challenges. The trading environment for Biome Bioplastics is becoming more difficult with a number of factors impacting our revenue expectations for this year and 2023. We continue to work with our customers on new products that we believe will unlock more value and I am particularly encouraged by the diversification of our customer base and applications in both divisions."

**For further information please contact:**

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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.stanelcofstechnologies.com](http://www.stanelcofstechnologies.com)

## Chairman's Statement

As mentioned in our last trading update, the Group's two divisions were challenged by supply constraints in the global economy during the first half of 2022. For the Biome Bioplastics Division ("Bioplastics") the realisation of ambition was limited by the challenges of procuring raw materials in a timely manner and by end-customers struggling with their own production schedules. For Stanelco RF Technologies Division ("RF Technologies") the problems related to sourcing specific electronic components and sub-assemblies, which limited revenues despite a good order book backlog. The net result was Group revenues for the period of £2.4m, slightly behind the previous half year (H1 2021: £2.6m).

Gross profit for the Group was £0.9m (H1 2021: £0.9m) on the back of improved margins and mix of sales. Other income, in the form of grant receipts in support of the Group's work on novel bioplastics, was £0.2m (H1 2021: £0.1m). The overall gross margin for the Group rose to 36% (H1 2021: 33%) reflecting an improved mix of product sales and tight controls on purchase pricing in both divisions.

Despite the context of inflationary pressures, administrative expenses continued to be tightly controlled in the period and were in line with the first half of 2021 at £1.7m (H1 2021: £1.7m). The Group recorded a loss before interest, depreciation, amortisation and share option charges for the six months to 30 June 2022 of £0.4m (H1 2021: £0.5m loss)<sup>1</sup>. The loss after taxation was £0.6m (H1 2021: £0.7m loss), which equates to a loss per share of 17 pence on both a basic and diluted basis (H1 2021: loss per share of 19 pence on a basic and diluted basis).

The Group's cash position as at 30 June 2022 was £0.7m (31 December 2021: £1.0m) reflecting the first half's losses. As at 30 June 2022, the Group continued to have no external bank borrowings. Post period end, we were pleased to announce that the Group has entered into a receivables financing agreement with Accelerated Payments Limited.

Revenues in Bioplastics for the period fell just short of internal expectations as the late delivery of raw materials to one of the North American manufacturing sites limited the realisation of some revenues towards the end of the second quarter. Sales for H1 2022 of £2.0m (H1 2021: £2.3m) represented a decrease of 10.6% when compared to the corresponding period in the prior year.

We are seeing some easing of the logistics issues that have limited the business in the last 18 months albeit our customers are experiencing volatility in their own production schedules and are struggling to launch new products on defined timescales into markets in which there is considerable demand and pricing variability.

The revenue performance in the period remained underpinned by a continuance of sales to existing customers for outer packaging for the US coffee market, albeit limited by supply chain issues and stocking reductions. However, of note is that revenues to new customers in both North America and Europe grew three-fold in the period and now represent 32% of revenues (H1 2021: 10%). A number of these new customers are in the packaging film area where the Company has been 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.

In the first half of 2021, the business received a contractual commitment from a second US end customer for conversion to our biodegradable coffee filtration material. This has been referred to in various trading statements. Whilst initial implementation proceeded well and the end customer has been purchasing regularly in the past year, the subsequent acceleration of revenues has been constrained by various engineering matters within the customer's facilities. After some work, we understand that these engineering constraints have been addressed and we appear to be moving forward again, albeit not at the pace previously envisaged.

In the winter of 2021/22 Biome launched materials designed to allow tree shelters (plastic tubes around saplings) to be left in the forest after use to biodegrade in a benign manner. Last year, Biome announced the commencement of large-scale, UK-wide field testing and initial commercial sales by Suregreen Ltd (Biome's UK commercial partner) of biodegradable tree shelters using Biome's proprietary bioplastics materials. Based on

extensive field testing of nearly 40,000 shelters, the Company is pleased that the real-world biodegradable product has performed exactly as expected.

Biome's scientists took samples of the biodegradable tree shelters this summer and tested them for mechanical properties and overall product performance. The product's tubes remain strong and resistant, degrading at the expected rate for their respective time periods. Comparing these lab-based field trial results against the Company's predictive models showed that the biodegradable tree shelters also performed as well as conventional counterparts. After this considerable piece of product performance monitoring work, the business is now preparing for a larger promotional campaign for the 2022/23 winter planting season in association with Suregreen Ltd (UK commercial partner).

The Bioplastics division will continue to benefit from the move to more sustainable materials. Future near-term growth is expected to be underpinned by several of the Division's customers which are planning product launches in H1 2023. Some of these launches are based on our new "home compostable" bio-based and biodegradable plastic grades ('BiomeHC') that are subject to the protection of a pending patent. The key "end-of-life" functionality of such materials is that they degrade much faster in conditions akin to a home compost bin rather than those materials designed to biodegrade in the controlled and higher temperature environments of industrial composting facilities. Biome's team has been working on this new range of materials for some three years and they are now ready for commercial service with a number of customers.

However, notwithstanding the various positive matters and initiatives described above, Biome Bioplastics is experiencing various customer launch delays related to raw material supply, logistics and uncertainty of end-consumer behaviour in the current economic climate. Some of these delays are significant and considered unlikely to resolve quickly, resulting in the Board's conclusion that Group revenues for the years ending 31 December 2022 and 2023 will be substantially below current market expectations.

### **Stanelco RF Technologies Division**

Revenues for the first half of 2022 in RF Technologies were £0.4m (H1 2021: £0.3m), representing an increase of 24.8%.

The RF Technologies division has made good progress in securing business both in the latter half of 2021 and during H1 2022 across different industry sectors including food packaging and medical applications. In addition, we won a contract for two fibre-optic furnaces in late 2021 that are due for shipment in 2022. Like many businesses we have seen supply side challenges. This has affected deliveries of some critical long-lead time components and in particular, those items that contain semiconductors are on extended lead-times. Consequently, some of the orders that we had anticipated completing in H1 2022 have now or are now expected to ship in H2. Whilst this is frustrating, customers are understanding of such delays in the current environment.

Enquiry levels remain encouraging, and we continue to tender for contracts over a range of industry sectors and despite the requirement for new capacity in the fibre optic furnace market remaining modest there are pockets of activity for upgrades and spares that we are addressing. New order intake, during the year-to-date, has continued to be positive and an improving opportunity pipeline in sectors other than fibre optics gives us confidence that management's expectations for the RF Technologies division will be achieved.

With the medium to longer-term trend for the RF Technologies division improving, we have commenced recruitment to improve the range of internal technical resources required to achieve our growth targets whilst ensuring overhead expenditure remains controlled.

### **Outlook**

The RF Technologies Division has been progressively overcoming the supply constraints that delayed customer deliveries during the first half of the year and the Board now expects that shipments in relation to all previously announced contracts will occur in H2 2022.

Biome Bioplastics' trading is seeing significantly increased risks and uncertainties surrounding the timing and scale of revenue opportunities as evidenced by the slower ramp of revenues from its second US customer. Whilst the Board is confident that new products to be launched in 2023 utilising Biome's Home Compostable materials will meet market approval, given the economic outlook generally and its impact on the Group's customers, the Board is taking a very cautious approach and considers that further delays and a scaling back of volumes are inevitable in the shorter term.

As a consequence of the challenging trading conditions described above, the Board now believes that Group revenues for the years ending 31 December 2023 and 2023 will be substantially below current market expectations with a consequential substantial impact on the Group's loss/profit before interest, taxation, depreciation, amortisation and share option charges.

Despite trading conditions deteriorating significantly, we believe we have sufficient working capital for the foreseeable future.

**John Standen**

Chairman

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2022

	Note	6 Months Ended 30 June 2022 Unaudited £'000	6 Months Ended 30 June 2021 Unaudited £'000	Year Ended 31 December 2021 Audited £'000
<b>Revenue</b>	5	<b>2,428</b>	2,589	5,734
Cost of goods sold		<b>(1,562)</b>	(1,731)	(3,794)
<b>Gross Profit</b>		<b>866</b>	858	1,940
Other operating income		<b>203</b>	110	364
Administrative expenses		<b>(1,718)</b>	(1,739)	(3,439)
<b>Loss from operations</b>		<b>(649)</b>	(771)	(1,135)
Finance and similar charges		<b>(18)</b>	(19)	(34)
<b>Loss before taxation</b>		<b>(667)</b>	(790)	(1,169)
Taxation		<b>30</b>	90	29
<b>Total comprehensive loss for the period</b>		<b>(637)</b>	(700)	(1,140)
Basic loss per share – pence		<b>(17)p</b>	(19)p	(30)p
Diluted loss per share – pence		<b>(17)p</b>	(19)p	(30)p

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	At 30 June 2022 Unaudited £'000	At 30 June 2021 Unaudited £'000	At 31 December 2021 Audited £'000
<b>NON-CURRENT ASSETS</b>			
Other intangible assets	765	797	726
Property, plant and equipment	473	541	502
	<b>1,238</b>	1,338	1,228
<b>CURRENT ASSETS</b>			
Inventories	1,552	1,205	920
Trade and other receivables	861	1,228	1,377
Taxation receivable	109	90	79
Cash and cash equivalents	652	1,390	996
	<b>3,174</b>	3,913	3,372
<b>TOTAL ASSETS</b>	<b>4,412</b>	5,251	4,600
<b>CURRENT LIABILITIES</b>			
Trade and other payables	(1,761)	(1,587)	(1,298)
Lease liabilities	(47)	(43)	(40)
	<b>(1,808)</b>	(1,630)	(1,338)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	(340)	(381)	(361)
	<b>(340)</b>	(381)	(361)
<b>TOTAL LIABILITIES</b>	<b>(2,148)</b>	(2,011)	(1,699)
<b>NET ASSETS</b>	<b>2,264</b>	3,240	2,901
<b>EQUITY</b>			
Share capital	189	189	189
Share premium	2,282	2,282	2,282
Capital redemption reserve	4	4	4
Share options reserve	487	647	487
Translation reserve	(85)	(85)	(85)
Treasury shares reserve	(55)	(55)	(55)
Retained earnings	(558)	258	79
<b>TOTAL EQUITY</b>	<b>2,264</b>	3,240	2,901

The interim statements were approved by the Board on 21 September 2022.

Signed on behalf of the Board of Directors

Paul R Mines  
Chief Executive Officer

Rob Smith  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2022

	At 30 June 2022 Unaudited £'000	At 30 June 2021 Unaudited £'000	At 31 December 2021 Audited £'000
<b>Loss after taxation:</b>	<b>(637)</b>	(700)	(1,140)
Adjustments for: -			
Taxation	<b>(30)</b>	(90)	(29)
Finance charges	<b>18</b>	19	34
<b>Loss from operations</b>	<b>(649)</b>	(771)	(1,135)
Adjustments for: -			
Amortisation and impairment of intangible assets	<b>174</b>	169	353
Depreciation of property, plant and equipment	<b>44</b>	44	88
Share based payments - equity settled	-	38	48
<b>Operating cash flows before movement in working capital</b>	<b>(431)</b>	(520)	(646)
Increase in inventories	<b>(632)</b>	(459)	(174)
Decrease in receivables	<b>516</b>	211	13
Increase in payables	<b>463</b>	538	230
<b>Cash utilised in operations</b>	<b>(84)</b>	(230)	(577)
Taxation received	-	155	239
Interest paid	<b>(18)</b>	(19)	(34)
<b>Net cashflow from operating activities</b>	<b>(102)</b>	(94)	(372)
<b>Investing activities</b>			
Investment in intangible assets	<b>(213)</b>	(145)	(258)
Purchase of property, plant and equipment	<b>(7)</b>	(10)	(8)
<b>Net cash used in investing activities</b>	<b>(220)</b>	(155)	(266)
<b>Financing activities</b>			
Proceeds from issue of share capital	-	1	1
Repayment of obligations under leasing activities	<b>(22)</b>	(40)	(45)
<b>Net cash from financing activities</b>	<b>(22)</b>	(39)	(44)
<b>Net decrease in cash and cash equivalents</b>	<b>(344)</b>	(288)	(682)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>996</b>	1,678	1,678
<b>Cash and cash equivalents at the end of the period</b>	<b>652</b>	1,390	996

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

For the period ended 30 June 2022

### **1. CORPORATE INFORMATION**

The financial information for the period ended 30 June 2022 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 2021 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 2022. They have been prepared in accordance with UK-adopted international accounting standards. 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 2021.

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 2021.

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 2022. As at 30 June 2022, the subsidiary undertakings were Biome Bioplastics Limited, Biome Bioplastics Inc., Stanelco RF Technologies Limited, Aquasol Limited and InGel Technologies Limited.

### **4. GOING CONCERN**

The Directors have reviewed forecasts for the period to December 2023. These have been prepared with appropriate regard for the difficult current macroeconomic environment including the ongoing impact of Covid-19 "lockdowns" in China affecting supply chains and the markets and circumstances in which the Group operates. The forecasts included assumptions on exchange rates, supplier lead times and receipts from customers being broadly in line with agreed terms. The directors believe the assumptions to be reasonable but fundamental to the forecasts.

The Directors have considered the future 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.

On the basis of the above, the Directors are satisfied that the Group has sufficient working capital to continue as a going concern for at least one year from the date of approval of these Interim Results.

## 5. SEGMENTAL INFORMATION

### Revenue from external customers

For the period ended 30 June 2022

	<b>6 Months Ended 30 June 2022 Unaudited £'000</b>	<b>6 Months Ended 30 June 2021 Unaudited £'000</b>	<b>Year Ended 31 December 2021 Audited £'000</b>
Biome Bioplastics Division	2,031	2,271	4,797
Stanelco RF Technologies Division	397	318	937
Total Revenue	<b>2,428</b>	2,589	5,734

## 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 £637,000 (H1 2021: loss of £700,000, FY 2021: loss of £1,140,000) and a weighted average of 3,755,930 ordinary shares in issue (H1 2021: 3,729,527, FY 2021: 3,742,655). 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.

For the period ended 30 June 2022

	<b>6 Months Ended 30 June 2022 Unaudited £'000</b>	<b>6 Months Ended 30 June 2021 Unaudited £'000</b>	<b>Year Ended 31 December 2021 Audited £'000</b>
Biome Bioplastics Division	2,031	2,271	4,797
Stanelco RF Technologies Division	397	318	937
Total Revenue	<b>2,428</b>	2,589	5,734