

# BIOME

## PRELIMINARY RESULTS & TRADING UPDATE

Paul Mines, CEO / Rob Smith, CFO

April 2023

# Overview

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- 2022: 8% Group Revenue growth. We missed original expectations (hit subsequent revision) as Bioplastics growth failed to come through as anticipated. More conservative take on future forecasting.
- Recent CLN of £850k by existing shareholders has given support for the business towards a position of Group operating cash flow sustainability over time.
- Q1 2023 has started robustly with the recent revenues uptick in Bioplastics reoccurring and continued confidence in RF pipeline of prospects
- We remain cautious in these difficult economic times and our outlook for the year consequently remains unchanged relative to current market expectations



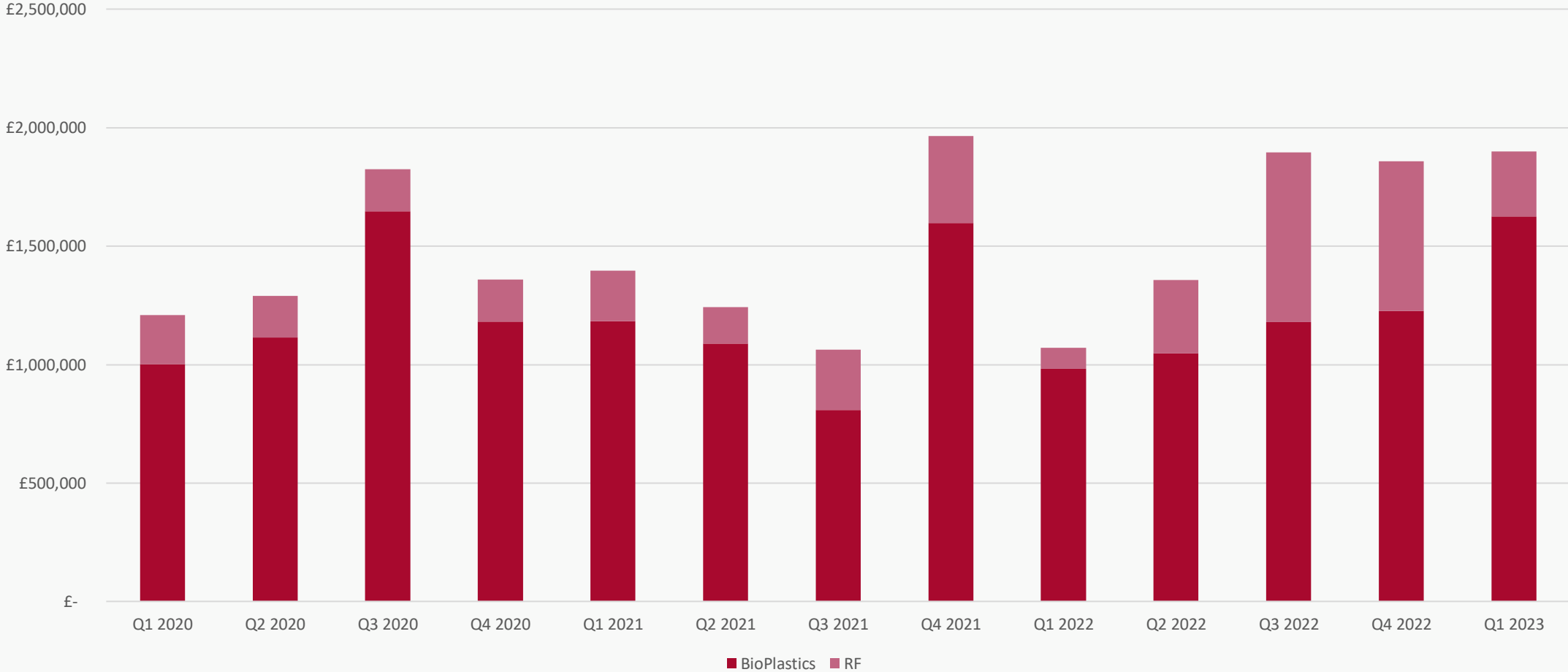
# 2022 results

	2021 £m	2022 £m	Comment
Group Revenue (excludes grant income)	5.7	6.2	
Bioplastics division	4.8	4.4	Reduction at long term filmic customer offset by new business
RF Technologies division	0.9	1.8	3 major projects undertaken during 2022
(Gross Margin)	28%	34%	Higher RF margin and better mix in Bioplastics
Overheads	(3.4)	(3.3)	Tight overhead controls and favourable ForEx
(L)/EBITDA	(0.6)	(0.4)	
Operating loss	(1.1)	(0.8)	
<b>Opening Cash</b>	<b>1.7</b>	<b>1.0</b>	
Reported (L)/EBITDA	(0.6)	(0.4)	
Working Capital	0.1	0.6	Inventory and debtors reduced by working capital management
Investment / R&D tax credit	(0.2)	(0.4)	
<b>Closing Cash</b>	<b>1.0</b>	<b>0.8</b>	



# Quarterly Sales progression

Biome Technologies Group - Quarterly Sales (Unaudited)



# Q1 2023 Trading update

## Bioplastics division

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- Revenues of £1.6m an increase of 32% compared to the prior quarter (2022 Q4: £1.2m) and 65% higher than the prior year quarter (2022 Q1: £1.0m)
- Supplies of compostable filtration mesh continue with two large end-customers in the North American market. Supplies to filmic materials market growing with a wider range of end-customers
- Division's scientists have made great strides technical performance for "Home Compostable" certification. First products exploiting this technology are expected to enter the market during the course of 2023
- Our presence in North America market enhanced in 2022 by the relocation of a senior Biome employee and associated back-office services in both the USA and Canada.
- The product development and commercial foundations laid previously provide a base from which to accelerate a number of opportunities during 2023 and beyond.

## RF Technologies division

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- Revenues in the RF Technologies division for the quarter ended 31 March 2023 were £0.3m, 211% higher than the first quarter of 2022 (£0.1m) but 57% lower than the previous quarter (2022 Q4: £0.7m)
- Entered 2023 with several significant prospects for 2023, but with delivery and associated revenues expected in the second half of the year. These discussions continue and their completion is important for the division's performance in the year. We are confident that these prospects will convert



# Selected mid-term opportunities being pursued

(not included at scale in management expectations for 2023)

Filtration Mesh	Rigid Parts	Filmic (packaging) materials
<p><b>Alternate format</b>  <b>Mkt:</b> USA commercial coffee  <b>Comment:</b> Customer paid development; success rests on home compostable technology; launch has been delayed once  <b>Supply:</b> Materials and toll manufacturing in USA  <b>Progress Q1 2023:</b> Further samples manufactured in two separate trials, further certification testing required - customer now auditing production site for quality compliance</p>	<p><b>Second pod opportunity</b>  <b>Mkt:</b> North America consumer pods  <b>Comment:</b> Technical challenges overcome at small scale, larger scale operational testing ongoing  <b>Supply:</b> Materials (in part) from Asia. Toll manufacturing in North America  <b>Progress Q1 2023:</b> Commercial discussions continue but without firm commitments to launch timelines</p>	<p><b>Labels</b>  <b>Mkt:</b> North America, global  <b>Comment:</b> Initial technical validation; relies on Biome's Home Compostable technology (in part); engagement at brand and converter level  <b>Supply:</b> Manufacturing envisage in North America and Europe  <b>Progress Q1 2023:</b> Technical and commercial engagement continues, parties in supply chains becoming more defined</p>
<p><b>3<sup>rd</sup> pod opportunity</b>  <b>Mkt:</b> North America consumer pods  <b>Comment:</b> Early stage  <b>Supply:</b> Materials and toll manufacturing in USA  <b>Progress Q1 2023:</b> Engagement increased and early lab-based trials undertaken with good customer interest</p>	<p><b>Treeguards</b>  <b>Mkt:</b> UK, global  <b>Comment:</b> Main technical challenges overcome; performance in field being validated; operational ramp-up  <b>Supply:</b> Multi-stage toll manufacturing process  <b>Progress Q1 2023:</b> Larger scale production campaign completed, further operability improvements planned</p>	<p><b>UK market</b>  <b>Mkt:</b> UK, Australia fresh food packaging  <b>Comment:</b> Initial quantities for validation shipped, validation for Australian certification  <b>Supply:</b> European supply chain with some materials from Asia  <b>Progress Q1 2023:</b> Further application testing complete and Australian validation commenced</p>



# Outlook

Group is positioned well for further growth in the current and for future years.

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Bioplastics division continues to broaden its product and customer portfolio particularly in the area of 'home composting'. The product development and commercial foundations laid previously provide a base from which to accelerate a number of opportunities during 2023 and beyond.

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The RF Technologies division has a good pipeline of opportunities for 2023 that are diversified beyond the historical fibre optic focus and we are confident that these will convert to important new orders with deliveries expected during the second half of the year.

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Trading in the first quarter of 2023 was in line with the previous guidance but there is much to do yet to achieve our ambitions for the year.

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We remain cautious in these difficult economic times and our outlook for the year consequently remains unchanged relative to current market expectations

# Convertible Loan Notes

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On 31 March 2023 the Company entered into Convertible Loan Note (CLN) agreements with three parties all of whom were existing shareholders. The principal terms of the CLNs are: -

Gross proceeds: - **£850,000**, in two tranches, tranche 1 £300,000 and tranche 2 £550,000.

Conversion price: - Tranche 1 conversion price 80p per share and tranche 2 conversion price 106p, under normal conditions.

Conversion: - CLN Holders may convert at any time up to the Maturity Date. The Company may trigger conversion depending on the ordinary share price reaching certain thresholds before the Maturity Date.

Interest rate: - 10% at the election of the CLN holder. The holder may choose to take enhanced conversion rights in lieu of interest.

Maturity date: - The CLNs have a long stop maturity date of 30 September 2026.

Redemption: - The first date partial redemption can take place is 30 April 2025 up to the maturity date.

