



**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED  
31 DECEMBER 2023

# Introduction

The Bioplastics division delivered a strong year of growth in 2023 reflecting our widening product portfolio and customer base. The RF Technologies division won an important new contract in 2023 with a key target customer in a new sector. Further contract wins in early 2024 have put the business on a firmer footing.

Paul Mines | CEO

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# Officers And Advisers

## Board of Directors

John Standen	Non-Executive Chairman
Paul Mines	Chief Executive Officer
Rob Smith	Chief Financial Officer
Simon Herrick	Non-Executive Director
J. Matin Rushton-Turner	Non-Executive Director

## Company Secretary

Donna Simpson-Strange

## Registered Office

Starpol Technology Centre  
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Southampton SO40 4BL

## Registrars

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West Midlands B62 8HD

## Company Registration Number

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## Nominated Adviser and Broker

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London EC3A 6AB

## Auditors

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15-17 Cumberland Place  
Southampton SO15 2BG

## Solicitors

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One London Wall  
London EC2Y 5EB

## Investor Relations Communications

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280 High Holborn  
London WC1V 7EE

## Bankers

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Tagus House  
Ground Floor Ocean Village  
Southampton  
SO14 2ZP

# Chairman's Statement

## Business performance

Group revenues grew 12.7% in the year to £7.0m (2022: £6.2m) whilst the loss before interest, taxation, depreciation and amortisation ("LBITDA")<sup>1</sup> increased to £0.8m (2022: £0.4m LBITDA). The ongoing focus on working capital management, particularly on the size and timing of manufacturing campaigns, ensured that the year-end cash position was £0.6m in-line with market expectations for FY2023 (2022: £0.8m).

The Bioplastics division had a strong performance with revenues in 2023 comfortably ahead of our expectations from earlier in the year, driven by both growth with long-standing existing customers and with several newer customers. The RF Technologies division's activity was subdued as several contracts proved more difficult to finalise than initially anticipated. Most of these contracts have now been finalised in the first quarter of 2024, and the division now has a robust orderbook, underpinning the expectations for 2024. Overall, the Group achieved its sales expectation for 2023 albeit with a different mix than originally anticipated, which affected both operating profit and cash-flow.

Following on from the first issue of Convertible Loan Notes (CLNs) in April 2023, a further tranche of CLNs was issued in March 2024. The aggregate net proceeds from the issue of CLNs will be used to support the growth of the Group's two divisions towards a position of Group operating cash-flow sustainability over time.

## Bioplastics division

The Bioplastics division's revenues for the year to 31 December 2023 were £6.0m (2022: £4.4m) with growth coming from a mix of new and existing customers for both filmic materials and our non-woven mesh products.

Market demand continues to build for products that are certified for 'home composting', rather than 'industrial composting'. The technical requirements of 'home' vs 'industrial' material require that those designated 'home' must compost more quickly in temperatures akin to those found in home/garden environments. The division's scientists have made great strides in delivering this technical performance at a competitive price point and a patent for a new family of materials in this space has received its European grant. The first filmic products exploiting home compostable technology were sold in volume during the course of 2023, following the extensive development and testing required. Filter mesh material that is certifiable as Home Compostable is taking longer than expected to finalise and is currently undergoing certification testing, with the objective of commercial release in H2 2024.

We continue to focus our sales efforts on opportunities where customers require differentiated products, with significant technical content and that are of sufficient scale and longevity to provide a payback on the commercial and technical investment.

The Bioplastics division continues to coordinate significant research and development funding in conjunction with leading universities, in pursuit of bringing novel bio-based and biodegradable polymers to market. Scale-up work on poly butylene adipate co-furanoate "PBAF" (based on furandicarboxylic acid) has continued in collaboration with Thomas Swan ([www.thomasswan.co.uk](http://www.thomasswan.co.uk)) and the University of Nottingham. The scale-up will allow the performance and production process of this polymer to be evaluated at an industrially relevant scale and will help map out the pathway to full commercialisation. A small group based at the Imperial College campus at White City is supporting this work with biological routes to the underlying monomers.

The progress described above highlights the growing reputation of the Bioplastics division for innovative materials and this is assisting with expanding customer diversity, particularly in North America. Helping to drive this is the relocation of a senior Biome employee in late 2022 to Canada and the start-up of legal entities and associated back-office services in both the USA and Canada. Further work to build on this foundation has continued in 2023 and, more recently, an enhanced level of marketing and customer activity has been enabled by additional local recruitment.

<sup>1</sup> The Group defines LBITDA as Loss from operations, as per the Consolidated Statement of Income, and adding back amortisation, depreciation and equity settled share option charges made in the year. See note 4c.

## RF Technologies division

Revenues in the RF Technologies division in 2023 were £1.0m (2022: £1.8m). The reduction in sales resulted from a lengthier period in closing key contracts than had been anticipated. Whilst no business was lost, the delays adversely affected the division's and Group's profitability and cash-flow during 2023.

The downturn in demand for capital goods in the fibre optic cable manufacturing sector which was first seen during 2019 continued through 2023. We note that the fibre optic industry is seeing consolidation and we do not anticipate significant contracts from this market in the near-term.

Encouragingly a new contract of scale was concluded mid-2023 and a further two contracts converted in Q1 2024. These contracts in the Scientific Glass and Medical Devices sectors are important achievements in the RF Technologies division's efforts to diversify its revenue streams. The division is now designing and building the equipment to fulfil these contracts and has a significant growing workload. Should the equipment being delivered under these projects meet our customers' technical and commercial objectives, we believe that repeat orders are possible for future years.

## Economic instability

Supply chain issues that affected global trade in 2022 were significantly reduced in 2023 as a degree of normality returned to international trade. This enabled the Bioplastics division to be more agile in fulfilling customer orders and allowed us to reduce our overall inventory levels.

However, early 2024 has seen a return of capacity issues in international shipping as a knock-on effect from the conflict in the Middle East affecting the Suez Canal and the ongoing drought affecting the Panama Canal. Trading in Q1 2024 has consequently seen delays in shipments to North America and we continue to monitor inventory levels closely.

## Results

The Group's results were in line with the revised expectations announced last November for the year ended 31 December 2023.

Consolidated Group revenue for the year was £7.0m (2022: £6.2m) reflecting the significant increase in Bioplastics sales offset by reduced revenues from the RF Technologies division. Group gross margins for the year were 32.4% (2022: 37.7%) reflecting the change in mix of sales during the year.

The Group loss before taxation increased to £1.6m (2022: £0.8m loss before taxation) and the non-GAAP measure of LBITDA was in line with current market expectations at £0.8m (2022: £0.4m LBITDA). A Group operating loss of £1.2m for the year was incurred (2022: £0.8m loss).

The Bioplastics division saw an increase in sales to £6.0m (2022: £4.4m) representing a 36.9% growth and an operating loss of £0.5m (2022: £0.7m loss). The division recorded an improved LBITDA of £0.1m (2022: £0.4m LBITDA) as sales increased.

The RF Technologies division's revenues, after elimination of intercompany sales, were down 46.4% to £1.0m (2022: £1.8m) reflecting the delay in closing contracts discussed above. Loss before taxation was £0.2m (2022: £0.2m Profit). The division reported an LBITDA of £0.2m for the year (2022: £0.2m EBITDA).

## Chairman's Statement (continued)

### Cash and debt

The Group's gross cash balance as at 31 December 2023 was £0.6m (31 December 2022: £0.8m) reflecting trading losses for the year offset by financing, net of costs, from CLNs of £0.7m (2022: £nil). The Group's debt consisted of CLN's with a redemption value of £850,000 and with the exception of leases in respect of right of use assets, the Group had no other debt at 31 December 2023 (2022: £nil). Capitalised product development in the Bioplastics division was £0.3m (2022: £0.4m).

On 11 March 2024, the Company announced that it had secured an additional tranche of Convertible Loan Notes funding of £400,000 (before expenses). The Board had for several months been reviewing potential funding options for the Company to support the medium-term funding needs of the Group and its businesses and concluded that a further issue of the Convertible Loan Notes was the best available option in the circumstances. The Board is hopeful that this funding will support the growth of the Group towards a position of operating cash-flow sustainability over time.

Following the recent fundraise the gross cash balances as at 26 April 2024 were £563,000.

### Strategy and KPIs

The Group's strategy is set out in the strategic report on pages 6 to 14 of this report and accounts.

Our medium-term growth aspiration and growth KPI for the Bioplastics division remains 25% per annum. In 2023 the division achieved year-on-year growth of 36.9%. We do not expect this to be a linear rate of increase and we anticipate a more modest level of growth in 2024 compared to 2023. However, we believe this KPI to be a reasonable target on average over our planning horizon.

The RF Technologies division is expanding into new sectors by further exploiting its thermal process solutions knowhow based on induction, dielectric and resistance heating technologies. The objective is to grow the division's sales by more than 25% per annum and for more than 50% of its sales coming from sectors other than its historic core fibre-optic market over the long-term. In 2023, sales decreased by 46.4%. However, we were pleased to announce the receipt of a major contract from a new customer during the year where revenue will be recognised in 2024 and two further contracts were announced in the first quarter of 2024 also for delivery in 2024. All of the new business wins are outside the traditional fibre optics market and 79.3% of revenue in 2023 was derived from customers outside of this sector.

### Board

As noted in our RNS announcement dated 11 March 2024, Rob Smith has resigned as director and Chief Financial Officer and will step down after the general meeting on 29 May 2024 to take up a CFO role at a non-competing AIM listed company. We would like to thank Rob for his contribution to the development of the Group over the past few years and in particular in overseeing the establishment of subsidiaries in North America that is underpinning our Growth in that region. We wish him well in his future endeavours.

### Race to Zero

Biome Technologies signed up to the United Nations Race to Zero Climate Campaign and is committed to reducing its carbon emissions in line with publicly disclosed targets. Our reporting of actual greenhouse gas emissions and medium-term targets commenced in 2022. Analysis demonstrates good initial reductions of Scope 1 and 2 emissions (direct energy use) against the recent baseline. Plans have been developed to drive progress towards both 2030 and 2050 targets.

Our Bioplastics division's products are, where appropriate, subject to individual Life Cycle Analysis ("LCA") that encompass Biome's full supply chain. This allows decision making for Biome and its customers on how to minimise climate impact. In due course, we will look to extend our broader Group reporting beyond Biome's boundary, to include Scope 3 emissions (those from toll manufacture, growing, extraction, manufacture, and processing of the raw materials used) as robust data becomes available.

## Outlook

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

The Bioplastics division will continue to benefit from the global move to more sustainable materials as it continues to broaden its product and customer portfolio particularly in the area of “Home Composting”. The growth seen in 2023 is expected to continue into 2024 but at more modest rate. This growth depends on the product launches of end customers in the Home Compostable Filimic area and, later in the year, the completion of technical certification and launches based on home compostable fibres.. Both are complex implementations with numerous activities underway.

The RF Technologies division had an influx of significant contract wins in the early months of 2024 and now has the orderbook in place to deliver a substantially improved performance for 2024. The present challenge becomes delivering the design and manufacture of several large-scale custom projects in parallel.

Trading in the first quarter of 2024 was behind our internal expectations. In particular, Bioplastics has been affected by delayed shipments to North America and reduced offtakes by two existing customers caused by their production quality issues and regulatory delays which are expected to correct in the coming months. Whilst we remain cautious in these challenging economic times our outlook for the year remains unchanged.

## John Standen

Chairman

26 April 2024

# Strategic Report

Biome Technologies plc is a growth orientated, commercially driven technology group. Its strategy is founded on building market-leading positions based on its technology, intellectual property and serving international customers in the bioplastics and radio frequency heating sectors.

We pursue these ambitions by developing products in application areas where value-added pricing can be justified and that are not reliant on government legislation. The growing portfolio of products is driven by customer requirements and compatible with existing manufacturing processes. They are market rather than technology led.

The directors consider Biome's shareholders, employees, customers and suppliers as its key stakeholders and the divisional analysis below outlines the strategies that have been adopted to promote the success of the Group and to meet its objectives.

## Bioplastics division

The Bioplastics division achieved sales revenue of £6.0m (2022: £4.4m), an increase of 36.9%. This increase in reported revenues, compared to the performance in 2022, was attributable to higher demand from long-standing customers and demand from a range of newer customers for filmic products across a range of applications. The division's operating loss for the year was £0.5m (2022: £0.7m loss) reflecting the increased revenues.

## Markets

Plastics and their use or misuse by humanity remains a key environmental topic of focus around the world. There is sustained pressure from consumers, media and governments to reduce the environmental impact of plastics. In recent years the focus of this pressure has been on the "end-of-life" of such materials, how they are disposed of and the consequence of fugitive release to the environment. In addition, with rising concerns regarding climate change and the pursuit of "Net Zero" strategies by governments, there is greater interest in how such materials might also be manufactured with lower carbon footprints.

The compelling case for compostable (biodegradable) bioplastics often lies in their ability to ensure that organic food waste reaches appropriate treatment (e.g. industrial scale anaerobic digestion and composting facilities) and that the resulting digestate and compost does not contain persistent plastic contamination when finally spread to soils. This case is driving the growth of the compostable packaging market around the world in sectors such as food waste bags, coffee pods, tea bags, fruit labels and other food contaminated packaging formats.

The growth of the compostable plastics market is often facilitated when there is a clear route for food waste and food contaminated packaging to reach appropriate sorting and treatment facilities. This requires appropriate labelling, user education, collection, sorting and treatment capacity. The quality of such disposal supply chains for "Industrially Compostable" materials varies considerably by geographic territory and often within countries. There is, in general, a move to improve and scale-up such activities to prevent food waste reaching landfill with its resultant release of methane, (a significant Green House Gas ("GHG")).

The consumer desire to change the plastic landscape is pulling through increased demand for compostable plastics at a rate that is faster than (often government organised) collection and disposal supply chains are able to adapt to. As a result, there is increased demand from the market for bioplastics that can be composted at home – known as "Home Compostable" products. Whilst it is a minority of the population that has the access and/or desire to treat organic waste and packaging at home, those that can, are often highly motivated to treat such waste in their gardens. This adoption by enthusiasts is driving the compostable plastics market towards the production and certification of products that are suitable for this end-of-life solution. Such products are required to compost at lower temperatures and in less well managed conditions than can be expected at industrial facilities and appropriate certification is emerging. Home Compostable bioplastics have the added benefit of degrading faster than Industrially Compostable bioplastics in industrial facilities.



Compostable (biodegradable) bioplastics do not provide a panacea for the plastics litter problem. They are not, in general, designed to biodegrade in the open environment such as water courses or soils and so are not the answer to such pollution. However, in certain application areas it makes sense to tailor bioplastic materials for such fates to prevent the accumulation of micro-plastics in the environment. Specific end-uses are in agriculture and forestry where plastic can be compelling for productivity but are often not collected or collectable.

The case for bio-based bioplastics is driven by the growing scientific evidence that the use of biogenic inputs reduces the carbon footprint of such materials and will in time lead to a more sustainable plastics industry. There are a limited number of territories that legislatively require bio-based inputs in some plastics, but it might be expected that this trend is likely to accelerate. There is some evidence that some consumers will choose bio-based materials when offered a choice, but this appears, at present, to rank behind the desire for compostable functionality.

The division's main geographical market of focus is North America where the scale of adoption of compostable bioplastics has accelerated in recent years. This is being driven by environmental awareness and facilitated by the deployment of end-of-life composting capability. The mid-size food and beverage manufacturers have led the move away from conventional plastics as they seek to differentiate their products from those of the major brands. Biome has undertaken manufacturing at two locations in North America for some years and has provided technical support from both local and travelling personnel. In 2022 we established legal entities in Canada and the USA and in 2023 these entities became fully operational with all trading in North America being conducted through these corporations. During the year we established a warehousing relationship with a Third-Party Logistics provider in Canada. This has allowed us to shorten lead-times and reduce costs when servicing our Canadian customers. We further increased our presence in North America with the hiring of Customer Support staff and will continue to invest in the Biome Team in this key market as further progress is made.

The UK market has been somewhat slower to embrace compostable and bio-based materials than some other territories. Whilst there is considerable focus on plastic waste, there is still a continuing debate of how best to manage this problem. The local council control of the disposal supply chain and its wide variability is seen by some as part of the problem and a move in England towards universal food waste collection in the latter half of this decade presents an opportunity for compostable plastics. At present, the UK market remains a smaller part of the Bioplastics division's short-term focus with the more immediate sales opportunities and growth being in the North American market.

Cost and functionality will remain key hurdles over the widespread adoption of bioplastics versus petro-chemical plastics. Current adoption is therefore driven by consumer pull, and their willingness to pay a premium for biodegradability/compostability, or government legislation. To overcome these hurdles the Group's Bioplastics division focuses on areas of the market where there is a high technical performance requirement, the cost of the biomaterial is a small fraction of the end product price, and where there is a consumer willingness to convert to a biodegradable material.

Research and development within the Bioplastics division is therefore focussed on these three areas and in particular targeted towards customer requirements for a biodegradable solution. The commercial lifecycle of our product developments can be categorised in the following stages of the product lifecycle:

- Research Phase – technology and product development occurring within Biome's own laboratories or at external support facilities.
- Development Phase – the product is being developed and tested with small scale supplies to customers for end use testing.
- Initial Manufacturing Phase – the product is signed off by the customer as suitable for its requirements and is now undergoing significant long-term testing to ensure the end product can be run in commercial quantities across the supply chain.
- Commercial phase – the product has been through the above phases with the customer and is now achieving regular and significant sales with the end product being purchased and used by the final consumer.

## Strategic Report (continued)

### Technical Development

The Bioplastics division's development work remains focussed on innovative developments where there is a customer requirement for the product and a willingness to pay a premium for the functional and environmental attributes. During 2023, the development team continued to work on a variety of technical challenges that included the development of a range of Home Compostable materials for different applications, the improvement of oxygen and vapour barrier performance, the soil degradability of materials to be used in tree protectors and the improvement of temperature performance for a variety of end-uses. In particular, the Home Compostable work gained further traction in the year, an important patent was granted in this area and deployment of this technology in a variety of customer applications saw increased uptake.

The Bioplastics division also continues its work in utilising advanced industrial biotechnology to produce a new generation of novel bio-based and biodegradable polymers. This research focuses on the transformation of lignocellulose (often sourced from agricultural waste) into bioplastics using engineered microbial routes. These routes are enabled using cutting edge synthetic biology techniques. If successful, it is anticipated that this work will result in polymers with improved functionality at a cost comparable to current petroleum-based plastics. This development work continues to be supported by several research grants and some of the work is undertaken in collaboration with leading UK universities. The scale at which the polymerisation activities have been carried out has been increased over the last twelve months and the differentiated performance of materials better understood. Work with Thomas Swan and the University of Nottingham continued to explore the production of novel polymers at pilot scale in facilities with the capability to manufacture at commercial scale in due course. In 2023, the work to develop the underlying bio-based monomers for these polymers accelerated with the establishment of small team based at the Imperial College Campus at White City.

### RF Technologies division

The RF Technologies division, through the use of radio frequency technology, creates innovative solutions for thermal process applications. The division's products are renowned for their quality and durability. The division's systems are designed and manufactured to provide exceptional sealing, welding and heating process solutions to a wide variety of commercial sectors.

Total revenues in 2023, after the elimination of intercompany sales, were £1.0m (2022: £1.8m) representing a 46.4% decrease. As a consequence of the reduced sales the division made an operating loss for the period of £0.2m (2022: £0.2m profit).

The division's traditional core offering has been the supply of fibre optic furnaces. This market has been suppressed since 2018 with little sign of a return to the levels seen previously. The focus for the RF Technologies division since 2018 has been to develop alternative markets for its technology. In 2023 the division secured a key furnace contract from a scientific glass manufacturer that will be delivered in 2024. Two further significant orders were secured early in 2024 one from an associate of the scientific glass manufacturer and the other for the medical equipment market. These contracts represent important first steps in the diversification of the product portfolio.

The business currently focuses on four main revenue streams:

### Induction Heating Equipment

The division sells bespoke induction heating equipment into to a variety of application areas. These systems are destined mainly for the UK and Continental European market but in recent years some have been shipped to North America. Whilst this has been a small part of the division's sales it is a strategic aim to increase the product offering and expand sales of this type of equipment. Speciality focus areas include medical, food, industrial heating where RF technology can provide both control and efficiency benefits. The division works both with end-customers and "system integrators" providing complete factory solutions.

## Furnace Systems

The RF Technologies division is a world leader in the design and manufacture of induction furnace systems used in the manufacture and processing of silica glass “preforms” to produce optical fibre and other applications. Each system is bespoke to customers’ exact requirements. There has been a sustained period of overcapacity in the fibre-optic manufacturing industry but, investment in maintenance of existing equipment has now returned to historic normal levels. It is expected that, in due course, as demand for fibre optic cable grows further furnace systems will be ordered but it is not possible to predict the timing and scale of further orders.

## Plastic Welding Equipment

These units are used in a multitude of end-user applications including the nuclear, medical and industrial sectors. The equipment is provided in either hand-held, mobile or fully automated static solutions, dependent on customers’ requirements.

## Service and Spares

The business continues to support its large installed equipment base through the provision of maintenance support, system upgrades and specialist spares across the globe. This provides an underlying base load of revenues for the division.

## Race to Zero

Biome Technologies is signed up to the United Nations Race to Zero Climate Campaign and is committed to reducing its carbon emissions in line with publicly disclosed targets. Our reporting of actual GHG emissions and medium-term targets continues in these Statements. Plans have been developed to drive progress towards both 2030 and 2050 targets.

Our Bioplastics division’s products are subject to individual LCA that encompass the full supply chain where appropriate, and we will look to extend our broader Group reporting to include Scope 3 emissions (those from toll manufacture, growing, extraction, manufacture, and processing of the raw materials used) as robust data becomes available.

## Principal Risks and Uncertainties


Biome is subject to a number of risks. The Directors have set out below the principal risks facing the business. The Directors continually review the risks identified below and, where possible, processes are in place to monitor or mitigate all of these risks.

Risk	Nature	Mitigation strategies	Change in year
<b>Customers and customer concentration</b>	The Group's ability to generate revenues for a number of its products is reliant on a small number of customers. If one or more of these customers was to significantly reduce its orders due to regulatory changes, technical and quality issue or changes in end-market dynamics, then this could have a significant impact on the Group's results.	The Group works closely with its customers with the aim of ensuring that its products evolve in line with their requirements. In addition, the Group is continually seeking to add to its customer base and, as its revenues grow, seeks to become less dependent on any single customer.	<p>The Bioplastics division’s, sales to new customers increased significantly during 2023 as well as improved trading with our long-established customers.</p> <p>The RF Technologies division won a major contract with a scientific glass manufacture that broadens our customer base and markets served.</p>



## Strategic Report (continued)

Risk	Nature	Mitigation strategies	Change in year
<b>Suppliers and Raw Materials</b>	<p>The Group's products and manufacturing processes utilise a number of raw materials and other commodities. In particular the Bioplastics division requires several key raw materials to manufacture its biodegradable polymer resins. There are very few suppliers of these key raw materials and with the current increased demand for biodegradable products there is a risk that the division may not be able to purchase the required volumes of materials to meet customer demand or that prices may be increased at short notice.</p> <p>The Bioplastics division sources raw materials internationally, some of which are bulk shipped via sea freight mainly to the US and Canada.</p> <p>The Bioplastics division makes use of third party organisations to manufacture its products at commercial scale. There is risk in both the continued availability of such manufacturing capacity and the quality standards to which such facilities are operated.</p> <p>Within the RF Technologies division we are reliant on electronic subsystems that saw extended global supply chains during the immediate post Covid-19 period. With the easing of lockdown restrictions in China component lead-times have returned to more normal levels.</p>	<p>To mitigate this risk the Bioplastics division is seeking to validate new materials coming onto the market which may be used in substitution.</p> <p>To mitigate increased shipping lead-times the Bioplastics division is working closely with customers to improve visibility and forecast accuracy to ensure materials are ordered sufficiently far in advance to ensure that they are available to meet demand.</p> <p>To mitigate risks with third party manufacturing organisation, the division maintains close working relationships with such parties and overseas quality protocols; undertaking supplementary inspections where possible/appropriate.</p> <p>The RF Technologies division has adopted an agile design and sourcing strategy to overcome the long lead-times for electronic products.</p>	<p>Supply chains were stable during 2023 allowing both divisions to reduce lead times. In the Bioplastics division we moved to more frequent lower volume production runs which enabled us to reduce inventory holding.</p> <p>Looking to 2024 the Bioplastics division has seen a lengthening of shipping times as global sea freight capacity has become tight due to drought in the Panama Canal and regional tensions in the Middle East resulting in shipping avoiding the Suez Canal.</p>
<b>Intellectual Property</b>	<p>Although the Group attempts to protect its intellectual property, there is a risk that patents will not be issued with respect to applications now pending. Furthermore, there is a risk that patents granted or licensed to Group companies may not be sufficiently broad in their scope to provide protection against other third-party technologies.</p> <p>Other companies are actively engaged in the development of bioplastics. There is a risk that these companies may have applied for (or been granted) patents which impinge on the areas of activity of the Group. This could prevent the Group from carrying out certain activities or, if the Group manufactures products which breach (or may appear to breach) such patents there is a risk that the Group could become involved in litigation which could be costly and protracted and ultimately be liable for damages if the breach is proven.</p>	<p>The Group takes professional advice from experienced patent attorneys and works hard to win patents applied for and to ensure that the scope is sufficiently broad.</p> <p>The Group keeps up to date with its competitors' product developments and patent portfolios and aims to ensure that no infringements occur. Professional advice is sought from experienced patent attorneys if there are any concerns.</p> <p>The Bioplastics team underwent extensive training on the Patent environment during 2023.</p>	<p>The Group continues to develop its intellectual property and has made good progress with home compostable innovation which resulted in a European patent being granted in early 2024.</p> <p>Our growing knowledge in Home Compostable technology and know-how is increasingly important as this is a key driver for the compostable materials market.</p>

Risk	Nature	Mitigation strategies	Change in year
<b>Commercialisation of New Products</b>	<p>There is a risk that the Group will not be successful in the commercialisation of its products from early-stage research and development to full-scale commercial sales. The Group develops a number of products, and some may not prove to be successful. Specifically, the risks associated with the product life cycle are as follows:</p> <ul style="list-style-type: none"> <li>• Research and Development phase – the development of the products may prove not to be technically feasible or do not exactly match the perceived customer need</li> <li>• Initial manufacturing phase – whilst the product matches the customer needs it may not be able to be produced at the required commercial speeds and/or at the required efficiency and quality</li> <li>• Commercialisation phase – the product may be superseded either through price or a competitor product being more advanced</li> </ul>	<p>The Directors ensure that regular reviews of product developments are undertaken so that unsuccessful developments can be terminated early in their life cycle. Impairment testing of the capitalised costs is performed twice a year with any impaired capitalised costs written off.</p> <p>The Group seeks Innovate UK grants to mitigate the cost of earlier stage research that carries the greatest risk. In 2023 £364k (2022: £205k) other income from Innovate UK grants was recognised.</p> <p>The Group works closely with customers to identify applications that are mostly likely to progress through to commercialisation. This process involves a multifunctional approach including sales, technical, operational and finance personnel to test commercial and technical viability to the greatest extent possible before investments are made.</p>	<p>The Group has consistently achieved revenues from new product introductions and continues to focus on market opportunities and customers that value our products and technology.</p> 

- Represents an improved position compared to the previous year.
- Represents an unchanged position compared to the previous year.

In addition to the principal risks the Group is subject to a range of other risks and uncertainties. The Board maintains a risk register and reviews this biannually to ensure that the Group’s operations management identifies actual and potential risks and develops appropriate mitigating activities to ensure that these risks are managed.

These risks, which also apply to many other industries and businesses, include: -

- Financial
- Political, Economic and Regulatory Environment
- Exchange rate fluctuations
- Competition
- Health and Safety
- Cyber Security
- Ongoing geo-political insecurity (including the Russian invasion of Ukraine and ongoing conflict in the Gaza Strip)

## Strategic Report (continued)

### Financial review

The KPIs which the Board uses to assess the performance of the Group are detailed in the Chairman's Statement. The Chairman's statement forms part of the Strategic Report.

The summary results for the Group are shown below:

#### Like-for-like comparisons

	2023 £'m	2022 £'m	Growth
<b>Revenues</b>			
Bioplastics	6.0	4.4	36.9%
RF Technologies	1.0	1.8	(46.4%)
<b>Reported Group revenues</b>	<b>7.0</b>	6.2	12.7%
<b>(L)/EBITDA</b>			
Bioplastics	(0.1)	(0.4)	
RF Technologies	(0.2)	0.2	
Central Costs	(0.5)	(0.2)	
<b>Reported LBITDA</b>	<b>(0.8)</b>	(0.4)	
less depreciation, amortisation and equity share option charges:			
Bioplastics	(0.4)	(0.3)	
RF Technologies	–	–	
Central Costs	–	(0.1)	
	<b>(0.4)</b>	(0.4)	
<b>(Loss)/Profit from Operations</b>			
Bioplastics	(0.5)	(0.7)	
RF Technologies	(0.2)	0.2	
Central Costs	(0.5)	(0.3)	
<b>Operating Loss</b>	<b>(1.2)</b>	(0.8)	
<b>Net Assets</b>			
Non-current assets	1.2	1.3	
Inventories	0.6	0.7	
Trade and other receivables	1.3	0.6	
Tax receivable	0.1	0.1	
Cash	0.6	0.8	
Trade and other payables	(1.7)	(0.9)	
Long term lease commitments	(0.3)	(0.3)	
Financial instruments (convertible loan notes)	(1.0)	–	
<b>Net assets</b>	<b>0.8</b>	2.3	

### Revenues

Reported Group revenues for 2023 were £7.0m (2022: £6.2m) reflecting the increased sales in the Bioplastics division partly offset by lower sales of RF Technologies products. Contract wins in 2023 and the first quarter of 2024 for the RF Technologies division and continuing growth in the Bioplastics division indicates that positive momentum will be maintained over the longer-term.

### LBITDA

Reported LBITDA for the year was a loss of £0.8m (2022: £0.4m). The increased LBITDA is a result of lower revenues in the RF Technologies division, adverse foreign exchange translation movements and higher overheads in the Bioplastics division.

## Operating Losses

The Group recorded an operating loss for the year of £1.2m compared to an operating loss of £0.8m in the prior year.

Administrative costs across the Group in 2023 were £3.9m (2022: £3.3m). When the non-cash effects of depreciation, amortisation and equity settled share option charges are removed, the cash administrative expenses in 2023 increased to £3.4m (2022: £3.0m).

Investment in product research and development was £0.9m in the year (2022: £1.0m), which includes the research work in grant backed Industrial Biotechnology, of which £0.3m (2022: £0.4m) was capitalised in the year. Tax R&D claims resulted in a credit being recognised in the year of £20,000 (2022: credit of £131,000) and other income from the Research and Development Expenditure Credit scheme of £54,000 (2022: £6,000).

The Group recorded a loss after tax for the year of £1.6m (2022: loss after tax of £0.7m), giving a basic and diluted loss per share of 41p (2022: loss per share of 18p).

## Statement of Financial Position

The carrying value of intangible assets relates to capitalised development costs predominantly within the Bioplastics division for development of the Group's own intellectual property and product range.

As at 31 December 2023, there was £0.8m of capitalised development costs (2022: £0.8m) within the Group's statement of financial position, of which £0.5m relates to Biome Mesh. An assessment is made at least annually of the future potential market take up of the products and the margins achievable to determine if any impairment is required in the carrying value of the asset.

## Cash-flow

	2023 £'000	2022 £'000
Loss from operations	(1,234)	(767)
Adjustment for non-cash items	480	339
Movement in working capital	99	607
<b>Cash utilised by operations</b>	<b>(655)</b>	179
Investment activities	(300)	(392)
R&D Tax credit	140	79
Interest paid	(59)	(35)
Financing activities	679	(50)
<b>Net decrease in cash</b>	<b>(195)</b>	(219)
Opening cash balance	779	996
Exchange differences on cash and cash equivalents	15	2
<b>Closing cash balance</b>	<b>599</b>	779

The cash utilised in operations, before working capital movements, was £0.8m (2022: cash utilisation of £0.4m). Working capital movements generated £0.1m cash in the year (2022: £0.6m).

Investment in the year in capitalised product development and capital expenditure was £0.3m (2022: £0.4m). Financing activities in the year generated an inflow of £0.7m and represented the net of receipts from the issue of Convertible Loan Notes less issue cost and repayments of obligations under finance leases (2022: £0.1m outflow). R&D tax credits of £0.1m were received during 2023 (2022: £0.1m).

The resultant closing cash position was £0.6m (2022: £0.8m).

# Strategic Report (continued)

## Going Concern

The financial statements have been prepared on a going concern basis as the directors believe that the Group has access to sufficient resources to continue in business for the foreseeable future.

The key business risks and conditions that may impact the Group's ability to continue as a going concern are the utilisation of existing resources to finance growth, investment and expenditure; the rates of growth and cash generated by Group revenues; the timing of breakeven and positive cash-flow generation and the ability to secure additional debt or equity financing in future (as has previously been required) if this became necessary. The primary area of judgement that the Board considered, in the going concern assessment, related to revenue expectations.

Whilst recognising that all forecasts carry inherent uncertainty, the Board has endeavoured to establish cash forecasts and projections that are sufficiently robust to allow them to be relied on when making short and medium-term financing decisions. The Board's forecasting process for the Bioplastics division only includes ongoing business and opportunities where customers have confirmed that our products have successfully passed their internal qualification process and where future demand can be established with a high degree of certainty. In the RF Technologies division, the Board recognised that significant delays occurred in closing major contracts during 2023. It therefore reviewed the forecasting process for major contracts and timing of deposit and stage payments with the result that sales and cash flow projections are only included in our cash modelling where the contracts have either been placed or there is compelling evidence that the contracts will be placed. For the cash modelling undertaken for this going concern review, the Board considered that, along with annual ongoing business that can reasonably be expected, major contracts to the value of circa £1.5m, with cash flow and revenue recognition in 2024, had been received by 31 March 2024. The Board has concluded that its base cash model provides a reliable basis upon which a going concern review can be undertaken.

The Board was mindful of the guidance surrounding a severe but plausible assessment and, accordingly, considered a number of scenarios in revenue reduction against the original plans. A reverse stress test was constructed to identify at which point the Group might run out of its available cash. The test was designed specifically to understand how far revenue would need to fall short of the base case forecast and does not represent the directors' view on current and projected trading. The test was modelled over an 18-month period from the date of signing the accounts and was based on budgeted trading that took into account contracted orderbook, existing revenue streams from current customers/products and expected revenue based on management's judgement of the likelihood of converting current sales opportunities. The sales revenue in the budgeted model was reduced evenly across the Group to the point where the projected month-end cash was equal to zero at any point during test period. In the model, zero month-end cash was reached in September 2025 when projected sales revenue was reduced to 88.5% of budget. Since the assessment for going concern is for a minimum period of 12-months from the date of approval of the accounts, a further reverse stress test was conducted over a period to 30 April 2025. In this test reducing sales to 82.8% of budgeted level resulted in a zero month-end cash position at 31 March 2025. For the reverse stress test, the Board specifically excluded any significant upsides to this scenario. This is despite strong incremental demand potential at both existing and new customers in the Bioplastics division. This most severe scenario also excludes any mitigating reduction in the cost base that the Board would undertake in this event or utilisation of the Group's invoice discounting facility. In all scenarios modelled the Group has sufficient resources to operate and meet its liabilities throughout the going concern review period, up to the point where the reverse stress test is reached, without the inclusion of the impact of mitigating actions.

The going concern tests were performed on cash models that included the receipt of £400k from the issue of the third tranche of Convertible Loan Notes on 11 March 2024. Prior to the year ended 31 December 2023, the convertible loan note holders agreed with the Board of directors to waive an adjusted net asset covenant test that was due to be taken on the audited accounts as at 31 December 2023. On 11 March 2024 a Deed of Variation was entered into by the Company and the Noteholders introducing new covenants to be applied to the CLNs. The amended net asset covenant was not breached in any of the scenarios considered in the going concern tests.

At 31 December 2023, the Group had a cash balance of £599k and outstanding Convertible Loan Notes with a redemption value of £850k. As at 26 April 2024 the Group had a cash balance of £563k and outstanding Convertible Loan Notes with a redemption value of £1,250k.

As a result of this review, which incorporated sensitivities and risk analysis, the Directors believe that the Group has sufficient resources and working capital to meet their present and foreseeable obligations for a period of at least 12 months from the approval of these financial statements.

**Paul Mines**  
Chief Executive Officer

26 April 2024



# Directors' Report

The directors present their Annual Report and the audited Financial Statements of Biome Technologies plc for the year ended 31 December 2023.

## Principal Activities

The Group's operations are focussed in two distinct areas: Bioplastics and Radio Frequency (RF) Technologies. The Bioplastics division produces a bio-degradable and sustainable range of products. Such products are capable of replacing conventional oil-based plastics and have diverse applications including flexible films, moulded products, extruded sheets and food wraps. The RF Technologies division designs, manufactures and installs specialist RF furnaces, welders and induction heating equipment.

The subsidiary undertakings affecting the profits or net assets of the Group in the year are listed in Note 9 to the financial statements.

## Results and Dividends

The financial results of the Group are set out in the consolidated statement of income on page 18. The directors do not recommend payment of a dividend (2022: £nil per share).

## Key Contractual Arrangements

There are no contractual arrangements which are considered essential to the business of the Group.

## Financial Risk Management Objectives and Policies

A review is contained within the strategic report on pages 9 to 12.

## Research and Development

The continuous advancement of technology and processes by the Group means costs are incurred each year in research and development. For the year under review development costs amounted to £0.9m (2022: £1.0m), of which £0.3m (2022: £0.4m) was capitalised.

## Environment

The Group is committed to the care of the environment, the prevention of pollution and the maintenance of environmental controls as they relate to the business. The Group ensures that all its activities are carried out in line with the applicable environmental legislation. An essential feature of environmental management is a commitment to improving environmental performance and reducing the environmental impacts of travelling, waste generation and disposal. Furthermore, the Group's Bioplastics division is at the forefront of developing bio-degradable plastics capable of replacing oil-based plastics in a wide range of applications. As our customers increasingly adopt our technology the use of polluting, non-degradable plastics is reduced.

## Employees

One of the Group's key assets is the technical know-how which is embedded in its employees. People are the key driver of the Group's success through their technical and management capabilities. It is, therefore, essential that the Group attracts well qualified and motivated employees and retains and develops those who are already working for it. The Group consequently tries to provide attractive, competitive remuneration structures and give on-going training to develop its skill base.

The Group's policy is that, where it is reasonable and practicable within existing legislation, all employees are treated equally in matters relating to their employment, training and career development.

## Social Responsibility

The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders, the environment and employees alike. The Group's focus on the development of bioplastics is entirely in keeping with this philosophy.

## Directors' Report (continued)

### Going Concern

The Report and Financial Statements have been produced on a going concern basis. The process the directors undertook to establish the going concern basis is set out on page 14 of the strategic report.

### Substantial Shareholding

The Company has been notified that the following shareholders held a beneficial interest of 3 per cent or more of the Company's issued share capital as at 31 December 2023.

	Ordinary shares of 5p each	
	Number	Percentage
Vivian Pereira	667,356	17.6%
J. Martin Rushton-Turner	500,000	13.2%
Patrick Evershead CBE (and family accounts)	279,445	7.4%

### Share Capital and Control

The issued share capital of the Company consists entirely of one class of ordinary shares of 5p each. On 31 December 2023 there were 3,782,596 shares in issue, the Company held no ordinary shares in treasury. Full details of the rights and obligations attaching to the Company's shares, in addition to those conferred by their holders by law, are set out in the Company's Articles of Association, a copy of which can be obtained by writing to the Company Secretary.

At the AGM held on 25 May 2023, the directors were authorised to allot equity securities for cash up to a maximum of ten per cent of the issued share capital. The directors intend to renew their authority at the next AGM. At the present time the directors have no plans to exercise this authority.

At the last AGM the directors were given the power to purchase equity securities up to a maximum of ten per cent of the issued share capital. The power expires at the end of the next AGM and the directors intend to renew this authority. Purchases of shares by the Company will only be undertaken where they are in the best interests of the Company and its shareholders. Shares repurchased in accordance with the authority will either be cancelled or held to help the Company meet its existing share option plans.

At the last AGM the directors were given the power to allot relevant securities up to a maximum of approximately one third of the issued share capital. The directors intend to renew this authority at the next AGM when this power expires.

At the next AGM, the Company will seek the approval of Shareholders to resolutions to provide sufficient authority to satisfy the various conversion terms of the Third Tranche CLNs issued in March 2024 and disapply statutory pre-emption rights which would otherwise apply to the allotment of the new ordinary shares that may be issued in order to satisfy the various conversion terms of the Third Tranche CLNs.

The Company offers share plans to its employees. The rights attached to ordinary shares which are the subject of awards within any of the Company's share plans are not available until any share award or option is exercised and the shares are allotted or transferred to that awardee.

Changes to the Articles of Association must be approved by Special Resolution of the Company.

The directors do not believe there are any significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a successful takeover bid.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs because of a successful takeover bid.

## Directors and Directors' Interests

The directors who served during the year and their beneficial interests in the shares of the Company were as follows:

	Ordinary shares of 5p each			
	2023		2022	
	Shares	Percentage	Shares	Percentage*
John Standen	70,836	1.9%	70,836	1.9%
Paul Mines	57,358	1.5%	44,025	1.2%
Rob Smith	18,901	0.5%	5,568	0.1%
Simon Herrick	–	–	–	–
J. Martin Rushton-Turner	500,000	13.2%	N/A	N/A
	<b>647,095</b>	<b>17.1%</b>	120,429	3.2%

\* Percentage of issued share capital carrying voting rights (i.e. excludes treasury shares).

Share options granted to directors are set out in the Directors' Remuneration Report on pages 29 to 32. J. Martin Rushton-Turner is the beneficial holder of rights under Convertible Loan Notes issued in 2023 (Tranche 1 and 2) and 2024 (Tranche 3) as set out in Note 26 of the accounts. Except as disclosed in the Directors' Remuneration Report and in Note 26 of the accounts, there were no other transactions between directors and the Company or its subsidiaries.

In accordance with the Articles of Association the appointment of new directors must be ratified by the shareholders at the AGM following their appointment. In addition, one third of the directors of the Company must retire by rotation and seek re-election by the shareholders at each AGM. Accordingly, J. Martin Rushton-Turner offers himself for election and John Standen and Simon Herrick retire by rotation and offer themselves for re-election.

## Liability Insurance for Directors and Officers

The Company has purchased insurance to cover the directors and officers of Biome Technologies plc and its subsidiaries against defence costs and civil damages awarded following an action brought against them in their personal capacity whilst carrying out their professional duties for the Group.

## Board of Directors

The Board of Directors comprises:

### John Standen, Non-Executive Chairman

John spent the majority of his career in corporate finance and was Chief Executive of Corporate Finance for BZW from 1993 to 1995. He retired from Barclays plc in 1998 and has since been a non-executive Chairman or Director of a number of quoted companies. During 2017, he stepped down as Chairman of the Board and Director of Lavendon Group plc, following its acquisition by Loxam S.A.S.

### Paul Mines, Chief Executive Officer

Paul, an engineer with an MBA from London Business School, spent his early career at ICI plc and Courtaulds plc undertaking a number of roles in production and commercial leadership in a variety of speciality chemicals and plastics. Having led a management buy-out, Paul was CEO of Betts Group Holdings, a manufacturer of plastic tubes for oral-care and cosmetics, for the eight years to 2006. Among other activities in the biotechnology space, Paul is Chair of the Industrial Biotechnology Leadership Forum (IBLF) and a Director of the Bio-based and Biodegradable Industry Association (BBIA).

## Directors' Report (continued)

### Robert (Rob) Smith, Chief Financial Officer

Rob is a chartered management accountant with significant experience in leadership roles at a number of technology companies, where he has been instrumental in leading growth strategies and improving operational efficiencies. Most recently, Rob served in the CFO and CEO roles at Filtronic plc, an AIM listed designer and manufacturer of advanced electronic filters, antennas and transceivers. Prior to this he was Finance Director of AIM listed APC Technology Group plc, a specialist distributor and manufacturer of electronic components and semiconductor products with a focus on green technology industries.

### Simon Herrick, Non-Executive Director

Simon qualified as an ACA with Price Waterhouse and has held a number of executive director roles with listed companies including Northern Foods plc, Debenhams plc and Blanco Technology Group plc. Simon is currently NED and chair of Audit and Remuneration Committees at both Ramsden Holdings plc and is a non-executive director and chair of the Audit Committee at Christie Group plc.

### J. Martin Rushton-Turner, Non-Executive Director

Martin joined the board of Biome Technologies plc in May 2023. Previously he worked at Swiss Re from 2001 to 2014, initially as Head of the Strategic Transactions Group which focused on transactions between Swiss Re and corporate and financial institutions, from 2008 to 2010 as Head of Legacy, the division formed to house and manage down the "bad bank" businesses of Swiss Re, and thereafter as Special Advisor to the Swiss Re Group CFO. Prior to Swiss Re, Martin was Head of the Debt Structuring Group at Greenwich NatWest, having joined NatWest in 1993. Martin qualified as a chartered accountant at Coopers & Lybrand in 1990, as a Barrister in 1991 and as a New York attorney in 1992. He holds an LLB from University College London (UCL) and is an Honorary Fellow of UCL.

## Corporate Governance

The corporate governance report on pages 19 to 28 forms part of the Directors' report.

## Future Developments

The future developments of the Group are disclosed in the Outlook section on page 5 of the Chairman's Statement.

## Auditors

CLA Evelyn Partners Limited were appointed auditors to the Company in 2021 and have expressed their willingness to continue in office. In accordance with Section 489(4) of the Companies Act 2006 a resolution to reappoint CLA Evelyn Partners Limited as auditors of the Company will be proposed at the next AGM.

So far as each of the directors at the time the report is approved are aware: a) there is no relevant audit information of which the auditors are unaware and b) that they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By Order of the Board

### Donna Simpson-Strange

Company Secretary

# Corporate Governance Report

The Group is committed to business integrity, high ethical values and professionalism in all its activities. The Board is accountable to the Company’s shareholders for good governance and this statement, which forms part of the Directors’ report on pages 15 to 17, and the Directors’ remuneration report describes how the principles of good governance are applied within the Company.

## Environmental, Social and Governance

### Reducing Our Impact on the Environment

Biome Technologies plc is committed to developing products that reduce humanity’s impact on the environment.

Our Bioplastics division has been at the forefront of developing and delivering compostable materials that replace petro-chemical derived plastics. Our passion is for making plastics from sustainably sourced materials that are easily compostable but still deliver the benefits of traditional plastic materials.

Our RF Technologies division delivers in line production heating solutions that have been designed to use less power than competing technologies and by virtue of their use of electricity, are less polluting than gas fired heating systems.

Intrinsic to our development process is consideration of the environmental impact of the production, use and end-of-life of our products. To this end, we make extensive use of third-party test houses to assess environmental performance both empirically (e.g. soil toxicology) and by modelling (e.g. life cycle analysis).

Biome uses a mixture of in-house and out-sourced manufacturing facilities and we are committed to ensuring that our processes are managed in a way that has the least possible impact on the environment. As our scale increases, we will introduce and report on performance indicators that will help us monitor and minimise our direct impact on the environment.

### Race to Zero

To provide visibility and public accountability for our actions in this regard the business has committed to the United Nations Race to Zero campaign with the explicit target of achieving net-zero for the business by 2030.

The direct environmental footprint over the last two years is as follows: -

Energy use (kwh)	2023	2022	Change
Electricity	50,084	81,242	-38.4%
Fuel oil	4,490	6,150	-27.0%
Road transport	39,653	47,317	-16.2%
Total energy use	94,227	134,709	-30.1%

GHG emissions (kgCO <sub>2</sub> e)	2023	2022	Change
Electricity	11,569	20,745	-44.2%
Fuel oil	1,203	1,648	-27.0%
Road transport	11,103	13,249	-16.2%
Total gross CO <sub>2</sub> e emissions	23,875	35,642	-33.0%

Intensity ratio	2023	2022	Change
Revenue (£m)	7.0	6.2	12.7%
GHG emissions per £m revenue	3,423	5,760	-40.6%
Average number of employees	26	27	-3.7%
GHG emissions per employee (kgCO <sub>2</sub> e/employee)	918	1,320	-30.4%

# Corporate Governance Report (continued)

## Social Responsibility

We aim to manage our business in a socially responsible and ethical manner. We aim at all times to act with integrity and behave responsibly as we execute our strategy, and this ethos underpins our business model.

### Health and safety

We are committed to ensuring that we operate in an environment that promotes health and safety (H&S) across our operations. This philosophy extends beyond traditional H&S compliance at our Marchwood site as we encourage and support our employees working from home or at customer and supplier premises to adopt best practice. At Marchwood we conduct regular H&S risk assessments and continuously review our practices.

### Employees

The Group's success depends on its employees and across the Group we recognise that it is their commitment and contribution that is vital to the execution of the Group's strategy.

We are continually looking to develop a high-performance culture through our recruitment, employee engagement, people development and resource management strategies. The Group has hired employees with the appropriate levels of experience and qualification and provide both on the job training and access to more formal training courses. Additionally, the Group hires apprentices with the aim to develop a long-term talent pool within the organisation. When hiring for newly created or open vacant positions the Group actively looks to promote from within its existing team prior to looking to recruit externally.

We strive to empower employees through delegating authority and mentoring. All employees are entitled to annual performance reviews and given regular feedback on their development and progression.

### Equal opportunities

The Group is committed to a policy of equal opportunity by which it ensures that all activities are based on merit. We are committed to policies that promote diversity and inclusion across everything we do. Our policies and practices emphasise the importance of treating our staff and stakeholders in a professional and non-discriminatory manner. In particular this applies to employment whether it be in hiring, reward, development or promotion. In the event that an employee requires it, the Group will make reasonable appropriate adjustments, and so far, as is practicable, will continue to provide employment. All staff are actively encouraged to respect co-workers and stakeholders and we strive to create a culture where no individual is disadvantaged and, collectively, we act to prevent discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

## Governance Framework

The Directors have chosen to adopt the Quoted Companies Alliance Corporate Governance Code 2018 (QCA Code). Our application of the code was reviewed in detail by the Board during the year and actions were identified to improve our compliance.

The section below sets out the ways in which the Group applies the ten principles of the QCA Code in support of the Group's medium to long term success.

## Delivering Growth

### 1. Establish a strategy and business model which promote long term value for shareholders

The business model and strategy is explained within the Chairman's Statement and Strategic Report on pages 2 to 14. In addition, page 4 of the Chairman's Statement detail the high level KPIs which the Group provides performance commentary. The KPIs have been revised to enable the Board to monitor progress in fulfilling its medium-term strategy. The key risks and challenges to the Group and how the Board seeks to address these are detailed in pages 9 to 11 of the Strategic Report.

## 2. Seek to understand and meet shareholder needs and expectations

The Company recognises the importance of communicating with its shareholders, including its employee shareholders, to ensure that its strategy and performance are understood. This is achieved principally through the Interim Report, the Annual Report, the AGM, and information on the Company's website ([www.biometechnologiesplc.com](http://www.biometechnologiesplc.com)). It is the Group's practice to provide quarterly trading updates to shareholder via The London Stock Exchange's Regulatory News Service and the Executive Director's meet with major shareholders after the quarterly trading updates are released.

The Non-Executive Chairman, Chief Executive and the Chief Financial Officer are primarily responsible for investor relations. Feedback from major shareholders is reported to the Board and discussed at its meetings. The Board recognises that the AGM is the principal forum for dialogue with private shareholders. All directors normally attend the AGM and are available to answer any questions that shareholders may wish to raise. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. Shareholders vote on a show of hands, unless a poll is validly called and after each such vote the number of proxy votes received for and against the resolution is announced.

More details on how we interact with shareholders are provided under the s172 statement, on pages 22 to 24.

## 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is committed to the sustainability of its success. Key stakeholders are identified by the Directors as its customers, suppliers, employees and the environment. To encourage an environment where stakeholders can discuss any issues with the Directors, we maintain a policy of confidentiality and therefore refrain from publishing details of issues discussed. Should issues be raised by any of these stakeholders these are discussed and acted upon by the senior management team or by the Board.

## 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The main risks to the Group are disclosed in the Strategic Report on pages 9 to 11. Significant risks are discussed in Board meetings with a risk register set up which is reviewed by senior management. The risk register and the effectiveness of the Company's risk management is also reviewed during the Audit Committee meetings.

## Maintain a dynamic management framework

### 5. Maintain the board as a well-functioning, balanced team led by the chair

Full details of the Board, including an assessment of the independence of the non-executive directors, and its sub-committees are provided in pages 24 to 25. The Chief Executive and Chief Financial Officer work full time. The Non-Executive Chairman contributes approximately 8 days per month and the Non-Executive Directors 2 days per month. This can vary from time to time.

### 6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board invites senior managers to attend its Board meetings at various times during the year to provide a different perspective and enable challenging discussions on the progress of the Company.

Certain details of the directors and their relevant experience, skills and personal qualities and capabilities can be found within the Directors' Report on pages 17 to 18. The Company's NOMAD provides regular briefings on matters relating to the Company's listing and the NOMAD attends at least one board meeting per year to provide insights into AIM rules. Further training needs are assessed on an ad-hoc basis as the need arises.

### 7. Evaluate board performance on clear relevant objectives, seeking continuous improvement

The Board carries out a formal, annual, internal evaluation of its performance. This covers the effectiveness of the Board as a whole, its individual members, and its committees. Given the size of the Company's Board the Directors have determined that Board and director effectiveness is best assessed by each individual director, plus senior managers that have attended Board meetings, contacting the Non-Executive Chairman individually to summarise areas that have worked well and areas for improvement. These individual responses are summarised by the Non-Executive Chairman for the Board and feedback given including any suggestions for change. The annual evaluation of the Non-Executive Chairman is run by the Senior Independent Non-Executive Director using the same process. The 2023 process was completed in the fourth quarter of 2023 and did not reveal any substantive issues.

## Corporate Governance Report (continued)

### 8. Promote a corporate culture that is based on ethical values and behaviours

The Group is committed to business integrity, high ethical values and professionalism in all of its activities. As an essential part of this commitment the Group supports the highest standards in corporate governance. The Directors' Report on page 20 details the environmental and social responsibility policies of the Group. The key risks and challenges to the Group are detailed on pages 9 to 11 of the Strategic Report.

All employees have an induction on commencing their employment with the Group. This includes the ethical standards that the employee is expected to maintain and compliance with all applicable laws and regulations. A whistleblowing policy is also in place for employees to report serious matters of concern.

### 9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Details of the Company's governance structure are detailed within this section of the Annual Report. In addition, full terms of reference of the Company's remuneration nomination, and audit committees and their terms of reference can be found on the Company's website. The board continually monitors its governance and will evolve this in line with best practise as appropriate.

## Build Trust

### 10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

As set out in the following Section 172(1) Statement on the discharge of directors' duties, the Company encourages two-way communication with its shareholders. Regular dialogue is had with the Group's major shareholders as well as the AGM being used for any shareholder to attend and raise questions. A report is given at each Board meeting of correspondence that any Director has had with a shareholder.

Thought is regularly given, and action taken, for the development of new and more effective ways of improving our dialogue with shareholders. This is particularly applicable to the Company's website and to direct shareholder contact.

The Company communicates how it is governed and is performing through its annual report and accounts and regulatory announcements. The results of voting on all resolutions in general meetings are announced via RNS, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

## Section 172 (1) Statement on the Discharge of Directors' Duties

In compliance with the Companies Act 2006, the Board are required to act in accordance with a set of general duties. During the year ending 31 December 2023, the Board consider that they have individually and collectively acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole having regard to the six matters listed in section 172 (1) (a) to (f) of the Companies Act 2006. To achieve long-term success for the benefit of all shareholders, the Board recognises the importance of building and maintaining relationships with key stakeholders as well as considering the likely consequences of its decisions in the long-term.

### Duty to Promote the Success of the Company

Biome's objective is to grow profitably by being a trusted supplier of bioplastic materials and RF equipment. Matters that impacted our key decisions and strategies towards meeting this objective during the year are set out in the Chairman's Statement and Strategic Report.



## Stakeholder Engagement

The Board recognises its responsibility to take into consideration the needs and concerns of Biome’s key stakeholders as part of its decision-making process. The table below demonstrates how the Group engages with its stakeholders and the target outcomes:

Stakeholder	How we engage	Key outcomes
<b>Customers</b>	<p>The Board receives feedback from the commercial team members of both divisions with divisional managing directors required to attend board meetings on a regular basis to update to the board on customer development.</p> <p>The CEO briefs the Board each month as to how we are performing with each of our main customers.</p> <p>The Executive Directors, along with senior members of the sales and technical teams will attend meetings with strategic-level influencers within our customers’ organisations.</p> <p>We continually seek opportunities to collaborate at a product and technology strategy level with our key clients.</p> <p>We regularly participate in a wide range of trade shows, conferences and symposia. They play an important role in our business development planning.</p> <p>We undertake joint marketing and promotional activity with selected customers when such activity aligns with the strategy of both organisations. This activity includes joint visits to end customers of our products to help build loyalty to our brands.</p>	<p>A high level of engagement with customers at strategic level.</p> <p>A good understanding of both customer and market trend requirements better informs the development and refinement of our own strategy.</p> <p>A board-level engagement with our customers to help us convey our commitment to understand and meet their business needs.</p> <p>Trade show and conference attendance not only allows us to present a shop window for attracting the widest range, and deepest concentration of potential clients over a short time period, but also enables us to observe in one place the broader market mood and emerging trends. The Board receives a summary report on such events.</p>
<b>Employees</b>	<p>The Executive Directors communicate with employees through both planned and ad hoc communication sessions to update them on the performance of the business and progress on key objectives. Employees are encouraged to ask questions throughout.</p> <p>The Group relies upon highly specialised skill sets that are in short supply. We seek to retain and actively develop employees through appraisals and training. We benchmark remuneration levels against similar roles in our industry sectors.</p>	<p>Wider and deeper communication leads to greater transparency throughout the business and facilitates a more engaged, motivated and effective team.</p> <p>The Group aims to be an attractive place to work by providing a rewarding long-term personal development opportunity environment.</p> <p>A better informed and consulted workforce is more likely to be both better motivated and more effective.</p>

## Corporate Governance Report (continued)

Stakeholder	How we engage	Key outcomes
<b>Investors</b>	<p>The CEO and CFO hold investor meetings throughout the year both on request and specifically following the release of the annual and half year results and quarterly trading updates. Feedback from these meetings is shared with the Board.</p> <p>Major shareholders are regularly engaged with to hear their views on a range of issues such as strategy, remuneration and corporate governance.</p> <p>Major shareholders are also invited to meet with the Chairman and non-executive director.</p> <p>The Group's Annual Report and Accounts is available to shareholders in both hard copy form and online via the Company's website. All announcements and presentations are available on the Company's website whilst we also engage on social media platforms such as LinkedIn.</p> <p>The Company's broker, Allenby Capital, provides briefings to the Board on shareholder opinions and independent feedback from investor meetings. Their views are sought on all material market related matters or announcements.</p>	<p>A wide range of communication channels are used to engage with investors during the year.</p> <p>Feedback from investors has informed the Board's discussions and decisions on the Company's strategy.</p> <p>All material information that is worthy of investor announcement is made available simultaneously to both shareholders and potential shareholders.</p> <p>Regular and frequent interaction between the company and our broker ensures we receive regular guidance and remain aligned on our engagement with the investment community.</p> <p>Briefing videos are available to investors on the Company website.</p>
<b>Suppliers and Research Partners</b>	<p>Meetings are held with key suppliers on a regular basis. These meetings involve Executive Directors and divisional Managing Directors on a regular basis. This ensures a more intimate knowledge of each other's capabilities and objectives and leads to closer alignment of values.</p> <p>Our Group values are flowed down to our supply chain to ensure compliance with social responsibility and good governance policies.</p> <p>Supply contracts of material significance to the Group are subject to internal controls with a summary of the key terms being provided to the Executive Directors for approval.</p> <p>We have a number of long-term collaborations with UK Universities. Meetings are held with the key staff and academics at these Universities on a quarterly basis and any issues resolved.</p> <p>The Group aims to play fair with its suppliers and pay in line with the contractual payment terms.</p>	<p>The Group's supplier base is a key part of the Company's ecosystem and effective relationships with our suppliers are essential to the delivery of Group performance.</p> <p>We engage with our suppliers through our engineering and operations teams and we work closely with key suppliers to ensure we take advantage of innovative technical and commercial solutions in the supply chain in order to secure a competitive advantage.</p> <p>We minimise our exposure to supplier related risks by requiring them to adhere to our Group policies and for them to confirm they are not in conflict with these policies before or during engagement.</p> <p>The Board receives regular updates regarding key supplier performance metrics and any issues under review.</p>

### The Board

The Board is comprised of non-executive and executive directors whose skills and experience enhance the management capability of the company. All the directors listed below were in office for the entirety of 2023 with the exception of J. Martin Rushton-Turner who was appointed on 24 May 2023.

The non-executive directors are considered by the board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement, except as noted below in the case of Martin Rushton-Turner.

The division of responsibilities between the non-executive chairman and chief executive is clearly established and is understood by the board. The non-executive chairman is responsible for the overall strategy of the Group with the chief executive officer being responsible for implementing the strategy and for the day to day running of the Group.

The senior independent director is Simon Herrick. The senior independent director is the director whom shareholders may contact if they feel their concerns are not being addressed through the normal channels. The non-executive directors meet at least once a year without the executive directors present.

The individual committee responsibilities of the directors are as follows:

	<b>Board</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>
John Standen	Chairman	Member	Member	Chairman
Paul Mines	Member	-	-	-
Rob Smith	Member	-	-	-
Simon Herrick	Member	Chairman	Chairman	Member
J. Martin Rushton-Turner	Member	-	-	-

All directors are subject to election at the AGM immediately following their appointment and to re-election every three years.

The non-executive chairman and non-executive directors provide a wide range of skills and experience to the Group. They bring an independent judgement on issues of strategy, performance, risk and people through their contribution at board and committee meetings. After careful consideration, the Board has concluded that John Standen, and Simon Herrick were independent throughout the year. In arriving at this conclusion, the Board considered that John Standen’s shareholding in the Company to be too small to affect his independence. John Standen has been non-executive chairman since 2007 and the rest of the Board consider him to continue to remain independent, as he is sufficiently removed from the day-to-day operations of the Company to retain a critical and independent view. Martin Rushton-Turner is considered to be independent of management but due to his level of shareholding not fully independent. The board consults with its advisors ahead of any discussions on matters where Martin may be conflicted and Martin voluntarily excludes himself from attending any meetings where a conflict of interest may arise.

## Board Procedures

The Board met formally on 11 occasions during the year and individual attendance at those and the Board Committee meetings is set out in the table overleaf. All Board members are supplied with information in a form and of a quality appropriate to enable them to discharge their duties. Board and committee papers are sent out as appropriate before meetings take place.

There is an agreed Schedule of Matters reserved for the Board for collective decision including:

- determining the strategy and control of the Group;
- amendments to the structure and capital of the Group;
- approval of financial reporting and internal controls;
- approval of capital and revenue expenditure of a significant size;
- acquisitions and disposals; and
- corporate governance matters and approval of Group policies and risk management strategies.

To enable the Board to perform its duties effectively all directors have full access to all relevant information and to the services of the Company Secretary whose responsibility it is for ensuring that Board procedures are followed. The appointment and removal of the Company Secretary is a matter reserved for the Board.

There is an agreed procedure whereby directors wishing to take independent legal advice in the furtherance of their duties may do so at the Company’s expense. Appropriate training is available to all directors on appointment and on an ongoing basis as required.

The terms of reference for each of the Board Committees are available on request from the Company Secretary.

## Corporate Governance Report (continued)

### Attendance at Board and Committee Meetings

The following table shows the attendance of directors at meetings of the Board and of the Audit, Remuneration and Nomination Committees during the year to 31 December 2023. In total there were eleven Board, two Audit, four Remuneration and three Nomination committee meetings during 2023.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
John Standen	11	2	4	3
Paul Mines	11	–	–	–
Rob Smith	11	–	–	–
Simon Herrick	11	2	4	3
J. Martin Rushton-Turner	6	–	–	–

Where a dash (“–”) appears in the table the director listed is not a member of the committee.

### The Remuneration Committee

The Remuneration Committee operates under written terms of reference and is comprised of the non-executive chairman and the independent non-executive director. Details can be found in the Directors’ Remuneration Report on pages 29 to 32.

### Nomination Committee

The Nomination Committee operates under written terms of reference. The Nomination Committee comprises the non-executive chairman and the independent non-executive director. The meetings of the committee are chaired by the chairman. The committee’s responsibilities include:

- regularly reviewing the structure, size and composition including the skills, knowledge and experience required of the board compared to its current position and make recommendations to the board with regard to any changes;
- giving full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company and what skills and expertise are therefore needed on the board in the future;
- being responsible for identifying and nominating for the approval of the board candidates to fill board vacancies as and when they arise;
- before making an appointment, evaluating the balance of skills, knowledge and experience on the board and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;
- keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it depends;
- reviewing annually the time required for non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- ensuring that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
- keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- advising the board on succession planning for executive board appointments; and
- considering any other matters the board may request.

Following the appointment of a new director, the Chief Executive in conjunction with the Company Secretary, is responsible for ensuring that a full, formal and tailored induction to the Company and to their function within the Company is given.

## Audit Committee

The Audit Committee operates under written terms of reference, which were reviewed during the year, meets at least twice a year and is comprised of Simon Herrick and John Standen. Simon Herrick, senior independent non-executive director, chairs the committee. The committee, taken as a whole, is considered to have significant recent and relevant financial experience. The Chief Executive and Chief Financial Officer normally attend meetings by invitation and the committee also meets with the external auditors without management present.

The external auditors attended all of the meetings (in part where appropriate) and have direct access to the committee chairman. The Company Secretary acts as secretary to the committee. The chairman of the committee attends the AGM to respond to any shareholder questions that might be raised on the committee's activities.

The committee's responsibilities include:

- Reviewing the effectiveness of the Group's financial reporting and internal control procedures for the identification, assessment and reporting of risks;
- reviewing with the external auditors the nature and scope of their planned work;
- reviewing the half year and annual financial statements before submission to the board, focusing particularly on:
  - any changes in accounting policies and practices
  - major judgemental areas
  - significant adjustments resulting from the audit
  - the going concern assumption
  - compliance with accounting standards
  - compliance with applicable stock exchange and legal requirements
- discussing any problems and reservations arising from the audit, and any matters the auditors may wish to discuss (in the absence of the executive directors and other management, where necessary);
- reviewing the cost-effectiveness, independence and objectivity of the external auditors;
- considering the major findings of internal investigations and management's response; and
- considering any other matters the board may request.

The committee has the power to engage outside advisers if it considers it to be necessary. The committee met two times during the year and its agenda is linked to events in the Company's financial calendar. The agenda is mostly cyclical such that the committee chairman approves the agenda on behalf of all members.

The committee also liaises with the external auditors on the continuity and rotation of key partner's from the external auditors in accordance with the Ethical Standards of the ICAEW and FRC.

The Group policy on the provision by the external auditors of audit and non-audit services, which is based on the principle that the external auditors should only undertake non-audit services where they are the most appropriate provider, categorises such services between:

- auditor permitted services – those services which are acceptable for the auditors to provide and the provision of which can be engaged without referral to the Audit Committee (e.g. regulatory and other specialist financial reporting)
- auditor excluded services – those engagements that the Audit Committee and the board do not consider appropriate for the auditors to undertake (e.g. provision of outsourced financial or operational management functions)
- auditor authorised services – those services for which it is appropriate to consider the use of the external auditors and for which the specific approval of the Audit Committee is required before the auditors are permitted to provide the service (e.g. transaction support and advisory work, such as due diligence).

The policy defines the types of services falling under each category and sets out the criteria to be met and the internal approvals required prior to the commencement of any assignment. The Audit Committee reviews an analysis of all services provided by the external auditors. The policy is reviewed annually by the Audit Committee and approved by the board.

## Corporate Governance Report (continued)

The disclosure of the fees payable to CLA Evelyn Partners Limited during the year is set out in Note 4b to the financial statements. The external auditors and committee chairman have regular dialogue concerning matters of independence and a report is made formally to the committee on this matter at least once a year. The Audit Committee is satisfied with the level of fees, independence, objectivity and effectiveness of CLA Evelyn Partners Limited. Accordingly, a resolution for the appointment of CLA Evelyn Partners Limited as auditors of the Company will be proposed at the next AGM.

The Group does not have a dedicated internal audit function. During the year, there were no adverse trends evident from the monitoring of internal controls or unexpected or unacceptable results of a material nature and this when combined with the size and relatively low number of individual transactions of the Company has led the board to conclude that at present a dedicated internal audit function is not necessary. The board will continue to keep this matter under review as the Company grows in size and complexity.

### Risk Management and Internal Control

The board is responsible for the Group's system of internal control and for reviewing its effectiveness. It is the role of management to implement the board's policies on risk and control through the design and operation of appropriate internal control systems. For the whole of the year under review and up to the date of approval of the Annual Report and Financial Statements, the board has had formal procedures in place to ensure that it is in a position to consider all the significant aspects of internal control.

The board has conducted its annual review of the effectiveness of the Group's system of internal control.

This review has covered all controls including operational, compliance and risk management procedures, as well as legislative and financial. The process is summarised as follows:

- Operating management is charged with the ongoing responsibility for identifying risks facing each of the operating units and for putting in place procedures to mitigate, manage and monitor risks, including anti-bribery procedures;
- Operating units review all business risks and set out the significant risks to the operations, the controls in place and additional controls which could be implemented;
- The risk and control identification and management process is monitored and periodically reviewed by Group executive management;
- The key elements of the controls framework within which the Group operates are:
  - an organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements;
  - an embedded culture of openness of communication between operating company management and the Group executive management on matters relating to risk and control;
  - operating reviews covering all aspects of each business are conducted by Group executive management each month;
  - a comprehensive system of financial reporting. An annual budget for each operating company is prepared in detail and approved by the board. Monthly actual results are reported against budget and the forecast for the year is revised where necessary. Any significant changes and adverse variances are questioned by the board and remedial action is taken where appropriate. There is daily cash reporting to the Chief Executive and Chief Financial Officer and periodic reporting to the board on the Group's tax and treasury position.

The system of internal control is designed to manage rather than eliminate the risk of failing to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The risk framework as outlined above, gives reasonable assurance that the structure of controls in operation is appropriate to the Group's situation and that there is an acceptable level of risk throughout the business.

The board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group; that this has been in place for the year under review and up to the date of approval of the Annual Report and Financial Statements.

# Directors' Remuneration Report

The Remuneration Committee comprises Simon Herrick and John Standen and is chaired by Simon Herrick, senior independent non-executive director. The Remuneration Committee advises the board on individual director's remuneration packages. The Remuneration Committee met four times during the year to 31 December 2023. The Committee has access to independent advice where it considers it appropriate. The Remuneration Committee considers recommendations from the Chief Executive.

As a company listed on the AIM Market of the London Stock Exchange, the Company is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the "Regulations"), nor is it required to comply with the principles relating to directors' remuneration in the UK Corporate Governance Code 2016 (the "Code"). This report has not been audited.

## Remuneration Policy

The remuneration policy is set by the board. The Remuneration Committee provides advice to the board on the remuneration package of each director. Directors take no part in decisions affecting their own remuneration. The main objectives of the Company's executive remuneration policy are to provide remuneration packages that will attract, retain and motivate individuals of an appropriate calibre and ensure that the interests of the executive directors are aligned with those of the shareholders. The remuneration of executive directors consists of five elements: basic salary, a significant element of performance-related bonus, benefits in kind, share based payments and pension provision. Remuneration details for each director are set out on page 32.

## Basic Salary

The basic annual salary for each of the executive directors is determined by the Remuneration Committee having regard to their performance and market practice. It is the aim of the Remuneration Committee to reward directors competitively and on the broad principle that their remuneration should be based around the median remuneration paid to senior management of comparable public companies, but also having regard to the financial performance of the Group.

## Performance-Related Incentives

Annual performance-related bonuses are considered and awarded based on the performance of both the individuals and the Group and are awarded on the recommendation of the Remuneration Committee. The amount awarded is determined at the end of the financial period by the Committee and takes into account the overall financial performance of the Group.

## Share Based Payments

The Remuneration Committee considers that long-term incentives should form an important part of senior executives' remuneration in order to reward the achievement of the Company's growth, thereby aligning the interests of executives with the interests of shareholders.

## Share Options

### 2017 Long Term Incentive Plan

On 20 December 2017 Biome Technologies plc implemented a long-term incentive plan (2017 LTIP). The plan was intended to align the interests of management with those of the shareholders over the following four years and to the maximum extent possible these have been issued as Enterprise Management Incentive (EMI) options.

Under the rules of the 2017 LTIP the total number of share options available to vest are restricted by criteria of both time and performance allowing for the creation of a value pool that may become available to the participants.

## Directors' Remuneration Report (continued)

The time criterion restricts the value pool as per the following vesting profile:

- 10 December 2018 40% of the value pool
- 10 June 2019 50% of the value pool (less any amounts awarded under previous vestings)
- 10 December 2019 60% of the value pool (less any amounts awarded under previous vestings)
- 10 June 2020 70% of the value pool (less any amounts awarded under previous vestings)
- 10 December 2020 80% of the value pool (less any amounts awarded under previous vestings)
- 10 June 2021 90% of the value pool (less any amounts awarded under previous vestings)
- 10 December 2021 100% of the value pool (less any amounts awarded under previous vestings)

The performance criterion is designed to reward sustainable increases in the share price and is calculated as follows.

The total number of ordinary shares in respect of which options may be exercised will be determined by reference to the market value of the Group's shares on the vesting dates listed above. If the Company's average closing share price, taken over a 56-day period commencing 63 days before the relevant vesting date, exceeds 250p a value pool equal to a percentage of the Company's actual market capitalisation in excess of the market capitalisation as of 19 December 2017 based on a closing share price of 215p per share will be created using the following mechanism:

- above 215p (up to and including 250p) the value pool percentage will be 13.2%
- above 250p (up to and including 500p) the additional value pool percentage will be 14.9%
- above 500p (up to and including 700p) the additional value pool percentage will be 19.9%
- above 700p (up to and including 800p) the additional value pool percentage will be 16.6%
- above 800p the additional value pool percentage will be 9.9%

95% of this value pool will be used to derive the proportion of share options that vest for each 2017 LTIP plan participant, subject to the individual maximums described above.

### 2023 Long Term Incentive Plan

On 9 October 2023 the Company implemented a new Long Term Incentive Plan (2023 LTIP) to replace the 2017 LTIP. The plan is intended to align interests of option-holders to those of shareholders over the lifetime of the scheme and to the maximum extent possible these have been issued as Enterprise Management Incentive (EMI) options.

The 2023 LTIP has two variants with different vesting rules attached to them. Both variants of the scheme have two vesting tranches of 50%. Option holders must be employed and not have tendered their resignation at the vesting date. In addition, options granted to Persons Discharging Management Responsibilities (PDMRs) are subject to a further vesting criterion in that a hurdle price of 250p per share must have been achieved on average for the 60 trading days preceding the vesting date. Should the hurdle price not be achieved on the first vesting date 100% of the grant will be eligible on the second vesting date.



## Service Contracts

All directors have service contracts. Each executive director has a service contract that may continue in force until their normal retirement date. These contracts do not contain provisions for pre-determined compensation that exceeds salary and benefits in kind for the notice period.

Directors' contracts and termination notices:

	Date of contract	Termination notice Director	Termination notice Company	Renewable
<b>Non-Executives</b>				
John Standen	23 Feb 2007	None	None	Annually
Simon Herrick	24 Mar 2021	1 Month	None	3 <sup>rd</sup> anniversary of appointment
J. Martin Rushton-Turner	24 May 2023	1 Month	None	3 <sup>rd</sup> anniversary of appointment
<b>Executives</b>				
Paul Mines	16 Apr 2007	4 months	12 months	On attaining the age of 65
Rob Smith	30 Nov 2020	6 months	6 months	Normal retirement date

Rob Smith tendered his resignation on 8 March 2024 and the Board agreed to reduce his notice period so that his termination would be 31 May 2024.

## Pensions

The company makes contributions to individual pension schemes for the executive directors at 10 per cent of basic salary.

The non-executive directors do not receive any pension contribution.

## Directors' Awards Under Long Term Incentive Plans

As at 31 December 2023, the following options have been granted, are available for exercise and have not lapsed under the 2017 and 2023 LTIPs:

	Scheme	Date of granted	Date Option Lapses	Exercise Price	Ordinary Shares of 5p each 31 December 2020
Paul Mines	2023 LTIP	10 Oct 2023	10 Oct 2033	137.5p	56,727
Rob Smith	2017 LTIP	27 May 2021	26 May 2026	390.0p	37,349
Rob Smith	2023 LTIP	10 Oct 2023	10 Oct 2033	137.5p	40,909

The performance conditions attached to the awards are detailed on pages 29 and 30.

The Company's share price on 31 December 2023 was 110.0p (31 December 2022: 74.5p) and traded during the year at prices between 74.0p and 175.0p (2022: 46.5p and 335.0p).

## Directors' Remuneration Report (continued)

### Share Options Granted to Directors in Lieu of Accrued Bonus

On 30 January 2020 share options were granted to Paul Mines in lieu of provisionally granted bonuses accrued in 2018. These share options could be exercised at any time until 30 April 2023. On 23 February 2023 the Board agreed to extend the period that Mr Mines could exercise his option to 30 April 2024. Mr. Mines exercised all 26,666 shares under this option arrangement on 30 May 2023.

### Directors' Remuneration During the Year

	Year ended 31 December 2023						Year ended
	Base Salary/Fee £	Bonuses £	Car allowance £	Benefits in Kind £	Other £	Total £	31 Dec 2022 Total £
Paul Mines <sup>1</sup>	208,000	–	–	17,784	18,278	244,062	242,980
Robert Smith	150,000	–	9,600	2,859	–	162,459	162,211
John Standen	52,133	–	–	–	–	52,133	60,125
Simon Herrick	32,000	–	–	–	–	32,000	32,375
J. Martin Rushton-Turner	8,333	–	–	–	–	8,333	–
<b>Total</b>	<b>450,466</b>	<b>–</b>	<b>9,600</b>	<b>20,643</b>	<b>18,278</b>	<b>498,987</b>	497,691

1 Other payments of £18,278 relate to remuneration paid in lieu of pension contributions.

The Company made contributions to individual pension schemes as follows:

	Year ended 31 Dec 2023 £	Year ended 31 Dec 2022 £
Robert Smith	15,000	15,000
<b>Total</b>	<b>15,000</b>	15,000

During the year ended 31 December 2023, the directors did not receive any other emoluments, compensation or cash or non-cash benefits.

By Order of the Board

**Simon Herrick**

Chairman of the Remuneration Committee

26 April 2024

## Statement Of Directors' Responsibilities

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and parent Company financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

**Paul Mines**  
Chief Executive Officer

**Robert Smith**  
Chief Financial Officer

26 April 2024

# Independent Auditor's Report To The Members Of Biome Technologies plc

## Opinion

We have audited the financial statements of Biome Technologies Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise Consolidated Statement of Income, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Our approach to the audit

Of the Group's 7 reporting components, we subjected 2 to audits for Group reporting purposes and 3 to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component, whilst the remaining 2 components were dormant.

The components within the scope of our work covered 100% of Group revenue, 100% of Group profit before tax, and 100% of group net assets.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
<p>The cashflow projections which support going concern for Group and parent company investments in subsidiaries</p>	<p>The Group is loss making and has relied on debt and equity fund raising in previous years.</p> <p>Management have prepared a budget and cashflow forecast indicating that in their view the Group and parent company can continue to operate as a going concern for at least 12 months from the date the financial statements are approved.</p> <p>Cashflow projections are inherently judgemental and subject to fluctuation with revenue and expenditure requirements. As a result these projections were a key area of audit focus. Furthermore, the parent company has significant balances relating to investments in subsidiaries. The Group's assessment of recoverable amount requires significant judgements in particular regarding cash flows, growth rates, discount rates and sensitivity assumptions to derive a value in use.</p>	<p>We challenged the assumptions used in the cash flow forecasts for going concern as disclosed in note 1 of the financial statements and in respect of the impairment reviews as described in note 1 of the financial statements.</p> <p>The main procedures performed on the forecasts and areas we challenged management were:</p> <ul style="list-style-type: none"> <li>• Testing the quality of management forecasting by comparing cashflow forecasts for prior periods to actual outcomes</li> <li>• Discussion with management over the basis and appropriateness of key assumptions used in the cashflow forecasts and corroborating these assumptions where relevant.</li> <li>• Verifying the consistency of the forecasts used in the impairment calculations with those used for going concern assessment where relevant</li> <li>• Reviewed management's sensitivity calculations to understand the impact of changing key assumptions and the effect on cashflows and value in use and also performed our sensitivities as well.</li> <li>• Reviewed management's 'stress testing of the forecasts' to understand how significantly business would have to fall before there were cashflow issues</li> <li>• Reviewing the disclosures around going concern and impairment in the financial statements to ensure they are consistent with the work performed.</li> <li>• Review of the fund-raising performed post year end as disclosed in note 27</li> </ul> <p>In performing our procedures, we used our internal valuation specialists to assess the appropriateness of the model, discount rate and other variables applied.</p>

## Independent Auditor's Report To The Members Of Biome Technologies plc (continued)

Key audit matter	Description of risk	How the matter was addressed in the audit
Revenue recognition including contract liabilities	Revenue continues to be a key focus for the Group to meet market expectations and the four trading subsidiary companies have differing types of income streams with differing revenue recognition considerations. As a result there is a risk that revenue is incorrectly recognised.	<p>As part of our procedures relating to revenue recognition as disclosed in note 3 of the Group financial statements we:</p> <ul style="list-style-type: none"> <li>• Reviewed transactions around the year end and traced to supporting documentation to determine if the sale was in the correct period</li> <li>• Reviewed a sample of project income in the Stanelco RF division to ensure that revenue recognition was appropriate</li> <li>• Traced a sample of entries from the general ledger to supporting documentation to ensure that revenue was correctly recognised</li> <li>• Reviewed the revenue recognition policies disclosed in the financial statements to determine if these policies were in line with IFRS 15 and in line with the accounting treatment adopted.</li> </ul>
Capitalisation of development costs and impairment of development costs	The Group has significant intangible assets arising from the capitalisation of the costs relating to products in development. For products in development the main risk is assessing the ability to successfully commercialise the product concerned to the extent that future revenues will generate sufficient returns to cover the carrying value of the development costs over its useful economic life. This can be a highly judgemental area.	<p>As part of our procedures regarding the development costs as described in note 7 of the group financial statements, we:</p> <ul style="list-style-type: none"> <li>• Traced a sample of product development costs capitalised in the year to supporting documentation ensuring they were valid capital expenditure and the relevant capitalisation criteria under IAS 38 were met.</li> <li>• Discussed a sample of development products in progress and completed at the year end with management and individuals within the development team to understand the future prospects of the projects and considered whether any impairment was required. This has included a review of product specific forecasts, which has been linked to the going concern review above.</li> <li>• Reviewed the appropriateness of the useful economic life.</li> </ul>

Key audit matter	Description of risk	How the matter was addressed in the audit
Share options	The Group issued three new share option schemes in the year, with varying vesting conditions. These are required to be valued under IFRS which is an inherently judgemental process	As part of our procedures regarding the share based payments described in note 17 of the Group financial statements, we have; <ul style="list-style-type: none"> <li>● Agreed a sample of individuals per the share option workings provided by Management to underlying agreements.</li> <li>● Reviewed Management’s calculations and assumptions in line with our internal valuation experts to ensure that the share based payment charge is calculated correctly across the Group in line with the vesting conditions.</li> </ul>
Convertible Loan Notes	The Group issued convertible loan notes in the year. These are material and have an embedded derivative element. The accounting treatment is highly judgemental and complex as the convertible loan and embedded derivative need to be separately measured and presented.	As part of our procedures regarding the convertible loan notes described in note 21 of the Group financial statements, we have: <ul style="list-style-type: none"> <li>● Reviewed the underlying loan agreements to ensure the instruments are correctly accounted for and presented</li> <li>● Reviewed Management’s amortised cost calculations for the debt element is correctly presented</li> <li>● Reviewed the model used to calculate the embedded derivative value in conjunction with our valuations team</li> <li>● Reviewed the covenants to ensure the correct current and non-current split.</li> <li>● Reviewed the disclosures in note 21 to ensure consistent with the terms of the underlying instrument</li> </ul>

# Independent Auditor's Report To The Members Of Biome Technologies plc (continued)

## Our application of materiality

The materiality for the Group financial statements as a whole ("group FS materiality") was set at £139,000. This has been determined with reference to the benchmark of the Group's revenue, which we consider to be one of the principal considerations for members of the company in assessing the Group's performance. Group FS materiality represents 2% of the Group's revenue as presented on the face of the consolidated statement of income

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £82,200. This has been determined with reference to the benchmark of the parent company's total assets as it exists only as a holding company for the Group and carries on no trade in its own right. Parent FS materiality represents 3% of the parent company's total assets as presented on the face of the parent company statement of financial position.

Performance materiality for the Group financial statements was set at £90,350, being 65% of Group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds Group FS materiality. We judged this level to be appropriate based on our understanding of the Group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits. It was set at 65% to reflect the level of judgement and estimation involved and that some differences were noted in the prior year audit.

Performance materiality for the parent company financial statements was set at £53,430, being 65% of parent FS materiality. It was set at 65% for the same reasons as above.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions and considering historic trading performance as described in the key audit matter above;
- Comparing the forecast results to those actually achieved in the 2024 financial period so far;
- Reviewing bank statements to monitor the cash position of the group post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- Reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements;
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity.
- Reviewing the impact of the fund-raising as disclosed in note 27 on the going concern position of the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



## Other information

The other information comprises the information included in Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report To The Members Of Biome Technologies plc (continued)

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtained a general understanding of the Group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Group's and parent company's industry and regulation.

We understand that the Group complies with the framework through:

- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- The Executive Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and IFRS in respect of the preparation and presentation of the financial statements.
- REACH legislation governing the use of chemicals.
- FDA and other international regulation in relation to food packaging.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Examined the results of certification in relation to REACH and FDA compliance

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

The areas identified in this discussion were:

- Stock provisions as these are estimates made by Management
- Estimates made by management regarding the useful economic life of capitalised development costs and associated judgement regarding the viability and long term recoverability of the carrying value of these projects.
- Estimates made on share options and embedded derivatives as these are technical and judgemental areas
- Manipulation of the financial statements, especially revenue, via fraudulent journal entries or error affecting cut-off around the year end
- Parent company's status as AIM listed entity which creates an incentive for fraudulent financial reporting to show favourable results to the market

These areas were communicated to the members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates and judgements identified above, and comparison to post-year-end data as appropriate.
- Substantive testing on revenue recognition and deferred income ensuring that revenue was recognised appropriately
- Substantive work on other material areas affecting profits.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts.
- Enquiring as to whether there is any correspondence with the above regulators to be reviewed as part of our audit work.

A further description of our responsibilities is available on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Edmonds  
Senior Statutory Auditor, for and on behalf of  
CLA Evelyn Partners Limited  
Statutory Auditor  
Chartered Accountants

4th Floor  
Cumberland House  
15-17 Cumberland House  
Southampton  
SO15 2BG

Date: 26 April 2024

## Consolidated Statement Of Income

For the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Revenue</b>	2	<b>6,976</b>	6,188
Cost of goods sold	10	(4,713)	(3,857)
<b>Gross Profit</b>		<b>2,263</b>	2,331
Other operating income	3	431	211
Administrative expenses	4, 5	(3,928)	(3,309)
<b>Loss from operations</b>		<b>(1,234)</b>	(767)
Investment income		2	-
Fair value movement on financial instruments	21	(150)	-
Finance and similar charges		(197)	(35)
<b>Loss before taxation</b>		<b>(1,579)</b>	(802)
Taxation	6	20	131
<b>Loss after tax for the year</b>		<b>(1,559)</b>	(671)
Basic loss per share – pence	15	(41)p	(18)p
Diluted loss per share – pence	15	(41)p	(18)p

## Consolidated Statement Of Other Comprehensive Income

For the Year Ended 31 December 2023

	2023 £'000	2022 £'000
<b>Loss for the year</b>	<b>(1,559)</b>	(671)
<b>Other comprehensive income</b>		
<b>Items that are or may be subsequently reclassified to profit and loss:</b>		
Currency translation movement arising on consolidation	15	2
<b>Total comprehensive loss for the year</b>	<b>(1,544)</b>	(669)

# Consolidated Statement Of Financial Position

As at 31 December 2023

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Non-current assets</b>					
Other intangible assets	7	788		841	
Property, plant and equipment	8a	418		498	
			1,206		1,339
<b>Current assets</b>					
Inventories	10	631		736	
Trade and other receivables	11a	1,324		605	
Tax receivable		75		141	
Cash and cash equivalents	21, 22	599		779	
			2,629		2,261
<b>Total assets</b>			<b>3,835</b>		<b>3,600</b>
<b>Current liabilities</b>					
Trade and other payables	12a	1,701		933	
Lease liabilities	14	60		55	
			1,761		988
<b>Non-current liabilities</b>					
Convertible loan notes	21	504		–	
Derivative financial instruments	21	523		–	
Lease liabilities	14	295		354	
			1,322		354
<b>Total liabilities</b>			<b>3,083</b>		<b>1,342</b>
<b>Net assets</b>			<b>752</b>		<b>2,258</b>
<b>Equity</b>					
Share capital	15	189		189	
Share premium account	16a	2,283		2,282	
Capital redemption reserve	16a	4		4	
Share options reserve	16a, 17	139		102	
Translation reserves	16a	(68)		(83)	
Treasury shares reserve	16a	–		(55)	
Retained earnings	16a	(1,795)		(181)	
<b>Total equity</b>			<b>752</b>		<b>2,258</b>

The financial statements were approved by the Board and authorised for issue on 26 April 2024.

Signed on behalf of the Board of Directors

**Paul Mines (Chief Executive)**

26 April 2024

**Robert Smith (Chief Financial Officer)**

The accompanying accounting policies and notes form an integral part of the financial statements.

Company registration No: 01873702 (England and Wales)

# Company Statement Of Financial Position

As at 31 December 2023

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Non-current assets</b>					
Property, plant and equipment	8b	358		426	
Investments	9	2,077		2,077	
			2,435		2,503
<b>Current assets</b>					
Trade and other receivables	11b	89		84	
Amounts owed by subsidiary undertakings	26	218		40	
Cash and cash equivalents		17		443	
			324		567
<b>Total assets</b>			<b>2,759</b>		<b>3,070</b>
<b>Current liabilities</b>					
Trade and other payables	12b	394		242	
Amounts due to subsidiary undertakings	26	934		1,356	
Lease liabilities	14	60		55	
			1,388		1,653
<b>Non-current liabilities</b>					
Convertible loan notes	21	504		-	
Derivative financial instruments	21	523		-	
Lease liabilities	14	295		354	
			1,322		354
<b>Total liabilities</b>			<b>2,710</b>		<b>2,007</b>
<b>Net assets</b>			<b>49</b>		<b>1,063</b>
<b>Equity</b>					
Share capital	15	189		189	
Share premium account	16b	2,283		2,282	
Capital redemption reserve	16b	4		4	
Share options reserve	16b, 17	78		70	
Treasury shares reserve	16b	-		(55)	
Retained earnings	16b	(2,505)		(1,427)	
<b>Total equity</b>			<b>49</b>		<b>1,063</b>

For the year ended 31 December 2023, the Company made a loss after taxation of £1,023,000 (2022: £1,953,000).

Signed on behalf of the Board of Directors

**Paul Mines (Chief Executive)**

26 April 2024

**Robert Smith (Chief Financial Officer)**

The accompanying accounting policies and notes form an integral part of the financial statements.

Company registration No: 01873702 (England and Wales)

# Consolidated Statement Of Changes In Equity

As at 31 December 2023

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share options reserve £'000	Translation reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2023</b>	189	2,282	4	102	(83)	(55)	(181)	2,258
Share options issued in share-based payments	-	-	-	38	-	-	-	38
Exercise of share options	-	-	-	(1)	-	-	-	(1)
Issue of share capital	-	1	-	-	-	-	-	1
Sale of treasury shares	-	-	-	-	-	55	(55)	-
<b>Transactions with owners</b>	-	1	-	37	-	55	(55)	38
Loss for the year	-	-	-	-	-	-	(1,559)	(1,559)
Currency translation movement arising on consolidation	-	-	-	-	15	-	-	15
<b>Total comprehensive loss for the year</b>	-	-	-	-	15	-	(1,559)	(1,544)
<b>Balance at 31 December 2023</b>	189	2,283	4	139	(68)	-	(1,795)	752
<b>Balance at 1 January 2022</b>	189	2,282	4	487	(85)	(55)	79	2,901
Other movements	-	-	-	-	-	-	26	26
Lapsed options	-	-	-	(385)	-	-	385	-
<b>Transactions with owners</b>	-	-	-	(385)	-	-	411	26
Loss for the year	-	-	-	-	-	-	(671)	(671)
Currency translation movement arising on consolidation	-	-	-	-	2	-	-	2
<b>Total comprehensive loss for the year</b>	-	-	-	-	2	-	(671)	(669)
Balance at 31 December 2022	189	2,282	4	102	(83)	(55)	(181)	2,258

The accompanying accounting policies and notes form an integral part of the financial statements.

# Company Statement Of Changes In Equity

As at 31 December 2023

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share options reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2023</b>	189	2,282	4	70	(55)	(1,427)	1,063
Share options issued in share-based payments	-	-	-	9	-	-	9
Exercise of share options	-	-	-	(1)	-	-	(1)
Issue of share capital	-	1	-	-	-	-	1
Sale of treasury shares	-	-	-	-	55	(55)	-
<b>Transactions with owners</b>	-	1	-	8	55	(55)	9
Loss for the year	-	-	-	-	-	(1,023)	(1,023)
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	(1,023)	(1,023)
<b>Balance at 31 December 2023</b>	189	2,283	4	78	-	(2,505)	49
<b>Balance at 1 January 2022</b>	189	2,282	4	354	(55)	216	2,990
Other movements	-	-	-	-	-	26	26
Lapsed share options	-	-	-	(284)	-	284	-
<b>Transactions with owners</b>	-	-	-	(284)	-	310	26
Loss for the year	-	-	-	-	-	(1,953)	(1,953)
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	(1,953)	(1,953)
<b>Balance at 31 December 2022</b>	189	2,282	4	70	(55)	(1,427)	1,063

The accompanying accounting policies and notes form an integral part of the financial statements.



# Consolidated Statement Of Cash-Flows

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Loss after taxation</b>		<b>(1,559)</b>	<b>(671)</b>
Adjustments for: -			
Taxation		(20)	(131)
Fair value movement on financial instruments		150	-
Finance charges		197	35
Investment income		(2)	-
<b>Loss from operations</b>		<b>(1,234)</b>	<b>(767)</b>
Adjustments for: -			
Amortisation and impairment of intangible assets		345	250
Depreciation of property, plant and equipment		97	89
Share based payments - equity settled		38	-
<b>Operating cash flows before movement in working capital</b>		<b>(754)</b>	<b>(428)</b>
Decrease in inventories		105	184
(Increase) / decrease in receivables		(774)	762
Increase / (decrease) in payables		768	(339)
<b>Cash (utilised in) / generated from operations</b>		<b>(655)</b>	<b>179</b>
Corporate tax received		140	79
Interest and finance costs paid		(59)	(35)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(574)</b>	<b>223</b>
<b>Investing activities</b>			
Interest received		2	-
Investment in intangible assets		(292)	(365)
Purchase of property, plant and equipment		(10)	(27)
<b>Net cash used in investing activities</b>		<b>(300)</b>	<b>(392)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital		1	-
Proceeds from issue of convertible loan notes	14	850	-
Costs of issue of convertible loan notes	14	(111)	-
Repayment of obligations under leasing activities	14	(61)	(50)
<b>Net cash generated by / (used in) financing activities</b>		<b>679</b>	<b>(50)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(195)</b>	<b>(219)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>779</b>	<b>996</b>
Exchange differences on cash and cash equivalents		15	2
<b>Cash and cash equivalents at the end of the year</b>		<b>599</b>	<b>779</b>

The accompanying accounting policies and notes form an integral part of the financial statements.

# Company Statement Of Cash-Flows

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Loss after taxation</b>		<b>(1,023)</b>	<b>(1,953)</b>
Adjustments for: -			
Fair value movement on financial instruments		150	-
Finance charges		197	35
Investment income		(2)	-
<b>Loss from operations</b>		<b>(678)</b>	<b>(1,918)</b>
Adjustments for: -			
Depreciation of property, plant and equipment		82	72
Net movement in provision for impairment of investment in subsidiary		-	667
Share based payments - equity settled		9	-
<b>Operating cash flows before movement in working capital</b>		<b>(587)</b>	<b>(1,179)</b>
Increase in receivables		(183)	(27)
(Decrease) / increase in payables		(271)	812
<b>Cash utilised in operations</b>		<b>(1,041)</b>	<b>(394)</b>
Interest paid		(59)	(35)
<b>Net cash outflow from operating activities</b>		<b>(1,100)</b>	<b>(429)</b>
<b>Investing activities</b>			
Interest received		2	-
Investment in shares in subsidiary		-	(1)
Purchase of property, plant and equipment		(7)	(26)
<b>Net cash used in investing activities</b>		<b>(5)</b>	<b>(27)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital		1	-
Proceeds from issue of convertible loan notes	14	850	-
Costs of issue of convertible loan notes	14	(111)	-
Repayment of obligations under leasing activities	14	(61)	(50)
<b>Net cash generated/used in by financing activities</b>		<b>679</b>	<b>(50)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(426)</b>	<b>(506)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>443</b>	<b>949</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>17</b>	<b>443</b>

The accompanying accounting policies and notes form an integral part of the financial statements.

# Notes To The Financial Statements

For the Year Ended 31 December 2023

## 1. Principal Accounting Policies

### Basis of Preparation

Biome Technologies plc is a public limited company, limited by shares, incorporated in England and Wales. The address of the registered office is Starpol Technology Centre, North Road, Marchwood, Southampton SO40 4BL.

The consolidated and company financial statements have been prepared in accordance with UK-adopted international accounting standards.

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies of the Group are set out below.

### Going Concern

The financial statements have been prepared on a going concern basis as the directors believe that the Group has access to sufficient resources to continue in business for the foreseeable future.

The key business risks and conditions that may impact the Group's ability to continue as a going concern are the utilisation of existing resources to finance growth, investment and expenditure; the rates of growth and cash generated by Group revenues; the timing of breakeven and positive cash-flow generation and the ability to secure additional debt or equity financing in future (as has previously been required) if this became necessary. The primary area of judgement that the Board considered, in the going concern assessment, related to revenue expectations.

Whilst recognising that all forecasts carry inherent uncertainty, the Board has endeavoured to establish cash forecasts and projections that are sufficiently robust to allow them to be relied on when making short and medium-term financing decisions. The Board's forecasting process for the Bioplastics division only includes ongoing business and opportunities where customers have confirmed that our products have successfully passed their internal qualification process and where future demand can be established with a high degree of certainty. In the RF Technologies division, the Board recognised that significant delays occurred in closing major contracts during 2023. It therefore reviewed the forecasting process for major contracts and timing of deposit and stage payments with the result that sales and cash flow projections are only included in our cash modelling where the contracts have either been placed or there is compelling evidence that the contracts will be placed. For the cash modelling undertaken for this going concern review, the Board considered that, along with the annual ongoing business that can reasonably be expected, major contracts of c£1.5m, with cash flow and revenue recognition in 2024 had been received by 31 March 2024. The Board has concluded that its base cash model provides a reliable basis upon which a going concern review can be undertaken.

The Board was mindful of the guidance surrounding a severe but plausible assessment and, accordingly, considered a number of scenarios in revenue reduction against the original plans. A reverse stress test was constructed to identify at which point the Group might run out of its available cash. The test was designed specifically to understand how far revenue would need to fall short of the base case forecast and does not represent the directors' view on current and projected trading. The test was modelled over an 18-month period from the date of signing the accounts and was based on budgeted trading that took into account contracted orderbook, existing revenue streams from current customers/products and expected revenue based on management's judgement of the likelihood of converting current sales opportunities. The sales revenue in the budgeted model was reduced evenly across the Group to the point where the projected month-end cash was equal to zero at any point during test period. In the model, zero month-end cash was reached in September 2025 when projected sales revenue was reduced to 88.5% of budget. Since the assessment for going concern is for a minimum period of 12-months from the date of approval of the accounts, a further reverse stress test was conducted over a period to 30 April 2025. In this test reducing sales to 82.8% of budgeted level resulted in a zero month-end cash position at 31 March 2025. For the reverse stress test, the Board specifically excluded any significant upsides to this scenario. This is despite strong incremental demand potential at both existing and new customers in the Bioplastics division. This most severe scenario also excludes any mitigating reduction in the cost base that the Board would undertake in this event or utilisation of the Group's invoice discounting facility. In all scenarios modelled the Group has sufficient resources to operate and meet its liabilities throughout the going concern review period, up to the point where the reverse stress test is reached, without the inclusion of the impact of mitigating actions.

# Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

## 1. Principal Accounting Policies *continued*

The going concern tests were performed on cash models that included the receipt of £400k from the issue of the third tranche of Convertible Loan Notes on 11 March 2024 along with the Deed of Variation of the same date that waived an adjusted net asset covenant at the 31 December 2023 and replaced it with a revised adjusted net asset covenant. Prior to the year ended 31 December 2023, the convertible loan note holders agreed with the Board of directors to waive an adjusted net asset covenant test that was due to be taken on the audited accounts as at 31 December 2023. On 11 March 2024 a Deed of Variation was entered into by the Company and the Noteholders introducing new covenants to be applied to the CLNs. The amended net asset covenant was not breached in any of the scenarios considered in the going concern tests.

At 31 December 2023, the Group had a cash balance of £599k and outstanding Convertible Loan Notes with a redemption value of £850k. As at 26 April 2024 the Group had a cash balance of £563k and outstanding Convertible Loan Notes with a redemption value of £1,250k.

As a result of this review, which incorporated sensitivities and risk analysis, the Directors believe that the Group has sufficient resources and working capital to meet their present and foreseeable obligations for a period of at least 12 months from the approval of these financial statements.

### Accounting Developments and New Standards

#### a) Effective for periods beginning on after 1 January 2023

The following new and amended Standards and Interpretations effective for the financial year beginning 1 January 2023 have been adopted. The adoption of these standards has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction.
- IAS 12 Income taxes: temporary recognition exception to accounting for deferred taxes arising from the implementation of the international tax reform (Pillar Two Model Rules).
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates.
- IAS 1 Presentation of Financial Statements: Disclosure initiative – accounting policies.

#### b) Effective for periods beginning on or after 1 January 2024.

- IAS 1 Presentation of Financial Statements: Classification of Liabilities
- IAS 1 Presentation of Financial Statements: Non-current liabilities with Covenants
- IFRS 16 Leases: Lease liability in a sale and leaseback
- Amendments to IAS 1 – Non-current liabilities with covenants

The directors do not expect that the adoption of items listed above will have a material impact on the financial statements of the Group or Company in future periods.

### Revenue recognition

Revenue is measured at the transaction price received or receivable allocated to the performance obligation satisfied and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. As the expected period between transfer of a promised good or service and payment from the customer is one year or less then no adjustment for a financing component has been made.

Revenue arises mainly from the sale of biodegradable plastic resins, films and mesh goods and associated services within the Bioplastics division, and the sale of equipment, systems, spares and service work related to innovative solutions for thermal process applications within the RF Technologies division.

## 1. Principal Accounting Policies *continued*

Revenues for the Group are derived from several different income streams. Broadly these can be categorised as: -

- Sales of Goods
  - Sales of standard product
  - Sales of custom product that may entail design engineering
- Sales of services
  - Within the Bioplastics division, typically related to the development of materials and/or processes specific to customer requirements
  - Within the RF Technology division, typically related to commissioning of equipment at customers' facilities and maintaining and servicing of equipment previously sold to customers

To determine whether to recognise revenue, the Group follows the five-step process identified in IFRS 15:

- Identifying the contract with the customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligations are satisfied

In determining the appropriate method of recognising revenue, management is required to make judgements as to whether performance obligations are satisfied over a period of time or at a point in time. For performance obligations that are satisfied over a period of time, judgements are made as to whether the output method or the input method is more appropriate to measure progress towards complete satisfaction of the performance obligation. If performance obligations are not satisfied over time, the Group recognises revenue at a point in time.

Revenue is recognised either at a point in time when control passes to the customer or over time as the Group satisfies performance obligations by transferring the promised good or services and depending on the nature of the goods or service being provided.

In certain circumstances, Group companies supply goods to customers on a bill-and-hold basis. This arises where the customer has requested that the selling entity store the goods on behalf of the customer pending their readiness to receive the goods or where goods are supplied on Ex-Works Incoterms and the selling entity is holding the goods, awaiting the customer to arrange collection. In these circumstances, control and the risks and benefits of ownership, along with title to the goods transfer to the customer even though physical possession remains with the Group company.

The Group policy is to recognise revenue on bill-and hold-arrangements when all of the following criteria are met:

- the reason for bill-and-hold is substantive;
- the product is separately identifiable as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- the Group company does not have the ability to use or direct the product to a different customer.

# Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

## 1. Principal Accounting Policies *continued*

The nature of our revenue is disclosed as follows:

### Sale of goods

Bioplastics division sells biodegradable plastic resins that can be formed into film or rigid parts by its customers and sells filter mesh. Revenues from these standard products are recognised on a point of time basis.

The RF Technologies division sells spares parts these are standard products and are recognised at a point in time when control passes to the customer. Revenues from equipment sales are assessed on a contract-by-contract basis to assess whether revenue is recognised at a point in time or over time. When concluding that the contract allows revenue over time an assessment is made as to whether the Group could enforce payment recognising the work completed at any given point should the contract be terminated. Typically, performance obligations are established on the completion of contractual "milestones" defined within contracts with customers. Therefore, the output method is adopted.

### Rendering of services

The RF Technologies division is involved in servicing and maintenance in relation to the equipment described above. Revenues associated with this activity are recognised at a point in time when the service or maintenance work has been completed.

The Bioplastics division carries out paid development work for customers. Revenues associated with this activity are recognised at a point in time when the development has been completed or on the completion of separable, distinct phases of a development project; these phases or milestones are identified in the contracts and values ascribed to them within the contract.

### Other income

#### Grants

Grants relating to the intangible assets are treated as deferred income and released to the statement of income over the expected useful lives of the assets concerned. Other grants are credited to the statement of income as the related expenditure is incurred.

#### Research and Development Expenditure Credits (RDEC)

Credits accruing under the UK governments RDEC scheme are recognised as other income.

### Costs incurred to obtain or fulfil a contract

Costs incurred to obtain or fulfil a contract which do not qualify for recognition as other types of assets are recognised separately and amortised over the expected term of the related contract. Where the expected term is one year or less then costs incurred to obtain a contract are written off as incurred.

### Foreign Currencies

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. Where consideration is received in advance of revenue being recognised the date of the transaction reflects the date the consideration is received. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included within administration expenses. Exchange differences on all other transactions are taken to operating profit.

### Segment reporting

The Group is managed through two operating divisions, Bioplastics and RF Technologies supported by a separately managed Central Costs division. These reportable segments are the three strategic divisions for which monthly financial information is provided to the Board and senior management. The chief operating decision makers for each division are the executive directors and the divisional managing directors who assess performance of the segments using the following key performances indicators: revenues, operating profit and Earnings Before Interest, Taxation, Depreciation and Amortisation. The details provided to the Board with respect to assets and liabilities are measured in a way consistent with the financial statements.

## 1. Principal Accounting Policies *continued*

The Bioplastics division comprises of Biome Bioplastics Limited, Biome Bioplastics Inc an entity registered in Delaware, USA and Biome Bioplastics Inc an entity registered in Ontario, Canada. The two North American entities have commenced trading in their jurisdictions and are supported by personnel in North America and by staff in the UK. The North American market is seen as critical for the development of The Bioplastics division and which supplies a range of biodegradable resins, films and non-woven meshes that replace existing non-biodegradable materials in a wide variety of applications.

The RF Technologies division comprises of Stanelco RF Technologies Limited. The RF Technologies division creates innovative solutions for thermal processes for industrial applications.

The Central Costs division comprises of senior management, corporate and administration functions.

Aquasol Limited and InGel Technologies are non-trading/dormant entities.

Certain expenses incurred by the Central Costs division are allocated and recharged, to the operating divisions. These costs include insurance, accounting, administration, facilities, and executive management activities attributable to the operating divisions. These allocations have been made on a consistent basis to prior years.

### Share-Based Payments

#### *Equity share-based payments*

The Group issues equity-settled share-based payments to directors and employees which must be measured at fair value and recognised as an expense in profit or loss, with a corresponding increase in equity. The fair values of equity-settled payments are measured at the dates of grant using option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the Group's estimate of the number of awards which will be forfeited, either due to employees leaving the Group prior to vesting or due to non-market-based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the award is adjusted for the probability of achieving these via the option pricing model. The total amount recognised in the statement of income as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures.

In the Company accounts where the grants relate to subsidiary employees the initial fair value and any subsequent adjustments are recognised as an addition to the cost of investment in the subsidiary company over the vesting period.

Details of grants, exercises and lapses of equity and cash settled share-based payments are provided in note 17.

### Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

# Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

## 1. Principal Accounting Policies *continued*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

Property, Plant and Equipment

### *Depreciation*

Property, plant and equipment are stated at cost or valuation, net of depreciation and any provision for impairment. No depreciation is charged during the period of construction.

Depreciation is provided on all property, plant and equipment at rates calculated to write off their cost less estimated residual value over their expected useful lives on a straight-line basis, as follows: -

Property	3 to 20 years
Plant and Equipment	3 to 10 years
Fixtures and Fittings	5 to 10 years
Motor vehicles	4 years

Residual value and useful lives are reviewed at least annually. Land is not depreciated.

### *Disposal of assets*

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible Assets

Internally generated intangible assets are amortised on a straight-line basis over their useful lives.

### *Research and development*

Expenditure on research is recognised as an expense in the period in which it is incurred.

Development costs are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.



## 1. Principal Accounting Policies *continued*

Development costs not meeting the criteria for capitalisation are expensed in the period in which they are incurred. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Until completion of the development project, the assets are subject to impairment testing only. Amortisation commences upon completion of the asset and is shown within 'Administrative Expenses' on the consolidated statement of income. Enhancements to developments that have previously been capitalised and where amortisation has already commenced are capitalised and the amortisation of the enhancement commences contemporaneously.

Capitalised development costs are amortised over a period of five years.

### Impairment Testing of Other Intangible Assets and Property, Plant and Equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash-flow evaluation. Impairment loss is charged pro-rata to the assets in the cash generating unit. All assets are subsequently re-assessed for indications that an impairment loss previously recognised may no longer exist.

### Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

### Inventories

Inventory and work in progress is stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and consists of material and direct labour costs, together with an appropriate proportion of production overheads based upon normal levels of activity. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### Interest

#### *Interest received*

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Interest paid*

Interest paid relates to interest payments due to holders of convertible loan notes and leased liabilities as explained in the following leased asset accounting policy.

### Leased Assets

#### *The Group as a lessee*

For all contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as a 'contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets the following evaluations:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group

# Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

## 1. Principal Accounting Policies *continued*

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, including inflation adjustments to rent reviews for property leases, and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and the lease liabilities have been separately identified and split between short-term (less than one year) and long-term (greater than one year) liabilities.

### *Financial instruments*

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### *Financial Assets*

Financial assets held by the Group comprise cash and receivables. Financial assets are assigned to a category by management on initial recognition, depending on the purpose for which they were acquired. The Group has adopted the simplified model for trade receivables allowable under IFRS 9 "Financial Instruments".

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Financial assets are measured at amortised cost when both of the following conditions are met:

- the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash-flows and

## 1. Principal Accounting Policies *continued*

- the contractual terms of the financial asset give rise on specific dates to cash-flows that are solely payments of principal and interest on the principal amount owing.

The Group has a relatively small number of customers and therefore the assessment of impairment of trade receivables is done on a customer-by-customer basis, based on historical impairments and cash collection history, as well as a review of lifetime expected credit losses that are estimated based on historical loss rates for the relevant country where the customer is domiciled, adjusted where evidence is available that different rates are likely to apply in the future. This is based on changes to the expected insolvency rates in the relevant countries.

An assessment for impairment is undertaken at least at each date of the statement of financial position. A financial asset is derecognised only where the contractual rights to the cash-flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash-flows of the asset have been transferred or the Group retains the contractual rights to receive the cash-flows of the asset but assumes a contractual obligation to pay the cash-flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Investments in subsidiaries and joint ventures in the parent Company accounts are initially measured at cost less impairment charges. Impairment is reviewed on an annual basis.

### *Financial Liabilities*

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities are financial instruments (convertible loan notes), trade and other payables. The Company's financial liabilities additionally include intercompany payables. Financial liabilities, excluding financial instruments, are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance charges in the Statement of Income. Financial instruments are recorded at fair value based on the Company's share price as reported on the AIM market at date of the Consolidated Statement of Financial Position, a fair value movement is recorded in the Consolidated Statement of Income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are initially recorded at fair value net of issue costs and then subsequently measured at amortised cost.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

### *Effective interest rate method*

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash-flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### *Equity*

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue;
- "Capital redemption reserve" represents the nominal value of bought back shares that were cancelled;

# Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

## 1. Principal Accounting Policies *continued*

- "Share options reserve" represents equity-settled share-based employee remuneration until such share options are exercised or lapse;
- "Translation reserve" represents the differences arising from translation of investments in overseas subsidiaries;
- "Treasury Shares Reserve" represents the amount arising on the purchase of the Company's own shares less sales of those shares, gains/losses on the sale of treasury shares are transferred to or Retained Losses as appropriate; and
- "Retained earnings" represents accumulative retained profits and losses after taxation.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### Pensions

The Group makes payments to defined contribution schemes. Contributions to the defined contribution pension schemes are charged to profit or loss in the year in which they become payable.

### Critical Accounting Judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the reporting period.

Areas where the directors believe critical accounting judgement is required are: -

### *Capitalisation of development costs*

In determining whether development costs should be capitalised it needs to be established, inter alia, whether completion of the intangible asset is technically feasible, whether the intangible asset will generate probable future economic benefits and whether there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Development costs are capitalised if they meet these conditions and the other less subjective conditions detailed in the "Research and development" section of the accounting policies. At the year end the balance of capitalised development costs, after amortisation, totalled £788,000 (2022: £841,000).

### *Going concern*

As set out above, the board conducted a review of potential trading scenarios, which incorporated sensitivities and risk analysis, the Directors believe that the Group has sufficient resources and working capital to meet their present and foreseeable obligations for a period of at least 12 months from the approval of these financial statements. Therefore, these accounts have been produced on a going concern basis.

### *Revenue recognition*

Revenue is recognised over time in respect of certain long-term contracts that the Group from time to time transacts. In recognising revenue and the associated cost of revenue judgements are made by management in respect of the completion of outputs and costs incurred and remaining.

## 1. Principal Accounting Policies *continued*

### Key Sources of Estimation Uncertainty

#### *Investments*

The directors make an assessment of the carrying value of investments at least annually. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-flows (cash-generating units). The cash-generating units being the RF Technologies division and the Bioplastics division, Investments are allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash-flows. An annual assessment is made on each investment to ensure that the anticipated future cash-flows, discounted at 25% (2022: 25%), exceed the carrying value of the investment. If the anticipated discounted cash-flow does not exceed the investment value, then the difference is written off to administrative expenses.

The review of investments for the year did not result in an impairment charge (2022: £667,000). The carrying value of equity investments in subsidiary companies in the Company accounts is £2,077,000 (2022: £2,077,000). The carrying value for the RF Technologies division at 31 December 2023 was £807,000 and the Bioplastics division was £1,270,000. A 5% change in the discount rate results in a £396,000 and £97,000 reduction in the net present value of the future income streams of the RF Technologies and Bioplastics divisions respectively.

The discount rate used would need to be increased to above 58.7% before a further impairment charge was required for the carrying value of the investment in the RF Technologies division.

The discount rate used would need to be increased to above 94.7% before a further impairment charge was required for the carrying value of the investment in the Bioplastics division.

#### *Intangible assets*

The directors make an assessment of the carrying value of the capitalised development costs at least annually forecasting cash-flows from the relevant product families and developed technologies. These forecasts were prepared with the reference to ongoing business levels, the commercialisation, and increased volume, from the existing trials and launches within the Bioplastics division.

An assessment is made of the addressable market and the Bioplastics division's likely share of these markets over the following five years. The potential profit margin is then discounted back using a 25% discount factor to test that the discounted cash-flow of potential profit margin exceeds the capitalised carrying value of the development product. If the discounted cash-flow of potential profit margin does not exceed the capitalised carrying value, then the difference is written off to administrative expenses. The current carrying value of intangible assets in the Group is £788,000 (2022: £841,000). The useful economic life of intangible assets is estimated at five years and amortised to zero over this period. The anticipated annual amortisation charge for current investment pool is £264,000 therefore if the life of the investment pool was increased or decreased by a year the carrying value of investments would increase or decrease by £264,000.

#### *Allowance for doubtful debts*

The management of the Group make an assessment on the recoverability of trade debt receivables based on the payment terms, age of the debt and discussions with the debtor. During the year £228,000 of doubtful debts, provided for in previous years, were written off as unrecoverable (2022: £nil) and at 31 December 2023 the allowance for doubtful debts was £nil (2022: £284,000). As at 31 December 2023, the net value of trade debt receivable was £1,045,000 (2022: £436,000).

#### *Inventory*

A review is made of slow-moving inventories and a provision is made based on the potential use of slow-moving inventories within the existing product range going forward. Estimates and judgements are made in order to assess likely future sales and margins on these products. These estimates include consideration of the impact on supplies, logistics and customer take up due to increased shipping times resulting from the conflict in the Middle East and the war in Ukraine. As at 31 December 2023, the net value of inventory was £631,000 (2022: £736,000). Details of inventory values are set out in Note 10 of these accounts. As inventory amounts are assessed on item-by-item basis, each judgement is binary and therefore the range of alternative estimations range from £nil to £631,000.

# Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

## 2. Segmental Information

a. By Business Activity for the Year Ended 31 December 2023

	2023				2022			
	£'000 Bioplastics	£'000 RF	£'000 Central	£'000 Total	£'000 Bioplastics	£'000 RF	£'000 Central	£'000 Total
<b>Revenue from sales</b>	<b>6,014</b>	<b>999</b>	<b>–</b>	<b>7,013</b>	<b>4,393</b>	<b>1,809</b>	<b>–</b>	<b>6,202</b>
Removal of inter-segment sales	–	(37)	–	(37)	–	(14)	–	(14)
<b>Total external sales</b>	<b>6,014</b>	<b>962</b>	<b>–</b>	<b>6,976</b>	<b>4,393</b>	<b>1,795</b>	<b>–</b>	<b>6,188</b>
<b>(Loss)/profit from operations</b>	<b>(531)</b>	<b>(225)</b>	<b>(478)</b>	<b>(1,234)</b>	<b>(734)</b>	<b>176</b>	<b>(209)</b>	<b>(767)</b>
Interest received	–	–	2	2	–	–	–	–
Finance charges	(4)	–	(193)	(197)	–	–	(35)	(35)
Fair value movement on financial instruments	–	–	(150)	(150)	–	–	–	–
<b>Loss before taxation</b>	<b>(535)</b>	<b>(225)</b>	<b>(819)</b>	<b>(1,579)</b>	<b>(734)</b>	<b>176</b>	<b>(244)</b>	<b>(802)</b>
Taxation	20	–	–	20	131	–	–	131
<b>Loss for the year</b>	<b>(515)</b>	<b>(225)</b>	<b>(819)</b>	<b>(1,559)</b>	<b>(603)</b>	<b>176</b>	<b>(244)</b>	<b>(671)</b>
<i>Reconciliation to Loss Before Interest Tax Depreciation and Amortisation (LBITDA)</i>								
<b>(Loss)/profit from operations</b>	<b>(531)</b>	<b>(225)</b>	<b>(478)</b>	<b>(1,234)</b>	<b>(734)</b>	<b>176</b>	<b>(209)</b>	<b>(767)</b>
Depreciation/amortisation	391	47	4	442	292	43	4	339
Share based payments	18	11	9	38	–	–	–	–
<b>LBITDA</b>	<b>(122)</b>	<b>(167)</b>	<b>(465)</b>	<b>(754)</b>	<b>(442)</b>	<b>219</b>	<b>(205)</b>	<b>(428)</b>
<b>Other segmental information</b>								
Capital Expenditure								
Property, plant and equipment	4	11	2	17	15	69	1	85
Intangible assets	292	–	–	292	365	–	–	365
<b>Total Capital Expenditure</b>	<b>296</b>	<b>11</b>	<b>2</b>	<b>309</b>	<b>380</b>	<b>69</b>	<b>1</b>	<b>450</b>
<b>Total Assets</b>	<b>3,363</b>	<b>648</b>	<b>(176)</b>	<b>3,835</b>	<b>2,632</b>	<b>920</b>	<b>48</b>	<b>3,600</b>

## 2. Segmental Information continued

b. By Geographical Region for the Year Ended 31 December 2023

	2023			2022		
	Revenue £'000	Total assets £'000	Capital additions £'000	Revenue £'000	Total assets £'000	Capital additions £'000
UK	804	2,200	309	1,187	2,740	450
Hungary	183	–	–	268	–	–
Germany	40	–	–	607	–	–
Portugal	180	–	–	–	–	–
Other Europe	123	–	–	113	–	–
Canada	1,208	530	–	595	1	–
USA	4,274	1,086	–	3,102	859	–
Costa Rica	–	–	–	125	–	–
India	148	–	–	86	–	–
Asia	16	–	–	105	–	–
	<b>6,976</b>	<b>3,816</b>	<b>309</b>	<b>6,188</b>	<b>3,600</b>	<b>450</b>

Revenue is attributed to individual countries based on the location of the customer.

In the year, the Group had two customers (2022: one customer) who accounted for more than 10% of Group revenues. Both customers were in the Bioplastics division with aggregate revenue of £4.3m (2022: £2.8m).

## 3. Revenue

	2023 £'000	2022 £'000
Sales of goods	6,827	5,938
Sales of services	149	250
	<b>6,976</b>	<b>6,188</b>

The Group's revenue disaggregated by pattern of revenue is as follows:

		2023 £'000	2022 £'000
Point in time	Sales of goods	6,734	4,613
	Sales of services	149	250
		<b>6,883</b>	<b>4,863</b>
Over time	Sales of goods	93	1,325
		<b>6,976</b>	<b>6,188</b>

At 31 December 2023, there were no contracts where there were performance obligations of greater than one year (2022: none).

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 3. Revenue continued

Other income not included in sales revenue and recognised in the year consisted of the following:

	2023 £'000	2022 £'000
Grant income in respects of research and development	364	205
Miscellaneous other income	13	–
Receipts for research and development expenditure credits	54	6
	<b>431</b>	<b>211</b>

### 4. Administrative Expenses

a. Administrative Expenses Include:

	2023 £'000	2022 £'000
Depreciation, amortisation and impairment:		
Other intangible assets, owned	345	250
Property, plant and equipment, owned	97	89
Hire of plant and machinery	10	4
Short term leases	13	11
Share option charges - equity settled	38	–
Foreign exchange losses/ (gains)	65	(108)

b. Auditors' Remuneration

	2023 £'000	2022 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	40	40
Fees payable to the company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	45	35
Total charged to the consolidated statement of income	<b>85</b>	<b>75</b>

c. Reconciliation to Performance Measures – LBITDA

	2023 £'000	2022 £'000
Loss from operations per consolidated statement of income	(1,234)	(767)
Amortisation	345	250
Depreciation	97	89
Share option charges - equity settled	38	–
	<b>(754)</b>	<b>(428)</b>



## 5. Directors and Employees

	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
Management	6	6	4	4
Administration	3	3	2	2
Sales	2	2	–	–
Manufacturing, engineering and technical	15	16	–	–
	<b>26</b>	<b>27</b>	<b>6</b>	<b>6</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Staff costs:</b>				
Wages and salaries	1,779	1,617	725	678
Social security costs	201	195	89	87
Post-employment benefits	88	94	23	23
	<b>2,068</b>	<b>1,906</b>	<b>837</b>	<b>788</b>
<b>Directors' remuneration:</b>				
Short term employment benefits	499	498	499	498
Post-employment benefits	15	15	15	15
	<b>514</b>	<b>513</b>	<b>514</b>	<b>513</b>

## 6. Taxation

Analysis of charge in year

	Group	
	2023 £'000	2022 £'000
<b>Current income tax</b>		
Current tax credit	(21)	(134)
Adjustment in respect of prior periods:	1	3
Total current income tax (see below)	<b>(20)</b>	<b>(131)</b>
UK Corporation tax	<b>(20)</b>	<b>(131)</b>
Overseas corporation tax	–	–
Total consolidated corporation tax credit	<b>(20)</b>	<b>(131)</b>

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 6. Taxation continued

Factors affecting the total tax credit for year

	Group	
	2023	2022
	£'000	£'000
Loss on ordinary activities before taxation	(1,579)	(802)
Profit before taxation multiplied by the average standard rate of corporation tax in the UK (23.5%) (2022:19.0%)	(371)	(152)
<b>Effect of:</b>		
Additional deduction for research and development expenditure	(87)	(169)
Unrealised tax losses and other deductions arising	377	192
Expenses not deductible for tax purposes	130	49
Rate difference between CT rate and rate of R & D repayment	23	42
Under provision in prior year	1	3
Other short-term timing differences	(93)	(96)
	351	21
<b>Total UK corporation tax</b>	<b>(20)</b>	<b>(131)</b>
Overseas corporation tax	-	-
<b>Tax credit for the year</b>	<b>(20)</b>	<b>(131)</b>

In the current year, other income includes £54,000 (2022: £6,000) arising from Research and Development Expenditure Credit scheme (RDEC) that is accounted for as a government grant (see note 3).

The Group has estimated trading losses of £34.6m (2022: £32.9m) available indefinitely for carry forward against future trading profits. The Company has estimated trading losses of £23.8m (2022: £22.8m) available indefinitely for carry forward against future trading profits. The Group had capital losses of £1.5m (2022: £1.5m). Deferred tax assets have not been recognised in respect of these losses as there is insufficient certainty of future taxable profits against which to utilise them.

## 7. Goodwill and Other Intangible Assets

Group	Goodwill relating to Aquasol £'000	Other intangible assets £'000	Total £'000
<b>Cost:</b>			
At 1 January 2022	1,991	5,568	7,559
Additions	–	365	365
At 1 January 2023	<b>1,991</b>	<b>5,933</b>	<b>7,924</b>
Additions	–	292	292
<b>At 31 December 2023</b>	<b>1,991</b>	<b>6,225</b>	<b>8,216</b>
<b>Accumulated amortisation and impairment:</b>			
At 1 January 2022	1,991	4,842	6,833
Provided in the year - charge for the year	–	250	250
At 1 January 2023	<b>1,991</b>	<b>5,092</b>	<b>7,083</b>
Provided in the year - charge for the year	–	345	345
<b>At 31 December 2023</b>	<b>1,991</b>	<b>5,437</b>	<b>7,428</b>
<b>Net book value:</b>			
<b>At 31 December 2023</b>	<b>–</b>	<b>788</b>	<b>788</b>
At 31 December 2022	–	841	841

Other Intangible Assets comprise £788,000 (2022: £841,000) of capitalised development costs net of accumulated amortisation and impairment. The remaining amortisation period on the £788,000 of other intangible assets as at 31 December 2023 is a weighted average of 2.1 years (2022: 2.9 years). The Company had no Goodwill or Other Intangible Assets at 31 December 2023 (2022: £nil). All of the £788,000 (2022: £841,000) of capitalised development costs net of accumulated amortisation and impairment relates to the Bioplastics division.

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 8. Property, Plant and Equipment

a. Group

	Land, buildings and leasehold improvements £'000	Motor vehicles £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost:</b>					
At 1 January 2022	674	9	788	233	1,704
Additions	–	58	6	21	85
Disposals	–	(9)	–	–	(9)
At 1 January 2023	<b>674</b>	<b>58</b>	<b>794</b>	<b>254</b>	<b>1,780</b>
Additions	–	7	6	4	17
Disposals	–	(8)	–	–	(8)
<b>At 31 December 2023</b>	<b>674</b>	<b>57</b>	<b>800</b>	<b>258</b>	<b>1,789</b>
<b>Depreciation:</b>					
At 1 January 2022	287	6	688	221	1,202
Charge for year	50	12	23	4	89
Disposals	–	(9)	–	–	(9)
At 1 January 2023	<b>337</b>	<b>9</b>	<b>711</b>	<b>225</b>	<b>1,282</b>
Charge for year	<b>50</b>	<b>19</b>	<b>22</b>	<b>6</b>	<b>97</b>
Disposals	–	(8)	–	–	(8)
At 31 December 2023	<b>387</b>	<b>20</b>	<b>733</b>	<b>231</b>	<b>1,371</b>
<b>Net book value:</b>					
<b>At 31 December 2023</b>	<b>287</b>	<b>37</b>	<b>67</b>	<b>27</b>	<b>418</b>
Net book value: At 31 December 2022	337	49	83	29	498

## 8. Property, Plant and Equipment continued

b. Company

	Land, buildings and leasehold improvements £'000	Motor vehicles £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost:</b>					
At 1 January 2022	499	9	85	8	601
Additions	-	58	6	21	85
Disposals	-	(9)	-	-	(9)
At 1 January 2023	<b>499</b>	<b>58</b>	<b>91</b>	<b>29</b>	<b>677</b>
Additions	-	7	4	3	14
Disposals	-	(8)	-	-	(8)
<b>At 31 December 2023</b>	<b>499</b>	<b>57</b>	<b>95</b>	<b>32</b>	<b>683</b>
<b>Depreciation:</b>					
At 1 January 2022	111	6	65	5	187
Charge for year	50	12	10	1	73
Disposals	-	(9)	-	-	(9)
At 1 January 2023	<b>161</b>	<b>9</b>	<b>75</b>	<b>6</b>	<b>251</b>
Charge for year	<b>50</b>	<b>19</b>	<b>9</b>	<b>4</b>	<b>82</b>
Disposals	-	(8)	-	-	(8)
<b>At 31 December 2023</b>	<b>211</b>	<b>20</b>	<b>84</b>	<b>10</b>	<b>325</b>
<b>Net book value:</b>					
<b>At 31 December 2023</b>	<b>288</b>	<b>37</b>	<b>11</b>	<b>22</b>	<b>358</b>
Net book value: At 31 December 2022	338	49	16	23	426

# Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

## 9. Investments

	Total £'000
<b>Investments Company</b>	
<b>Cost:</b>	
At 1 January 2023	5,494
Additions	–
At 31 December 2023	5,494
<b>Diminution in value:</b>	
At 1 January 2023	3,417
Impairments	–
At 31 December 2023	3,417
<b>Net book value:</b>	
<b>At 31 December 2023</b>	<b>2,077</b>
At 31 December 2022	2,077

There were no impairment charges in the year. In the year ended 31 December 2022 impairments of £667,000 were made in relation to the carrying value of Stanelco RF Technologies Limited.

Holding of more than 20 per cent.

The Company holds more than 20 per cent of the share capital of the following companies:

Company	Country of registration	Class	Percentage of shares held
Stanelco RF Technologies Limited	England and Wales	3 Ordinary £1 shares	100.0%
InGel Technologies Limited	England and Wales	9,500 Ordinary "A" 1p shares	93.7%
Biome Bioplastics Limited	England and Wales	3 Ordinary £1 shares	100.0%
Aquasol Limited	England and Wales	29,000 Ordinary £1 shares	100.0%
Biome Bioplastics Inc.	Delaware, USA	1,000 Ordinary \$0.01 shares	100.0%
Biome Bioplastics Inc.	Ontario, Canada	100 Ordinary \$1 shares	100.0%

The registered address of each of the subsidiaries registered in England and Wales, listed above, is Starpol Technology Centre, North Road, Marchwood, Southampton, SO40 4BL, Biome Bioplastics Inc (USA) is 16192 Coastal Highway, Lewes, County of Sussex, Delaware, USA and Biome Bioplastics Inc (Canada) is 135 Queen's Plate Drive, Suite 600, Toronto, Ontario, M9W 6V7, Canada.

Stanelco RF Technologies Limited is involved in the development, manufacture and supply of thermal process solutions. Biome Bioplastics Limited, Biome Bioplastics Inc (USA) and Biome Bioplastics Inc (Canada) are companies that specialises in the formulation and manufacture and sale of bio-based and biodegradable plastics. InGel Technologies Limited is dormant and Aquasol Limited is non trading not requiring an audit.

All companies are wholly owned by Biome Technologies plc except for InGel Technologies Limited in which a 6.3 per cent shareholding is held by Cardinal Health 409 Incorporated (formerly R.P. Scherer Corporation).

## 10. Inventories

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Raw materials and consumables	290	463	-	-
Work in progress	28	-	-	-
Finished goods and goods for resale	313	273	-	-
<b>Total</b>	<b>631</b>	<b>736</b>	<b>-</b>	<b>-</b>

Cost of sales in the consolidated statement of income relates to the cost of goods sold. Stock recognised in cost of sales during the year as an expense was £4,713,000 (2022: £3,857,000).

## 11. Trade and Other Receivables

### a. Group

	2023 £'000	2022 £'000
Trade receivables	1,045	436
Other receivables	123	49
Prepayments and accrued income	157	120
<b>Total</b>	<b>1,325</b>	<b>605</b>

An allowance has been made for estimated irrecoverable amounts from the sale of goods. These amounts were calculated, after making specific impairments, by reference to an expected loss model and with regard to past default experience. Specific impairments were made during the year of £nil (2022: £20,000). Payments of £34,000 in respect of receivables that had previously been impaired (2022: £3,000). The directors consider that the carrying amount of trade and other receivables approximates their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The average credit period taken on the sale of goods was 55 days (2022: 29 days).

Ageing of past due but not impaired receivables is as follows:

	2023 £'000	2022 £'000
31 - 60 days past due	35	14
61 - 90 days past due	19	8
91+ days past due	22	18
<b>Total</b>	<b>76</b>	<b>40</b>

In determining the recoverability of a trade receivable, the directors consider any changes in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. Accordingly, the directors believe that there is no further provision required more than the allowance for doubtful debts.

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 11. Trade and Other Receivables *continued*

Ageing of impaired receivables is as follows:

	2023 £'000	2022 £'000
61 - 90 days past due	–	20
120+ days past due	–	252
<b>Total</b>	<b>–</b>	<b>272</b>

#### b. Company

	2023 £'000	2022 £'000
Other receivables	35	38
Prepayments and accrued income	54	59
<b>Total</b>	<b>89</b>	<b>97</b>

Details of the intragroup receivables can be found in Note 26.

### 12. Trade and Other Payables

#### a. Group

	2023 £'000	2022 £'000
Trade payables	1,205	554
Other taxation and social security costs	101	56
Other payables	26	69
Accruals and deferred income	369	254
<b>Total</b>	<b>1,701</b>	<b>933</b>

Included in accruals and deferred income were contract liabilities at the 31 December 2023 of £149,000 (2022: £33,000). Revenue recognised during the year from contract liabilities brought forward was £33,000.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases during the year was 71 days (2022: 47 days). For all suppliers, no interest is charged if the trade payable exceeds the credit period. The carrying amount of all trade and other payables is a reasonable approximation of fair value.

#### b. Company

	2023 £'000	2022 £'000
Trade payables	135	56
Other taxation and social security costs	64	51
Other payables	20	17
Accruals and deferred income	175	117
<b>Total</b>	<b>394</b>	<b>241</b>



## 12. Trade and Other Payables *continued*

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. For all suppliers, no interest is charged if the trade payable exceeds the credit period.

The carrying amount of all trade and other payables is a reasonable approximation of fair value. Details of the intragroup payables can be found in Note 26.

## 13. Financial Instruments

The Group's financial instruments comprise cash and cash equivalents and items such as convertible loan notes, trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and foreign exchange risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. See note 21 for further details on risk management.

### Categories of Financial Instruments

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Cash	599	779	17	443
Loans and receivables	1,242	626	253	70
<b>Financial liabilities recorded at amortised cost / fair market value</b>				
Trade and other payables	1,701	933	1,327	1,598
Lease liabilities	355	409	355	409
Convertible loan notes	504	–	504	–
Derivative financial instruments	523	–	523	–
<b>Net foreign currency monetary assets</b>				
Euros	107	17	1	1
US Dollars	351	614	6	301
Canadian Dollars	7	–	–	–

The Group's finance function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages financial risk relating to the operations of the Group.

All of the Group and Company's financial instruments are considered to be held at an approximation to fair value.

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 13. Financial Instruments continued

Maturity of financial liabilities

Contractual undiscounted cash-flows in respect of financial liabilities at their normal maturity date are as follows:

Group 2023	0-60 days £'000	61 days – 6 months £'000	7 months – 1 year £'000	13 months – 2 years £'000	2-5 years £'000	5-10 years £'000	Total £'000
Trade and other payables	1,701	–	–	–	–	–	1,701
Lease liabilities	16	28	43	97	216	39	439
Financial instruments	–	–	–	–	850	–	850
<b>Total</b>	<b>1,717</b>	<b>28</b>	<b>43</b>	<b>97</b>	<b>1,066</b>	<b>39</b>	<b>2,990</b>

Group 2022	0-60 days £'000	61 days – 6 months £'000	7 months – 1 year £'000	13 months – 2 years £'000	2-5 years £'000	5-10 years £'000	Total £'000
Trade and other payables	933	–	–	–	–	–	933
Lease liabilities	16	28	42	100	226	111	523
<b>Total</b>	<b>949</b>	<b>28</b>	<b>42</b>	<b>100</b>	<b>226</b>	<b>111</b>	<b>1,456</b>

Company 2023	0-60 days £'000	61 days – 6 months £'000	7 months – 1 year £'000	13 months – 2 years £'000	2-5 years £'000	5-10 years £'000	Total £'000
Trade and other payables	1,327	–	–	–	–	–	1,327
Lease liabilities	16	28	43	97	216	39	439
Financial instruments	–	–	–	–	850	–	850
<b>Total</b>	<b>1,343</b>	<b>28</b>	<b>43</b>	<b>97</b>	<b>1,066</b>	<b>39</b>	<b>2,616</b>

Company 2022	0-60 days £'000	61 days – 6 months £'000	7 months – 1 year £'000	13 months – 2 years £'000	2-5 years £'000	5-10 years £'000	Total £'000
Trade and other payables	1,598	–	–	–	–	–	1,598
Lease liabilities	16	28	42	100	226	111	523
<b>Total</b>	<b>1,614</b>	<b>28</b>	<b>42</b>	<b>100</b>	<b>226</b>	<b>111</b>	<b>2,121</b>

## 14. Financial Liabilities

### a. Obligations Under Leases

The Group leases its main building with the current lease coming into effect on 12 October 2019 which is treated as a right of use asset in accordance with the provisions of IFRS 16. In addition, the company leases motor vehicles provided to employees, these are also treated as a right of use asset in accordance with the provisions of IFRS 16. The lease for the building and motor vehicles are reflected on the statement of financial position under property, plant and equipment as a right-of-use asset as follows:

	Opening Book Value £'000	Additions £'000	Depreciation Charge £'000	Closing book value £'000
Premises	334	–	(50)	284
Motor vehicles	49	7	(19)	37
<b>Total</b>	<b>383</b>	<b>7</b>	<b>(69)</b>	<b>321</b>

Lease liabilities are presented in the statement of financial position as follows:

	Group £'000
Lease liability as at 1 January 2023	409
New leases entered into during the year	7
Interest charged during the year	31
Payments made during the year	(92)
<b>Lease liability as at 31 December 2023</b>	<b>355</b>

	2023 £'000	2022 £'000
Lease liability payable in less than a year	60	55
Lease liability payable in more than one year	295	354
<b>Total</b>	<b>355</b>	<b>409</b>

### b. Reconciliation on liabilities arising from financing activities (Group and Company)

	As at 1 January £	Cash flows		Non-cash charges			As at 31 December £
		Payments £	Obligations incurred £	Fair value adjustment £	Interest charged £		
<b>2023</b>							
Lease liabilities	409	(92)	7	–	31	355	
Convertible loan notes	–						
Debt component	–	(85)	477	–	112	504	
Embedded derivative component	–	–	373	150	–	523	
	409	(177)	857	150	143	1,382	

	As at 1 January £	Cash flows		Non-cash charges			As at 31 December £
		Lease Payments £	Obligations incurred £	Fair value adjustment £	Interest charged £		
<b>2022</b>							
Lease liabilities	401	(83)	58	–	33	409	

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 15. Share Capital

Total Shares	2023		2022	
	Shares	£'000	Shares	£'000
Allotted, issued and fully paid: Ordinary shares of 5p each				
At 1 January	3,772,640	189	3,772,640	189
Issued in the year	9,956	–	–	–
As at 31 December	3,782,596	189	3,772,640	189
<b>Treasury Shares</b>				
	Shares	£'000	Shares	£'000
At 1 January	16,710	1	16,710	1
Purchased in the year	–	–	–	–
Sold in the year	(16,710)	(1)	–	–
Shares held in treasury	–	–	16,710	1
Shares carrying voting rights	3,782,596	189	3,755,930	188

Shares held in treasury do not carry rights to participation in assets, dividends or voting. All other shares carry equal participation in assets, rights to a dividend and voting power.

Treasury share movements in the year ended 31 December are summarised as follows:

	2023	2022
Number of shares purchased in the year	–	–
Percentage of issued share capital purchased in the year	0.0%	0.0%
Nominal value of shares purchased £'000s	–	–
Aggregate consideration paid for treasury shares £'000s	–	–
Maximum number of shares held during the year	16,710	16,710
Percentage of issued share capital of maximum number of shares held in the year	0.4%	0.4%
Nominal value of maximum number of shares held in treasury £'000s	1	1
Number of shares sold from treasury	16,710	–
Percentage of issued share capital of shares sold from treasury	0.4%	0.0%
Nominal value of shares sold from treasury £'000s	1	–
Aggregate consideration received for shares sold from treasury £'000s	1	–

#### Loss per share

The calculation of loss per share is based on the loss attributable to the equity holders of the parent for the year of £1,559,000 (2022: loss of £671,000) and a weighted average of 3,771,720 (2022: 3,742,655) ordinary shares carrying voting rights for basic loss per share and a weighted average of 3,778,542 (2022: 3,742,655) ordinary shares carrying voting rights for diluted loss per share.

Details of share options which could potentially dilute basic loss per share in future periods are given in Note 17.

## 16. Reserves and Accumulated Profits

### a. Group

	Share premium account £'000	Capital redemption reserve £'000	Share option reserve £'000	Translation reserve £'000	Treasury reserve £'000	Retained earnings £'000
<b>Opening balance as at 1 January 2023</b>	2,282	4	102	(83)	(55)	(181)
Loss for the year	-	-	-	-	-	(1,559)
Currency translation movement arising on consolidation	-	-	-	15	-	-
Issue of share capital	1	-	-	-	-	-
Exercise of share options	-	-	(1)	-	-	-
Sale of treasury shares	-	-	-	-	55	(55)
Share options charge for the year	-	-	38	-	-	-
<b>Balance at 31 December 2023</b>	<b>2,283</b>	<b>4</b>	<b>139</b>	<b>(68)</b>	<b>-</b>	<b>(1,795)</b>

	Share premium account £'000	Capital redemption reserve £'000	Share option reserve £'000	Translation reserve £'000	Treasury reserve £'000	Retained earnings £'000
<b>Balance as at 1 January 2022</b>	2,282	4	487	(85)	(55)	79
Loss for the year	-	-	-	-	-	(671)
Currency translation movement arising on consolidation	-	-	-	2	-	-
Other movements	-	-	-	-	-	26
Share options charge for the year	-	-	(385)	-	-	385
<b>Balance at 31 December 2022</b>	<b>2,282</b>	<b>4</b>	<b>102</b>	<b>(83)</b>	<b>(55)</b>	<b>(181)</b>

### b. Company

	Share premium account £'000	Capital redemption reserve £'000	Share option reserve £'000	Treasury reserve £'000	Retained earnings £'000
<b>Opening balance as at 1 January 2023</b>	2,282	4	70	(55)	(1,427)
Loss for the year	-	-	-	-	(1,023)
Issue of share capital	1	-	-	-	-
Exercise of share options	-	-	(1)	-	-
Sale of treasury shares	-	-	-	55	(55)
Share options charge for the year	-	-	9	-	-
<b>Balance at 31 December 2023</b>	<b>2,283</b>	<b>4</b>	<b>78</b>	<b>-</b>	<b>(2,505)</b>

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 16. Reserves and Accumulated Profits continued

	Share premium account £'000	Capital redemption reserve £'000	Share option reserve £'000	Treasury reserve £'000	Retained earnings £'000
Opening balance as at 1 January 2022	2,282	4	354	(55)	216
Loss for the year	-	-	-	-	(1,953)
Other movements	-	-	-	-	26
Share options charge for the year	-	-	(284)	-	284
<b>Balance at 31 December 2022</b>	<b>2,282</b>	<b>4</b>	<b>70</b>	<b>(55)</b>	<b>(1,427)</b>

In accordance with the concession granted under Section 408 Companies Act 2006, the profit and loss account of the holding company has not been separately presented. The retained loss of the holding company for the year is £1,023,000 (2022: retained loss £1,953,000).

### 17. Share Option Reserve

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening balance	102	487	70	354
Income and expenditure charge for the year in respect of the fair value of share-based payments under share option awards	38	-	9	-
Share options exercised	(1)	-	(1)	-
Expired and cancelled share options taken directly to reserves	-	(385)	-	(284)
Closing balance	139	102	78	70

Under International Financial Reporting Standard number 2, Share Based Payments (IFRS 2), the fair value of share-based payments is expensed in profit or loss throughout their vesting period.

#### Share option award schemes

On 20 December 2017 the Company granted share options under a Long-Term Incentive Plan (2017 LTIP) which replaced the expired 2014 EMI share option scheme and further grants were made on 17 February 2020 and 28 May 2021. To the maximum extent possible these share options have been issued as Enterprise Management Incentive (EMI) options.

The 2017 EMI share options were granted by the Board to employees of the Company and UK subsidiaries at an exercise price equal to the market price at the date of grant. The options had a four-year vesting period with vesting commencing on 10 December 2018 and every six months thereafter. Vested shares must be exercised within five years from the date of grant. Performance conditions restrict the number of shares exercisable, further details can be found in the Director's remuneration report on pages 29 and 30 of this Report.

On 9 October 2023 the Company granted share options under a new Long-Term Incentive Plan (2023 LTIP) which replaced the expired a Long-Term Incentive Plan (2017 LTIP). To the maximum extent possible these share options have been issued as Enterprise Management Incentive (EMI) options.

## 17. Share Option Reserve *continued*

The 2023 EMI share options were granted by the Board to employees of the Company and UK subsidiaries at an exercise price equal to the market price at the date of grant. The options have two cohorts for Persons Discharging Managerial Responsibility (PDMRs) and non-PDMRs. There are two vesting dates, the first date being the first dealing day immediately following publication of the Company's audited financial statements for the year ending 31 December 2023 and the second date being the first dealing day immediately following publication of the Company's audited financial statements for the year ending 31 December 2024. 50% of the grant is eligible to vest at the first vesting date and the remaining 50% is eligible for vesting at the second vesting date. For PDMRs, there is an additional vesting criteria that at each vesting date the average closing price for the Company's shares over the 60 dealing days immediately preceding the relevant vesting date must be greater than or equal to 250p, if the share price hurdle is not met at the first vesting date, these options are carried forward to the second vesting date.

In February 2023 options were issued over 29,384 shares to managers in the Group as a short-term incentive plan. The options were granted with vesting criteria set on achievement of financial targets being achieved in the year. Since these targets were not met, none of the options vested and they lapsed on 31 December 2023.

Share option awards outstanding:

	Shares issued in lieu of bonus		2017 Long Term Incentive Plan		2023 Long Term Incentive Plan	
	2023	2022	2023	2022	2023	2022
	Number of ordinary shares of £0.05	Number of ordinary shares of £0.05	Number of ordinary shares of £0.05	Number of ordinary shares of £0.05	Number of ordinary shares of £0.05	Number of ordinary shares of £0.05
Balance outstanding at 1 January	<b>26,666</b>	26,666	<b>121,088</b>	318,621	-	-
Granted	-	-	-	-	<b>260,618</b>	-
Exercised	<b>(26,666)</b>	-	-	-	-	-
Lapsed	-	-	-	(197,533)	-	-
<b>Balance outstanding at 31 December</b>	<b>-</b>	<b>26,666</b>	<b>121,088</b>	<b>121,088</b>	<b>260,618</b>	<b>-</b>
Exercise prices of options outstanding at the period end in the range	-	5p	<b>270p - 390p</b>	270p - 390p	<b>137.5p</b>	-
Weighted average exercise price of options outstanding at the year end	-	5p	<b>307p</b>	307p	<b>137.5p</b>	-
Weighted average contractual life in months of options outstanding at the year end	-	4	<b>18</b>	23	<b>117</b>	-
Exercisable at the year end	-	26,666	<b>121,088</b>	121,088	-	-
Weighted average exercise price of options currently exercisable at the year end	-	5p	<b>307p</b>	307p	<b>137.5p</b>	-

Weighted average exercise prices of options granted and lapsed during the year were:

	2023	2022	2023	2022	2023	2022
	pence	pence	pence	pence	pence	pence
Options granted	-	-	-	-	<b>137.5p</b>	-
Options exercised	<b>5p</b>	-	-	-	-	-
Options lapsed	-	-	<b>215p</b>	215p	-	-

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 17. Share Option Reserve continued

Outstanding share options by exercise price ranges

	2023		2022	
	Number of ordinary shares of £0.05		Number of ordinary shares of £0.05	
	Total	Exercisable	Total	Exercisable
2017 Long Term Incentive Plan - 200p - 400p	121,088	121,088	121,088	121,088
2023 Long Term Incentive	260,618	–	–	–
Share option granted in Lieu of bonus	–	–	26,666	26,666
<b>Total</b>	<b>381,706</b>	<b>121,088</b>	<b>147,754</b>	<b>147,754</b>

Share Options Granted In lieu of bonus

On 30 January 2020 share options were granted to Paul Mines in lieu of provisionally granted bonuses accrued in 2018. These share options were exercised on 30 May 2023.

### 18. Capital Commitments

The Group had no capital commitments at 31 December 2023 and 31 December 2022.

### 19. Short term and low value leases

At 31 December 2023 the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable short-term and low value leases, which fall due as follows:

	2023	2022
	£'000	£'000
Within one year	1	1
In the second to fifth years inclusive	2	4
<b>Total</b>	<b>3</b>	<b>5</b>

None of the leases have any discounted periods or breakpoints within their remaining term.

The standard allows an exemption for short-term and low value leases which are defined as those of a duration of less than one year and those leases of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets (being less than £5,000), including short-term office space. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term and does not recognise the above leases on the statement of financial position as at 31 December 2023.

### 20. Pension Commitments

The Group makes contributions to personal pension plans schemes based on contractual terms. The contribution charge for the year was £88,000 (2022: £94,000).



## 21. Financial Instruments and Risk Management

The Group and Company's financial instruments arise directly from operations and include cash, trade receivables, trade payables, lease finance, convertible loan notes and equity. The use of these instruments exposes the Group and Company to risk relating to exchange rate, liquidity, interest rates and credit.

### Foreign currency exchange rate risk

The international nature of the Group's operations exposes it to foreign currency exchange rate risk.

Within the Group, the Bioplastics division's sales are predominantly priced in USD and cost of sales are predominantly in USD and EUR creating an exchange rate risk. The RF Technologies division's sales are predominantly in GBP. The bespoke nature of most of the RF Technologies division's sales allow for adverse and beneficial exchange rate movements to be reflected in the quoted price. The Group does not enter into forward foreign currency contracts.

The total foreign exchange loss recognised for the year in 2023 was £65,000 (2022: gain £108,000), which comprised of the foreign exchange movement from trading.

The table below details the Group's sensitivities to changes in GBP against respective foreign currencies. The sensitivities represent management's assessment of the effect on monetary assets/ (liabilities) of reasonably possible changes in foreign exchange rates.

The sensitivities analysis of the Group's exposure to foreign currency risk at the year-end has been determined based upon the assumption that an increase in EUR and USD exchange rates is effective throughout the financial year and all other variables remain constant.

However, these potential changes are hypothetical and actual foreign exchange rates may differ significantly depending on developments occurring in global financial markets.

	2023			2022		
	Sensitivity %	Profit £'000	Equity £'000	Sensitivity %	Profit £'000	Equity £'000
EUR	10.0	(21)	(21)	10.0	(5)	(5)
USD	10.0	58	58	10.0	55	55

### Interest rate risk

As at 31 December 2023 the Group and Company did not have any external Loans or external Floating Rate Borrowings, other than leases for right of use assets (see note 14) and Convertible Loan Notes that have a fixed interest rate of 10% but with a zero coupon option to uplift the value of the loan on conversion to equity. Exposure to interest rate fluctuations is primarily with interest received on its cash asset. An increase or decrease of 1 per cent in market interest rates would have a circa £6,000 effect on interest income during 2023 (2022: £8,000). Trade receivable and payables do not ordinarily attract interest and are therefore subject to fair value interest rate risk.

The interest rate exposure of the financial assets and liabilities of the Group as at 31 December 2023 is shown in the table overleaf. The table includes trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

# Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

## 21. Financial Instruments and Risk Management continued

Group

Interest rate	Fixed £'000	Floating £'000	Zero £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	-	599	-	599
Trade and other receivables	-	-	1,242	1,242
<b>Total</b>	<b>-</b>	<b>599</b>	<b>1,242</b>	<b>1,841</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	1,701	1,701
Convertible Loan Notes*	850	-	-	850
Lease finance	355	-	-	355
<b>Total</b>	<b>1,205</b>	<b>-</b>	<b>1,701</b>	<b>2,906</b>

Company

Interest rate	Fixed £'000	Floating £'000	Zero £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	-	17	-	17
Trade and other receivables	-	-	253	253
<b>Total</b>	<b>-</b>	<b>17</b>	<b>253</b>	<b>270</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	1,327	1,327
Convertible Loan Notes*	850	-	-	850
Lease finance	355	-	-	355
<b>Total</b>	<b>1,205</b>	<b>-</b>	<b>1,327</b>	<b>2,532</b>

\* Convertible Loan Notes are included at their face value in these tables and do not include fair value adjustments.

### Liquidity risk

The Group and Company fund activities from existing cash resources. Liquidity is managed over the medium term with appropriate steps taken to ensure adequate cash is available to fund the Group and Company's activities.

### Credit risk

The Group and Company's principal financial assets are cash and trade receivables. The Group's credit risk is primarily attributable to its trade receivables. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board. Trade receivables are considered in default and subject to additional credit control procedures when they are more than 30 days past due in line with industry practice. Trade receivables are only written off when there is no reasonable expectation of recovery due to insolvency of the debtor.

The Group has a relatively small number of customers and therefore the assessment of impairment of trade receivables is done on a customer-by-customer basis, based on historical impairments and cash collection history, as well as a review of lifetime expected credit losses that are estimated based on historical loss rates for the relevant country where the customer is domiciled, adjusted where evidence is available that different rates are likely to apply in the future. This is based on changes to the expected insolvency rates in the relevant countries.

## 21. Financial Instruments and Risk Management *continued*

The carrying amount of financial assets represents the maximum credit exposure.

In addition, from time-to-time, the Company has intercompany balances owed by its subsidiaries. The Company continually monitors its subsidiaries performance to assess the recoverability of these intercompany balances.

### Convertible loan notes

The convertible loan notes issued by the Company in March and April 2023 are recognised as financial instruments in the consolidated statement of financial position and are calculated as:

	Debt component £'000	Embedded derivative component £'000	Total £'000
<b>Face value of convertible loan notes</b>	<b>477</b>	<b>373</b>	<b>850</b>
Less issue costs	(63)	-	(63)
<b>Value at recognition</b>	<b>414</b>	<b>373</b>	<b>787</b>
Fair value adjustment	-	150	150
Interest expense	112	-	112
Interest payable	(22)	-	(22)
<b>Value at December 2023</b>	<b>504</b>	<b>523</b>	<b>1,027</b>

The convertible loan notes are treated as hybrid financial instruments being a combination of a debt instrument with several embedded derivatives (IFRS 9.4.3.1).

Transaction (issue) costs incurred have been taken into account insofar as they are directly attributable to the financial instrument (IFRS 9.A). Transaction costs have been allocated proportionately to the respective components (debt, £63,000 and embedded derivative component, £48,000) in the ratio of their debt and derivative components. The £48,000 element attributable to the embedded derivative have been charged to finance and similar charges in the Consolidated Statement of income.

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, other conversion prices exist under certain circumstances.
- 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.

Default events were tested as part of the stress testing for the going concern statement (see page 14 of the Strategic Report) and the Board is comfortable that no default events would be triggered under scenario b of the stress tests.

Full details of the Convertible Loan Notes can be found on the Company's website at <https://biometechnologiesplc.com/wp-content/uploads/2023/03/Proposed-Convertible-Loan-Notes-and-General-Meeting.pdf>

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 22. Capital Management Policies and Procedures

The Group manages its Equity as capital. The Group's debt consists of Convertible Loan Notes that are classed as financial instruments as set out in note 21 above. The Group's debt, excluding leases, consists of the debt component of CLNs. Gearing for the Group at the 31 December 2023 was 1:0.7, no debt existed at 31 December 2022.

The Group manages its capital to ensure the entities in the Group can continue as going concern whilst maximising the long-term return to stakeholders.

Equity comprises issued share capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity.

The Group adheres to the capital maintenance requirements as set out in the Companies Act.

	2023 £'000	2022 £'000
Total equity	752	2,258
Cash and cash equivalents	599	779

### 23. Contracts in Which Directors Have an Interest

Except as noted elsewhere in the Annual Report and Financial Statements, there are no other contracts within which the directors have an interest.

### 24. Contingent Liabilities

There are no contingent liabilities.

### 25. Control

The Company's ordinary shares are publicly traded on AIM, part of the London Stock Exchange. There is no single controlling party.

### 26. Related Party Transactions

Transactions between Group legal entities

Details of shareholdings in subsidiary companies are shown in note 9. Transactions between the Company and its subsidiary companies, which are related parties, have been eliminated on consolidation. The year end balances between the Company and its subsidiary companies are shown below:

	Amounts owed by related parties		Amounts owed to related parties	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Aquasol Limited	-	-	-	-
Biome Bioplastics Limited	100	-	566	845
Biome Bioplastics Inc (USA)	74	28	7	-
Biome Bioplastics Inc (Canada)	27	12	-	-
InGel Technologies Limited	-	-	-	-
Stanelco RF Technologies Limited	17	-	361	511
<b>Balance at 31 December</b>	<b>218</b>	<b>40</b>	<b>934</b>	<b>1,356</b>

## 26. Related Party Transactions continued

Included in the above are provisions against certain inter-company receivables as follows:

	2023 £'000	2022 £'000
InGel Technologies Limited	39	39
<b>Total</b>	<b>39</b>	<b>39</b>
<b>Intergroup provisions</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Balance at the beginning of the year	39	39
Movement in the year	-	-
<b>Balance at 31 December</b>	<b>39</b>	<b>39</b>

The balances are held at amortised cost. The net balances have been calculated using the expected credit loss model under IFRS 9 (Financial Instruments).

No collateral or guarantees are held for intergroup receivables, and all are repayable on demand.

Group entities sell and purchase goods and services in the ordinary course of business on "arms-length" basis and transactions during the year were: -

Year ended 31 December 2023		Purchases by				
	Stanelco RF Technologies Limited	Biome Bioplastics Limited	Biome Bioplastics Inc (USA)	Biome Bioplastics Inc (Canada)		Total
Sales by	£'000					
Stanelco RF Technologies Limited	-	37	-	-		37
Biome Bioplastics Limited	-	-	700	806		1,506
Biome Bioplastics Inc (USA)	-	79	-	119		198
Biome Bioplastics Inc (Canada)	-	-	40	-		40
<b>Total</b>	<b>-</b>	<b>116</b>	<b>740</b>	<b>925</b>		<b>1,781</b>
Year ended 31 December 2022		Purchases by				
	Stanelco RF Technologies Limited	Biome Bioplastics Limited	Biome Bioplastics Inc (USA)	Biome Bioplastics Inc (Canada)		Total
Sales by	£'000					
Stanelco RF Technologies Limited	-	14	-	-		14
Biome Bioplastics Limited	-	-	567	-		567
Biome Bioplastics Inc (USA)	-	20	-	-		20
Biome Bioplastics Inc (Canada)	-	-	-	-		-
<b>Total</b>	<b>-</b>	<b>34</b>	<b>567</b>	<b>-</b>		<b>601</b>

## Notes To The Financial Statements (continued)

For the Year Ended 31 December 2023

### 26. Related Party Transactions *continued*

Royalty agreements Biome Bioplastics Limited (UK) and Biome Bioplastics Inc (USA) and Biome Bioplastics Inc (Canada) were entered into on 1 September 2022 and 1 December 2022 respectively. Management service agreements were entered into between Biome Technologies plc and Biome Bioplastics Limited, Biome Bioplastics Inc (USA) and Biome Bioplastics Inc (Canada) and between Biome Bioplastics Limited and Biome Bioplastics Inc (USA) and Biome Bioplastics Inc (Canada), these agreements were dated 1 September 2022. During the year the following aggregate charges made under the Royalty and Management Service Agreements were: -

		Year ended 31 December 2023				
		Stanelco RF Technologies Limited	Biome Bioplastics Limited	Charge to Biome Bioplastics Inc (USA)	Biome Bioplastics Inc (Canada)	Total
£'000						
Charge from	Biome Technologies plc	201	39	444	127	811
	Biome Bioplastics Limited	-	-	873	102	975
	<b>Total</b>	<b>201</b>	<b>39</b>	<b>1,317</b>	<b>229</b>	<b>1,786</b>
		Year ended 31 December 2022				
		Stanelco RF Technologies Limited	Biome Bioplastics Limited	Charge to Biome Bioplastics Inc (USA)	Biome Bioplastics Inc (Canada)	Total
£'000						
Charge from	Biome Technologies plc	-	-	127	-	127
	Biome Bioplastics Limited	-	-	147	-	147
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>274</b>	<b>-</b>	<b>274</b>

#### Transactions with directors

In March and April 2023, Mr Vivian Pereira and Mr John Martin Rushton-Turner subscribed for £250,000 and £300,000 of Convertible Loan Notes respectively. At the relevant points in time, Mr Pereira and Mr Rushton-Turner held more than 10 per cent. of the Company's ordinary shares and both of the subscriptions for Convertible Loan Notes by them were deemed to be related party transactions pursuant to the AIM Rules for Companies. Details of the Convertible Loan Notes issued by the Company in March and April 2023 can be found in note 21. Mr Rushton-Turner was appointed to the Board as a Non-Executive Director of the Company in May 2023. Mr Pereira and Mr Rushton-Turner also subscribed for £25,000 and £125,000 of Convertible Loan Notes respectively in the third Tranche of Convertible Loan Notes on 11 March 2024, see Note 27. The Board are satisfied that the March 2023 and March 2024 Convertible Loan Note Agreements were entered into on an "arm's length" basis and that the Board excluding Mr Rushton-Turner received independent advice regarding the terms of the CLNs.

### 27. Post Year-End Events

On 11 March 2024 the Company issued a third tranche of Convertible Loan Notes (CLN) as part of a revised CLN agreement with four parties, three of whom were existing shareholders. The principal terms of the CLNs are: -

Gross proceeds: -	£400,000.
Conversion price: -	100p per ordinary share.
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.

Default events were tested as part of the stress testing for the going concern statement (see page 14 of the Strategic Report) and the Board is comfortable that no default events would be triggered under scenario b of the stress tests.

Full details of the Convertible Loan Notes can be found on the Company's website at <https://biometechnologiesplc.com/wp-content/uploads/2024/03/20240311-BIOME-CLN-and-Directorate-Change-Announcement.pdf>

Prior to the year ended 31 December 2023, the convertible loan note holders agreed with the Board of directors to waive an adjusted net asset covenant test that was due to be taken on the audited accounts as at 31 December. On 11 March 2024 a Deed of Variation was entered into by the Company and the Noteholders introducing new covenants to be applied to the CLNs.

Designed and  
printed by:

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**perivan**

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