

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

27 September 2023

**Biome Technologies plc
("Biome", the "Company" or the "Group")**

Interim Results

Biome Technologies plc announces its unaudited Interim Results for the six months ended 30 June 2023.

Highlights

- The Group generated revenues of £3.6m (2022 H1: £2.4m), an increase of 47% on 2022 H1, and gross profit of £1.1m (2022 H1: £0.9m)
- The Bioplastics division's revenues for 2023 H1 were £3.1m, a 50% increase on 2022 H1 (2022 H1: £2m)
- The Biome Bioplastics division was the principal revenue generator for the Group and saw good demand from both new and existing customers, particularly in North America
- Revenues for the RF Technologies division in 2023 H1 were £0.5m, representing an increase of 30% compared to 2022 H1 (2022 H1: £0.4m) and the division secured a significant new contract.
- Gross proceeds of £0.85m received from a convertible loan note issue to support the working capital needs of the Group.
- Appointment of Martin Rushton-Turner as a new Non-Executive Director of the Company in May 2023

Paul Mines, Chief Executive Officer said:

"I am delighted by the revenue growth achieved in the first half. I am particularly encouraged by the diversification of our customer base and the applications of use in both the Bioplastics and RF Technologies divisions."

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About Biome

Biome Technologies plc (Ticker: BIOM) is an AIM listed, growth-orientated, commercially driven technology group. Our strategy is founded on building market-leading positions based on patented technology and serving international customers in valuable market sectors. We have chosen to do this by developing products in application areas where value-added pricing can be justified and that are not reliant on government legislation. These products are driven by customer requirements and are compatible with existing manufacturing processes. They are market rather than technology led.

The Group comprises two divisions, Biome Bioplastics and RF Technologies.

Biome Bioplastics is a leading developer of highly functional, bio-based and biodegradable plastics. The company's mission is to produce bioplastics that challenge the dominance of oil-based polymers.

RF Technologies designs, builds and services advanced radio frequency (RF) systems. Dielectric and induction heating products are at the core of a product offering that ranges from portable sealing devices to large furnaces for the fibre optics and other industrial markets.

www.biometechnologiesplc.com www.biomebioplastics.com and www.thinkbioplastic.com
www.stanelcorftechnologies.com

Chairman's Statement

Group revenues for 2023 H1 were £3.6m (2022 H1: £2.4m), an increase of £1.2m or 47% on 2022 H1. This growth was driven predominantly by the increased demand in the Bioplastics division.

As mentioned in our last trading update announced on 26 July 2023, the Group's two divisions both made progress in the first half of 2023. For the Biome Bioplastics Division ("Bioplastics"), strong growth was driven by a broader set of customers in a variety of applications, particularly in North America. For the Stanelco RF Technologies division ("RF Technologies"), revenues grew slightly and as announced on 22 June 2023 a contractual agreement to proceed was concluded on the first of several opportunities of scale in the division's pipeline.

Gross profit for the Group was £1.1m (2022 H1: £0.9m) on the back of this revenue growth. Other income, in the form of grant receipts in support of the Group's work on novel bioplastics, was £0.2m (2022 H1: £0.2m). The overall gross margin for the Group fell to 31% (2022 H1: 36%) reflecting the changing product mix as the Bioplastics division grew rapidly in the period.

In the context of global inflationary pressures, the rise in activity and foreign exchange rate movements contributed to a rise in administrative expenses to £2.0m (2022 H1: £1.7m) of which exchange rate translation represented a loss of £0.1m (2022 H1: £0.1m profit). The Group recorded a loss before taxation for the six months to 30 June 2023 of £1.1m (2022 H1: £0.7m loss). This includes a fair value movement on financial instruments of £0.3m in line with IFRS 9 and financing charges for interest and costs associated with the convertible loan notes issued in the period. The fair value movement was and will be driven by movements in the Company's share price from the date of inception to the balance sheet date for the embedded derivative in the convertible loan notes. Increases in share price result in a loss recorded on the statement of comprehensive income with reductions in share price resulting in a profit. This is a non-cash item that will be transferred to equity if the convertible loan notes are eventually converted to shares.

The total comprehensive loss was £1.1m (2022 H1: £0.6m loss), which equates to a basic and diluted loss per share of 28 pence (2022 H1: basic and diluted loss per share of 17 pence).

In March and April 2023, following a review by the Board of potential funding options, Biome was pleased to announce issues of convertible loan notes to raise gross proceeds of £0.85m for the Company. These proceeds are being used to support the commercial and technical resources required to deliver growth and build sales margins within Bioplastics and to provide RF Technologies with the cash resources to convert existing opportunities within its sales pipeline.

The Group's cash position as at 30 June 2023 was £0.9m, reflecting the first half's trading, working capital movements, £0.85m outstanding of the convertible loan notes repayable in 2026 and no bank debt or drawdowns against the Company's invoice discounting facility.

In May 2023, the Company was pleased to announce the appointment of Mr Martin Rushton-Turner as a Non-Executive Director of the Company. Mr Rushton-Turner is an important investor in both the ordinary shares of the Company and the convertible loan notes and the Board is already benefitting from his experience and insight.

Bioplastics division

Revenues for 2023 H1 were £3.1m, a 50% increase on 2022 H1 (2022 H1: £2m).

The revenue performance in the period remained underpinned by a continuance of sales to existing customers for outer flexible film packaging and filtration material for the North American coffee market and also a number of new customers which are now purchasing Biome's materials on a regular basis. We believe that this progress highlights the growing reputation of the Bioplastics division for innovative materials and demonstrates how we hope it will lead to market success, particularly in North America.

Our drive to deliver growth from the North American market was enhanced in late 2022 by the relocation of a senior Biome employee, responsible for business development, to Canada and the start-up of legal entities and associated back-office services in both the USA and Canada. Work to build on this foundation has continued in 2023, with an enhanced level of tradeshow and customer activity. We expect to build further on this team with additional resources in North America in due course.

In the winter of 2021/22, Biome launched materials designed to allow tree shelters (plastic tubes around saplings) to be left on the forest floor after use to biodegrade in a benign manner. In 2022, Biome announced the commencement of large-scale, UK-wide field testing and initial commercial sales with a commercial partner of biodegradable tree shelters using Biome's proprietary bioplastics materials. In the last six months the product is becoming established in some areas of the market and work to develop this further continues.

Some of the growth of revenues in the first half is based on "home compostable" plastic grades of polymers. Some of these grades are subject to the protection of a pending patent application. The key "end-of-life" functionality of such materials is that they degrade much faster in conditions akin to a home compost bin rather than those materials designed to biodegrade in the controlled and higher temperature environments of industrial composting facilities. Biome's team has been working on this new range of materials for some four years and we are now beginning to see commercial revenues with several customers particularly in applications such as food packaging pouches.

The Bioplastics division continues to see a high level of interest in its products in North America across a wider variety of applications than has been seen traditionally. Management expects demand for the division's products in 2023 H2 to continue at similar rate to that experienced in 2023 Q2, with further substantial growth linked to product launches, the timing of which remains uncertain as referenced in previous trading statements.

RF Technologies division

Revenues for 2023 H1 were £0.5m, representing an increase of 30% compared to 2022 H1 (2022 H1: £0.4m).

On 22 June 2023, the division announced a significant new contract win with a revenue value of £452,000 for the supply of a novel induction furnace system to a global manufacturer of scientific glass products. As announced, the specific revenue timing was dependent on the availability of key components. Completion of the project deliverables is now expected in the 2024 financial year with revenue and profit being recognised in that year in line with IFRS-15. Several novel design concepts are being incorporated in the system being developed with the new intellectual property being retained by the division. It is anticipated that this technology will form the basis of future system sales.

The division continues to be in discussions with several potential customers regarding contracts that would have revenue and profit recognition potential of significance for 2024. Management is pleased with the novel market sectors in which the division is building a pipeline of potential new business and the scale of some of these opportunities. We remain cautious on the precise timing of converting these opportunities to orders and the associated revenue recognition as much of this work requires considerable new collaborative designs with customers.

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

Outlook

We are pleased with the progress of the Bioplastics division in the first half. The exceptional revenue growth of 50% over the first half of the previous year reflects a significant broadening of both customers and applications in the North American market. Investment in the local team has already provided a higher level of market visibility for our products through visits and tradeshow and enhanced customer service. Whilst we anticipate

revenue for 2023 H2 to continue at a similar rate to that experienced in 2023 Q2, we expect further growth in due course as this broader set of customers undertake further product launches.

We are also pleased with progress being made in the RF Technologies division to build a business with a broader business base beyond the traditional fibre optic market. The diversifying contract win in the scientific glass sector, announced in June, reflects the conclusion of just one of the discussions underway to deploy a new and more efficient RF technology across a variety of applications. We expect to make further announcements with impact on 2024 financials in due course.

Adverse exchange rates and the phasing of revenue from RF Technologies into 2024 will provide some pressure at the operating profit level and the Board's outlook for the Group's trading performance in 2023 is broadly in-line with current market expectations. The expected loss for 2023 has been adjusted to reflect the required technical accounting treatment of the CLNs.

John Standen

Chairman

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2023

	Note	6 Months Ended 30 June 2023 Unaudited £'000	6 Months Ended 30 June 2022 Unaudited £'000	Year Ended 31 December 2022 Audited £'000
Revenue	5	3,569	2,428	6,188
Cost of goods sold		(2,463)	(1,562)	(3,857)
Gross Profit		1,106	866	2,331
Other operating income		201	203	211
Administrative expenses		(1,969)	(1,718)	(3,309)
Loss from operations		(662)	(649)	(767)
Investment income		1	-	-
Fair value movement on financial instruments	8	(333)	-	-
Finance and similar charges		(105)	(18)	(35)
Loss before taxation		(1,099)	(667)	(802)
Taxation		35	30	131
Total comprehensive loss for the period		(1,064)	(637)	(671)
Basic and diluted loss per share - pence		(28)p	(17)p	(18)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	At 30 June 2023 Unaudited £'000	At 30 June 2022 Unaudited £'000	At 31 December 2022 Audited £'000
NON-CURRENT ASSETS				
Other intangible assets		829	765	841
Property, plant and equipment		460	473	498
		1,289	1,238	1,339
CURRENT ASSETS				
Inventories		872	1,552	736
Trade and other receivables		950	861	605
Taxation receivable		176	109	141
Cash and cash equivalents		932	652	779
		2,930	3,174	2,261
TOTAL ASSETS				
		4,219	4,412	3,600
CURRENT LIABILITIES				
Trade and other payables		(1,425)	(1,761)	(933)
Lease liabilities		(61)	(47)	(55)
		(1,486)	(1,808)	(988)
NON-CURRENT LIABILITIES				
Financial instruments	8	(1,148)	-	-
Lease liabilities		(325)	(340)	(354)
		(1,473)	(340)	(354)
TOTAL LIABILITIES				
		(2,959)	(2,148)	(1,342)
NET ASSETS				
		1,260	2,264	2,258
EQUITY				
Share capital		189	189	189
Share premium		2,282	2,282	2,282
Capital redemption reserve		4	4	4
Share options reserve		108	487	102
Translation reserve		(78)	(85)	(83)
Treasury shares reserve		-	(55)	(55)
Retained earnings		(1,245)	(558)	(181)
TOTAL EQUITY				
		1,260	2,264	2,258

The interim statements were approved by the Board on 26 September 2023 and signed on behalf of the Board of Directors by: -

Paul R Mines
Chief Executive Officer

Rob Smith
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023

	At 30 June 2023 Unaudited £'000	At 30 June 2022 Unaudited £'000	At 31 December 2022 Audited £'000
Loss after taxation:	(1,064)	(637)	(671)
Adjustments for: -			
Taxation	(35)	(30)	(131)
Fair value movement on financial instruments	333	-	-
Finance charges	105	18	35
Loss from operations	(661)	(649)	(767)
Adjustments for: -			
Amortisation and impairment of intangible assets	144	174	250
Depreciation of property, plant and equipment	49	44	89
Share based payments - equity settled	6	-	-
Operating cash flows before movement in working capital	(462)	(431)	(428)
(Increase) / decrease in inventories	(136)	(632)	184
(Increase) / decrease in receivables	(345)	516	762
Increase / (decrease) in payables	576	463	(339)
Cash utilised in operations	(367)	(84)	179
Taxation received	-	-	79
Interest paid	(59)	(18)	(35)
Net cashflow from operating activities	(426)	(102)	223
Investing activities			
Investment in intangible assets	(131)	(213)	(365)
Purchase of property, plant and equipment	(11)	(7)	(27)
Net cash used in investing activities	(142)	(220)	(392)
Financing activities			
Proceeds from issue of treasury shares	1	-	-
Proceeds from issue of convertible loan notes	850	-	-
Costs of issue of convertible loan notes	(112)	-	-
Repayment of obligations under leasing activities	(23)	(22)	(50)
Net cash from financing activities	716	(22)	(50)
Net increase / (decrease) in cash and cash equivalents	148	(344)	(219)
Cash and cash equivalents at the beginning of the period	779	996	996
Exchange differences on cash and cash equivalents	5	-	2
Cash and cash equivalents at the end of the period	932	652	779

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023

1. CORPORATE INFORMATION

The financial information for the period ended 30 June 2023 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2022 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498 of the Companies Act 2006. The interim results are unaudited. Biome Technologies plc is a public limited company incorporated and domiciled in England & Wales. The Company's ordinary shares are publicly traded on the AIM market of the London Stock Exchange.

2. BASIS OF PREPARATION

These interim consolidated financial statements (the interim financial statements) are for the six months ended 30 June 2023. They have been prepared in accordance with UK-adopted international accounting standards. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022.

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2022. As disclosed in note 8, convertible loan notes (CLNs) have been issued during the period. These CLNs incorporate an embedded derivative recognised at fair value through profit and loss and a residual debt component measured at amortised cost in accordance with IFRS 9.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of the interim financial statements.

3. BASIS OF CONSOLIDATION

The Group's interim financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up to 30 June 2023. As at 30 June 2023, the subsidiary undertakings were Biome Bioplastics Limited, Biome Bioplastics Inc. (USA), Biome Bioplastics Inc. (Canada), Stanelco RF Technologies Limited, Aquasol Limited and InGel Technologies Limited.

4. GOING CONCERN

The Directors have reviewed forecasts for the period to December 2024. These have been prepared with appropriate regard for the current macroeconomic environment. The forecasts included assumptions on exchange rates, supplier lead times and receipts from customers being broadly in line with agreed terms. The Directors believe the assumptions to be reasonable but fundamental to the forecasts.

The Directors have considered the future growth of the Bioplastics Division, its need for continued investment in development resource and working capital, the steps they can take to improve the efficiency of the working capital deployed and the availability of future funding.

The model has assumed growth in the period from the RF Division and the Directors have already taken steps to ensure resources meet current demand.

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

5. SEGMENTAL INFORMATION

Revenue from external customers

For the period ended 30 June 2023

	6 Months Ended 30 June 2023 Unaudited £'000	6 Months Ended 30 June 2022 Unaudited £'000	Year Ended 31 December 2022 Audited £'000
Bioplastics Division	3,053	2,031	4,393
RF Technologies Division	516	397	1,795
Total Revenue	3,569	2,428	6,188

6. LOSS PER SHARE

The calculation of basic earnings per share is based on the loss attributable to the equity holders of the parent for the period of £1,064,000 (H1 2022: loss of £637,000, FY 2022: loss of £671,000) and a weighted average of 3,760,497 ordinary shares in issue (H1 2022: 3,755,930, FY 2022: 3,755,930). The calculation uses the same weighted average number of shares under the basic and diluted basis in the current and comparative periods due to a loss being made.

7. ALTERNATIVE PROFIT MEASURE

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

For the period ended 30 June 2023

	6 Months Ended 30 June 2023 £'000s	6 Months Ended 30 June 2022 £'000s	Year Ended 31 December 2022 £'000s
Loss from operations	(662)	(649)	(767)
Depreciation	49	44	89
Amortisation	144	174	250
Share based payments	6	-	-
Loss Before Interest, Taxation, Depreciation and Amortisation	(463)	(431)	(428)

8. CONVERTIBLE LOAN NOTES / FINANCIAL INSTRUMENTS

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 £'000	Total £'000
Face value of convertible loan notes	477	373	850
Less issue costs	(63)	-	(63)
Value at recognition	414	373	787
Fair value adjustment	-	333	333
Interest expense	35	-	35
Interest paid	(7)	-	(7)
Value at 30 June 2023	442	706	1,148