

Preliminary Results 2019 & Covid-19 Update

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2019 highlights

Bioplastics division

- revenue growth for 4 successive quarters
- growth driven by both existing and new products
- customer base and application base broadening
- entered 2020 with its strongest pipeline of customer positions and prospects
- climate change/plastics pollution issues driving a sea-change in market approach

Stanelco RF Technologies division

- revenues similar to 2017 (after exceptional year in 2018)
- future growth driven by demand for internet capacity and 5G rollout

Group

- Raised £1.2m (net of costs) in October 2019 to support emerging growth of bioplastics business

2019 results

	2018 £m	2019 £m	Comment
Group Revenue <i>(includes grant income)</i>	8.9	7.4	
Biome Bioplastics	1.9	3.4	81% revenue growth as several new products commercialise
Stanelco RF Technologies	7.0	4.0	Demand drops back in Asia after exceptional 2018
(Gross Margin)	54%	44%	Change in product mix towards Bioplastics
Overheads	(4.2)	(3.9)	
Like-for-like reported EBITDA	0.6	(0.5)	
Like-for-like operating profit/loss	0.1	(1.0)	
Opening cash		2.6	
Reported EBITDA		(0.5)	
Working capital		(1.1)	Includes unwinding of RF deposits from previous year
Investment/R&D tax credit		(0.1)	
Financing activities		1.2	
Year end cash 31/12/19		2.1	

Covid-19

- Group continues its manufacturing and development operations in line with the safety of staff and conformance with Government advice
- Bioplastics division: some signals that demand will hold-up or strengthen in the coffee market, anticipated growth in other applications in the short term has higher uncertainty
- Stanelco RF division: main source of income remains the supply of furnaces to the fibre optic cable market in Asia, unclear when this market will resume purchasing furnaces for expansion - division is prioritising UK sales activities in the near term
- Actions to reduce the Group's costs and manage its cash-flow include:
 - voluntary 20% reduction in base salary for the Executive/Non-Executive Directors for a period of three months from 1 May 2020
 - use of the UK Government's "furlough scheme"
 - curtailment of any discretionary operational and capital expenditure
- Group has a good balance sheet and has a strong management team that has consistently demonstrated that it can adapt and respond quickly to changing market conditions

Group businesses support global trends

BIOME
BIOPLASTICS



Tackling the global plastics problem

Our materials have made **half a billion** compostable coffee pods in the last year alone

STANELCO
RF TECHNOLOGIES



Supporting global internet connectivity

Our latest equipment supports the rollout of **120 million km** of fibre optic cable each year

Group outlook

- Covid-19's having an impact on the operations of the Group - too early at this stage to be confident in trying to make any accurate overall long-term forecasts. We will do our utmost to keep shareholders abreast of developments and any unanticipated further impact on the Group
- Bioplastics division is in a strong growth phase (particularly driven by food and beverage end-uses), new opportunities continue to emerge. We are focussed on taking best advantage of these opportunities although there may be supply chain disruption as well as potential impact in demand for these products
- Board believes Stanelco RF division will be adversely impacted more than the Bioplastics division. Main customers are based in China/India - slowdown in these territories due to overcapacity in the fibre market pre-existed Covid-19. We believe the virus will further delay any upturn in orders for RF's furnaces
- First quarter trading 2020, in line with management's expectations at the time of the Group's trading update on 30 January 2020
- As at 14 April cash £1.7m and no debt
- We will work our cash resources to maximise our ability to overcome the challenges ahead and deliver good medium-term growth for shareholders

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Shareholders (30 October 2019)

Principal shareholders

*Mr V A Pereira's holding includes 518,273 ordinary shares held in his own name and 82,416 held by his wife, Mrs G Pereira.

<i>Holder</i>	<i>Shares</i>	<i>%</i>
Mr V Pereira*	600,689	21.46%
Mr JM Rushton-Turner	365,717	13.03%

Directors

**Mr John Standen's holding includes 32,668 ordinary shares held in his own name and 25,668 held by his wife, Mrs K M Standen.

<i>Holder</i>	<i>Shares</i>	<i>%</i>
Mr Paul Mines	31,525	1.13%
Mr John Standen**	58,336	2.08%
Mr Declan Brown	3,970	0.17%
Mr Michael Kayser	4,071	0.17%