The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310.

25 March 2021

Biome Technologies plc

("Biome", "the Company" or "the Group")

Final Results 2020

Biome Technologies plc announces its audited Final Results for the year ended 31 December 2020.

Highlights:

Final Results

- Another strong year for the Bioplastics division with revenue growth of 65% building on the 81% revenue growth achieved in 2019. The division enters 2021 with a healthy pipeline of customer positions and prospects.
- RF Technologies division revenues reduced to £0.8m due to the ongoing over-capacity in the division's core fibre optics manufacturing market.
- Reported Group loss before interest, interest, taxation and amortisation (LBITDA) of £0.9m (2019: LBITDA of £0.5m), in line with market expectations, with Group operating loss of £1.6m (2019: loss of £1.0m).
- Group cash position as at 31 December 2020 was £1.7m (31 December 2019: £2.1m) with no debt.

Paul Mines, Chief Executive Officer said: *"2020 saw further strong revenue growth from the Group's Bioplastics division reflecting the conversion of the pipeline of opportunities that it entered the year with. New opportunities from both existing and new customers continue to present themselves both for bioplastic packaging from the coffee sector and other segments of the food and beverage packaging market. We will continue to work our cash resources to maximise our ability to overcome the challenges posed by Covid-19 and deliver good medium-term growth for shareholders".*

- Ends -

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About Biome

Biome Technologies plc 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 the value-added pricing can be justified and are not reliant on government legislation. These products are driven by customer requirements and are compatible with existing manufacturing processes. They are market rather than technology-led.

The Group comprises two divisions, Biome Bioplastics Limited ("Bioplastic") and Stanelco RF Technologies Limited ("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.

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

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

Chairman's Statement

Business performance

2020 was a pivotal year for the Group with its Bioplastics division's sales growing to a record £4.9m (65% increase over 2019), as we continue to benefit from the momentum in supplying compostable bioplastics to growing market sectors. By contrast, our RF Technologies division was, as anticipated, adversely affected by overcapacity in the fibre optic cable manufacturing sector.

Both businesses operated against the ongoing backdrop of the Covid-19 pandemic and lockdowns, which, whilst hindering our efforts to diversify the RF Technologies division's customer base, demonstrated the resilience of the bioplastics market and the strength of Biome's offering and relevance to this rapidly expanding compostable materials market.

As a result of these trends, Bioplastics represented 86% of Group revenues in the year.

During the year we completed an equity placing and subscription that raised an additional £1.0m, net of costs, to strengthen our balance sheet to support the continued expectations of growth in Bioplastics.

Bioplastics division

In our placing circular to shareholders last year, we laid out four growth drivers which we believed would deliver significant value for shareholders and maintain our KPI target of 40% revenue growth in the Bioplastics division through 31 December 2023. I would like to mention these growth drivers again specifically and update you on progress in each of them:

1. Continued growth from existing customers with existing products, especially flexible film in both industrial and particularly home compostable formats, in the North American market.

   Growth from our existing customers and products remains positive. We expect growth in flexible film in North America to be more pronounced in the medium term.

2. Filtration mesh: The Company envisages growth with a second end-customer with a material that has been proven with an existing customer over the last three years. Implementation of this project is underway.

   This project is going well, and we confidently expect implementation to complete later this year. As recently announced, our second end-customer has placed orders for equipment that increases their capacity to utilise Biome's filtration mesh on a significant proportion of their installed capacity. Revenues will become significant and recurring from H2 2021 and for the whole of 2022, thus delivering a major part of our KPI target.

3. Coffee pod material: The Company launched a project for a heat stable material for coffee pods within the US at the end of 2019. Commercial sales of this product are gaining momentum.

   In addition to continued demand from the lead customer (as previously announced) this material is now being trialled at several other end-user organisations. We expect significant commercial progress in this area in H2 this year and beyond.

4. Packaging film: The Company is working on seven new customer projects that focus on the conversion of flexible packaging to compostable formats. Six of these projects are for the North American Market.

   Six of these original projects continue at pace with trials either taking place in Q1 or expected for Q2 2021. One project with an end-user in the USA has been suspended due to the pandemic. A further pipeline of new customer projects of scale has been added to this growth driver and trial orders have been placed by customers in Q1 this year. We expect two or three of these to become commercially meaningful and generate recurring revenue towards the end of this year.

Over the last seven years, Biome Bioplastics has coordinated significant research and development funding in conjunction with leading universities, in pursuit of bringing a new family of novel bio-based and biodegradable polyesters to market. Exciting new materials are now emerging, and we have recently announced our success in partnering with Innovate UK, the UK's innovation agency and a leading manufacturer to bring a biodegradable tree-guard to market. This project is still at a relatively early stage and it is therefore too early to predict the scale or timing of production orders. However, the Board is encouraged by the support and reception that this initiative has already gained.

We believe that the progress described above highlights the growing reputation of our Bioplastics business for innovative materials and how it is leading to market success and penetration, particularly in the USA.

RF Technologies division

The downturn in demand for capital goods in the fibre optic cable manufacturing sector that the division first saw in 2019 continued throughout 2020. The division's efforts to diversify its revenue stream were hampered by the ongoing Covid-19 pandemic, as it became difficult to engage with new customers and a number of potential opportunities were put on hold as our clients deferred capital expenditure. In the face of the ongoing difficulties in the fibre optic market and other sectors, it was necessary to implement a number of cost reduction measures. 2021 has started with some glimmers of recovery in the fibre optic sector and we have started receiving more enquiries both for new fibre optic furnaces as well as spares and service orders, although we do not expect to see a material pickup in the near future.

Covid-19

The Group continues to monitor the ongoing impact of the Covid-19 epidemic and places high importance on caring for its staff and customers. Adjustments made in 2020 to commercial and manufacturing activities remain in force and are continually reviewed to ensure they provide a safe operating environment.

With a year's experience of working with the varying restrictions in both in the UK and overseas, the Group has a better understanding of the commercial impact of the pandemic and has adapted accordingly to meet the opportunities and risks presented.

We have only experienced minor supply chain issues in the Bioplastics division but continue to be vigilant in case of any disruption. Business development has been successfully managed remotely with use of video conferencing to regularly interface with customers.

The RF Technologies division was more adversely impacted by Covid-19. The division's ongoing activity to widen the markets that it sells into has been frustrated by a slowdown in capital expenditure and restrictions placed on travelling to and meeting with potential customers.

A number of cost saving actions have been taken to reduce the RF Technologies division's overhead expenditure including a reduction in the number of staff and use of the Coronavirus Job Retention Scheme to maintain operational capabilities.

Whilst we expect to see a continuing impact from Covid-19, the business has adapted to the challenges that the pandemic has presented, and we look forward to a more normal environment in the future.

Results

The Group's results were in line with the market forecast for the year ended 31 December 2020.

Consolidated Group revenue for the year was £5.7m (2019: £7.0m) reflecting the increase in Bioplastics sales offset by the decline in those from the RF Technologies division. Group gross margins for the year were 29.4% (2019: 43.5%) reflecting the changing mix of sales towards volume Bioplastics.

The Group loss before interest, taxation, depreciation and amortisation (LBITDA) was in line with market expectations at £0.9m (2019: £0.5m LBITDA). A Group operating loss of £1.6m for the year was incurred (2019: £1.0m loss).

During 2020, the Board concluded that, to gain a more accurate representation of the costs and profits associated with the Bioplastics and RF Technologies divisions, certain costs previously accounted for as part of the Central Costs division would be allocated, to the operating divisions. These costs include insurance, accounting, administration, facilities, and executive management activities attributable to the operating divisions. A restatement of the segmental information for 2019 has been made to allow users of this information to compare it on a consistent basis.

The Bioplastics division achieved an increase in sales to £4.9m (2019: £3.0m) representing 65.4% growth as the division grew its sales with both new and existing customers and demand for compostable products strengthened. The division recorded a LBITDA of £0.1m which was an improvement over the prior year (2019: £0.8m LBITDA restated) as sales revenue increased. The resulting operating loss also narrowed to £0.5m (2019: £1.2m loss restated).

The RF Technologies division's revenues were £0.8m (2019: £4.0m) reflecting the hiatus in demand in the fibre optic market compounded by the effects of the Covid-19 pandemic. The division reported a LBITDA of £0.4m (2019: £0.8m EBITDA restated) and an operating loss of £0.5m (2019: £0.7m profit restated). These results reflect management actions to reduce costs where possible in the light of market conditions and benefiting from the UK Government's Coronavirus Job Retention scheme.

The Group's cash balances as at 31 December 2020 were £1.7m (31 December 2019: £2.1m) reflecting trading losses for the year offset by the net equity fund raise of £1.0m in the year. The Group had no debt as at 31 December 2020. Capitalised product investment in the Bioplastics division was £0.3m (2019: £0.3m).

Strategy

The Group continues to execute on its strategy to be a leading player in its chosen markets. In both markets addressed by the Group our products are developed to meet our customers' demanding requirements and incorporate a high level of technological knowhow that differentiates our offerings from the competition.

In the Chairman's statement, made as part of the interim results for 2020, we updated and restated our high level Key Performance Indicators (KPIs) to extend the period they cover to 31 December 2023 and to reflect the continued growth in the Bioplastics division as well as the market headwinds facing the RF Technologies division. The revised KPIs and the progress made as at 31 December 2020 is set out below: -

- 40% annual revenue growth in the Bioplastics division.
  During the year ended 31 December 2020, the division exceeded this target with revenue growth of 65.4%.
- Bioplastics division's profitable revenue growth to achieve a 10%-12.5% EBITDA margin by the end of the KPI period.
  Good progress was made towards this KPI as the Bioplastics division's LBITDA narrowed to 2.4% for 2020 compared with 27.4% LBITDA in 2019 (calculated on a like-for-like basis).
- Continued diversification of the Group's turnover by product and market to ensure that no single product or end customer contributes more than 15% of revenues by 2023.
  The Group had two customers (2019: two customers) who each accounted for more than 15% of Group revenues. In 2020, both of these customers were in the Bioplastics division as their use of Biome products continued to grow. The two customers referred to are converters of material for a further number of end customers. Good progress is being made to diversify the number of end customers and the variety of products being sold.
- Continued investment in the Group's next generation of products by spending significantly more per annum on average than the £0.3m per annum average spend over the previous strategic objective cycle.
  The Group met this target with £0.7m R&D investment in the year.

Board and personnel changes

In October 2020, we were pleased to announce the appointment of Rob Smith as Chief Financial Officer. Rob is an experienced 'C-level' executive with many years' service with technology-based AIM listed SMEs both as CFO and CEO and having most recently been CEO at Filtronic plc.

Post year-end Michael Kayser confirmed his decision to retire from his role as non-executive director and chairman of both the Remuneration and Audit Committees. Michael has served Biome exceedingly well during a very exciting 10 years for the business.

We are pleased to welcome the appointment of Simon Herrick, as a non-executive director. He will be a member of the Nominations Committee and will chair both the Audit and Remuneration Committees. Simon qualified as a Chartered Accountant with Price Waterhouse and has held a number of executive director roles with listed companies including Northern Foods plc, Debenhams plc and Blancco Technology Group plc. Simon is currently NED and chair of Audit and Remuneration Committees at both Ramsdens Holdings PLC and FireAngel Safety Technology Group plc.

Race to Zero

As recently announced, Biome Technologies has 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. We will commence reporting on our progress on this vital subject in our results for the year ending 31 December 2021.

Outlook

We believe that the growth phase that the Bioplastics division has entered represents a permanent move to more sustainable materials and confirmation that our strategy is working. We expect that the opportunities we have secured, and that are starting to turn into repeat business, are only the beginning of a market shift to more sustainable products. The RF Technologies division remains susceptible to market disruption caused by Covid-19 but we are encouraged by a slight improvement in its outlook; we will continue to closely monitor the ongoing progress of the division.

Trading in the first quarter of 2021 was in line with our expectations and the outlook for the year remains unchanged. We continue to manage our cash resources to ensure that we are able to achieve sustainability for the Group.

John Standen

Chairman

Strategic Report

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

Biome Bioplastics Division

The Bioplastics division achieved sales revenue of £4.9m (2019: £3.0m), an increase of 65.4%. This increase in reported revenues related to existing products as well as new product launches and reflects the continuing increased activity and enquiry levels that currently exist both in the Bioplastics division and also the wider market. Staffing and resourcing levels were adjusted accordingly to accommodate this increased activity, which is anticipated to maintain its upward trajectory over the coming years. The net effect of the increase in revenues was to decrease the division's operating loss to £0.5m (2019: £1.2m loss restated).

Markets

Plastics and their use or misuse by humanity remains a key environmental topic for both the UK and overseas markets. 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, there is greater interest in how such materials might also be manufactured with lower carbon footprints.

The compelling case for compostable (biodegradable) bioplastics 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 spread to soils. This is driving the growth of the compostable packaging market in sectors such as food waste bags, coffee pods, tea bags and other food contaminated packaging formats.

The growth of the compostable plastics market is 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 varies considerably by geographic territory and often within countries although there is, in general, a move to improve and scale-up such activity.

Arguably, the consumer desire to change the plastic model is pulling through increased demand for compostable plastics at a rate that is faster than the 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. 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 are are highly motivated to treat such waste appropriately. This is driving the compostable plastics market to producing and certifying 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.

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 sit behind the desire for compostable functionality.

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 the 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 by 2023 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 US market.

Cost and functionality will remain key hurdles over the widespread adoption of bioplastics over 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 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

Technical Development

Biome Bioplastic'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 environmental attributes. During 2020, the development team worked on a variety of technical challenges that included the development of home compostable materials, the improvement of oxygen and vapour barrier performance, the soil degradability of materials to be used in tree shelters and the improvement of temperature performance for a variety of end-uses.

The Bioplastics division also continued its work in medium term Industrial Biotechnology research into the transformation of lignocellulose (often sourced from agricultural waste) into low cost bioplastics using microbial and enzymatic routes. If successful, it is anticipated that this work will result in bioplastics with improved functionality at a cost comparable to current petro-based plastics. This development work continues to be supported by research grants and much of the work is undertaken in collaboration with leading UK universities.

Stanelco RF Technologies division

The RF Technologies division is a specialist engineering business focused on the design and manufacture of electrical/electronic systems based on advanced radio frequency technology.

The division's core offering is the supply of fibre optic furnaces, although the business is also exploring other markets where its expertise in induction heating can be utilised. Total revenues in 2020 were significantly reduced at £0.8m (2019: £4.0m). This reduction was caused by the combined effects of the continued low level of capital goods expenditure in the division's main telecoms fibre optic market due to the previously reported excess capacity for fibre optic industry and the Covid-19 pandemic that has caused delays in capital equipment purchases throughout the UK industrial sector. As a consequence of the reduced sales, the division incurred an operating loss for the period of £0.5m (2019: £0.7m profit restated).

The business currently focuses on four key revenue streams:

Optical Fibre 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. Each system is bespoke to customers' exact requirements. There is currently a continuing imbalance in the global demand for optical fibre compared to the installed capacity base. This overcapacity affected demand for furnaces in 2020 with no orders being received during the year. It is expected that as demand for fibre optic cable grows, the imbalance in manufacturing capacity will reverse in the mid-term. The Group is receiving enquiries for specific types of furnaces and spares that suggests that capacity utilisation is increasing. Nonetheless, we do not expect to see a significant change in market dynamics during 2021.

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.

Induction Heating Equipment

The division sells bespoke induction heating equipment mainly into the UK industrial sector. Whilst this is a small part of the division's sales, it is a strategic aim to increase the equipment offering and expand sales of this type of equipment.

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.

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. Risks and uncertainties associated with the on-going Covid-19 pandemic are considered in a dedicated sub-section to the principal risks and uncertainties.

Risk	Nature	Mitigation strategies
Political, Economic and Regulatory Environment	The Group is subject to political, economic and regulatory factors in the various countries in which it operates. There may be a change in government regulation or policies which materially and/or adversely affect the Group's ability to successfully implement its strategy. Some of the Group's products are employed in the food and pharmaceutical industries, both of which are highly regulated. There is a risk that the Group may lose contracts or be subject to fines or penalties for any non-compliance with the relevant industry regulations.	The Directors aim to focus their product range on areas where demand is not reliant on government regulation. The Group ensures its staff are well versed in the regulatory environment of its end-use industries and regularly reviews its product portfolio to ensure compliance with relevant regulations.
Exchange Rate Fluctuations	The Group exports the majority of its products and therefore fluctuations in exchange rates may affect product demand in different regions and may adversely affect the profitability of products provided by the Group in foreign markets where payment is made for the Group's products in local currency.	The Directors are informed regularly of the potential impact of exchange rate movements on the business and act to mitigate any adverse movements wherever possible. In order to mitigate the medium term impact of any adverse exchange rate movements, the Group will look to move production and match the currency of its input costs with those of the contractual selling price thereby reducing the currency

		movement risk to the gross margin of the product.
Suppliers and Raw Materials	The Group's products and manufacturing processes utilise a number of raw materials and other commodities. In particular, the Bioplastics division requires a few, 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.	To mitigate this risk, the division is seeking to validate new materials coming onto the market which may be used in substitution.
Intellectual Property	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. 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.	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. 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.
Competition	There is a risk that competitors may be able to develop products and services that are more attractive to customers, either through price or technical performance, than the Group's products and services.	The Group aims to be ahead of the competition through working closely with customers to produce products that meet their exact requirements rather than offering “off the shelf” solutions.
Commercialisation of New Products	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	The Directors ensure that regular reviews of product development 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.

	associated with the product life cycle are as follows: • 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 • 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 • Commercialisation phase – the product may be superseded either through price or a competitor product being more advanced	
Customers and Customer Concentration	The Group's ability to generate revenues for a number of its products is reliant on a small number of customers. If one of these customers was to significantly reduce its orders, 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.
Brexit	The UK left the European Union during the year under review and the transition arrangements ended on 31 December 2020. The new trade deal entered into between the UK and the European Union was in negotiation until the end of the transition period and therefore we have had to implement new processes with little forward notice of the details of trading arrangements. This has caused some minor short-term disruption of both exports to and imports from countries in the European Union. The majority of the Bioplastics products that are produced in the European Union are sold either locally into the continental European market or exported directly to the US market. Whilst deliveries of these goods are not therefore transported through the UK new local documentation and compliance procedures have been required for us to export from the EU.	The Group has worked closely with import and export agents as well as local advisers in Europe to ensure that we are compliant with the various new regulations now in force. The Group will continue to monitor local regulations as the new requirements settle down and will introduce additional, proportionate mitigating policies as required.

Covid-19

The Covid-19 pandemic continues to significantly impact individuals, businesses, markets and economies, but despite this there has been minimal direct impact on the Group's operations. The Group has continued its manufacturing and development operations in accordance with Government advice.

New orders for products supplied by the RF Technologies division have reduced as our customers have reduced their investment activities. However, this must also be seen in the light of an overall excess in capacity in our main fibre optic market that had already seen suppressed sales in 2019.

The Biome Bioplastics division had to conduct some trials virtually, where physical attendance was not possible or permitted and it utilised the skills and expertise of a consultant in the US to assist with some of these trials.

The table below details some of the key risks and the strategies that we have introduced to mitigate the risks:

Risk	Nature	Mitigation strategies
Financial	Increased market risk and reduced revenues heighten the liquidity risk whilst deterioration of the economic market heightens credit risk. Economic disruption may also impact financial markets including currencies, interest rates, borrowing costs and the availability of debt and equity finance. The impact of Covid-19 on our customers and their ability to continue to trade and pay invoices on time and the consequential impact on the Group's cashflow. Impact of going concern assessment.	The Group is tightly controlling overhead spend and actively reducing spend where possible and has used the UK Government's Coronavirus Job Retention Scheme (Furlough) to offset employment costs where staff have not been able to work due to "lockdown" restrictions and disruptions to order flows from customers. It was necessary to make a number of staff redundant in the RF division. Some of the Group's customers have experienced liquidity issues during the period and this has meant that we have had to increase our provision for slow moving debts. As a result, the Group has focussed its activities on supplying customers with stronger financial positions. A thorough going concern assessment was conducted that considered a number of scenarios and included a reverse stress test. The directors concluded that there is sufficient working capital for the Group to meet present and future obligations over the next 12 months.
Health and safety	The health and safety of our employees is of paramount importance. There is a risk that our colleagues may come into contact with carriers of Covid-19 and bring it in to our facilities. In order to manage the risks and adhere to government guidelines the Group had to change the method of operation and implement measures to mitigate the risk.	The Group was quick to set up a Covid-19 response team and implement a range of measures to combat the risks of Covid-19. This included asking all employees to work from home that were able to do so. This worked well as our principal IT systems are cloud based or accessible remotely. A proportion of our employees were not able to work from home as they need to access facilities at our Marchwood facility. To this end, the Group carried out risk assessments and put in place a dedicated `Covid Team', to ensure compliance of the implemented positive safety measures and to undertake a

		continual review of the effectiveness and relevance of such measures. Further risk assessments will be carried out if deemed necessary. A Covid policy that was communicated to staff remains in force. Signage around the building is displayed; to inform staff of maximum occupancy levels within certain areas of the building, as well as a reminder of social distancing and the frequency of hand washing. There has been an increase in the frequency and thoroughness of the cleaning provided by external contractors. All staff have been issued with a `Covid Pack', consisting of hand sanitisers, anti-bacterial wipes and face masks. Staff are consulted with about Covid and encouraged to raise any concerns.
Cyber Security	Covid-19 has increased cyber threats from cyber criminals and other malicious groups who are targeting businesses by deploying Covid-19 related scams and phishing emails. Employees working from home have also heightened cyber security risks.	Biome has effective cyber security controls and has increased the focus on addressing security alerts as soon as they arise. Security education of employees has been increased highlighting security threats.

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	**2020 £'m**	2019 £'m	Growth
Revenues			
Bioplastics	**4.9**	3.0	65.4%
RF Technologies	**0.8**	4.0	(79.7%)
Reported Group revenues	**5.7**	7.0	(17.3%)
(L)/EBITDA		Restated	
Bioplastics	**(0.1)**	(0.8)	
RF Technologies	**(0.4)**	0.8	
Central Costs	**(0.4)**	(0.5)	
Reported (L)/EBITDA	**(0.9)**	(0.5)	
less depreciation, amortisation and equity share option charges:		Restated	
Bioplastics	**(0.4)**	(0.4)	
RF Technologies	**(0.1)**	(0.1)	
Central Costs	**(0.2)**	(0.1)	
	(0.7)	(0.5)	
(Loss)/Profit from Operations		Restated	
Bioplastics	**(0.5)**	(1.2)	
RF Technologies	**(0.5)**	0.7	
Central Costs	**(0.6)**	(0.6)	
Like-for-Like Operating Loss	**(1.6)**	(1.0)	
Net Assets			
Non-current assets	**1.4**	1.5	
Inventories	**0.7**	0.6	
Trade and other receivables	**1.6**	1.9	
Cash	**1.7**	2.1	
Trade and other payables	**(1.1)**	(1.5)	
long term lease commitments	**(0.4)**	(0.4)	
Net assets	**3.9**	4.2	

Segmental information has been restated to allocate costs previously accounted for as Central Costs to Bioplastics and RF Technologies, see Note 2 for details.

Revenues

Reported Group revenues decreased in the year to £5.7m from £7.0m due to the absence of orders for fibre optic furnaces sold by the RF Technologies division exacerbated by lower demand for capital goods resulting from the recession caused by Covid-19. The Bioplastics division continued to see significant increases in revenues as customers see the benefits of compostable packaging particularly in the food and beverages sector.

(L)/EBITDA

Reported (Loss) / Earnings Before Interest, Taxation, Depreciation and Amortisation ((L)/EBITDA) for the year was a loss of £0.9m (2019: (£0.5m)). The increase in LBITDA is a direct result of the lower revenues in the RF Technologies division. This has been partially offset by increases in revenues in the Bioplastics division as well as reduced overhead costs.

Operating Profits/(Losses)

The Group recorded an operating loss for the year of £1.6m compared to an operating loss of £1.0m in the prior year.

Administrative costs across the Group in 2020 were £3.6m (2019: £4.5m). When the non-cash effects of depreciation, amortisation and equity settled share option charges are removed, the cash administrative expenses in 2020 decreased to £2.9m compared to prior year (2019: £4.0m). This decrease in expenses is mainly attributable to reductions in expenditure within the RF Technologies division, as costs were scaled back as a result of the lower activity levels, and savings made by senior directors / employees voluntarily accepting lower salaries to help mitigate the financial impact of Covid-19.

Investment in product research and development was £0.7m in the year (2019: £1.1m), which includes the research work in grant backed Industrial Biotechnology, of which £0.3m (2019: £0.3m) was capitalised in the year. The reduced level of research and development expenditure in the year was attributable to a reduction in the value of grant funded research activity. Tax R&D claims resulted in a credit being recognised in the year of £0.2m with cash being received after the year end (2019: credit of £0.1m).

The Group recorded a loss after tax for the year of £1.5m (2019: loss after tax of £0.9m), giving a basic loss per share of 51p (2019: loss per share of 35p).

Statement of Financial Position

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

As at 31 December 2020, there was £0.8m of capitalised development costs (2019: £0.9m) within the Group's statement of financial position, of which £0.4m relates to BiomeMesh. An assessment is made at least annually which assumes future potential market take up of the products and the margins achievable.

Cashflow

	2020 **£'000**	2019 £'000
Loss from operations	**(1,575)**	(1,020)
adjustment for non-cash items	**658**	539
Movement in working capital	**(138)**	(1,092)
Cash utilised by operations	**(1,055)**	(1,573)
Investment activities	**(275)**	(303)
R&D Tax credit	**-**	205
Interest paid	**(38)**	(2)
Financing activities	**920**	1,185
Net decrease in cash	**(448)**	(488)
Opening cash balance	**2,126**	2,614
Closing cash balance	**1,678**	2,126

The cash utilised in operations, before working capital movements, was £0.9m (2019: cash utilisation of £0.5m). Working capital movements of £0.1m utilisation in the year reflected the increased utilisation in the Bioplastics division offset by a further unwind of working capital in the RF Technologies division.

Investment in the year in capitalised product development and capex was flat at £0.3m (2019: £0.3m). Financing activities principally represented the share issues in 2020 and 2019 with new shares in the Company raising £1.0m net of costs (2019: £1.2m). No R&D tax credits were received during 2020 as the claim for 2019 expenditure was not submitted until the end of the year (2019: £0.2m). Post year-end a payment of £0.2m was received in respect of 2019 R&D tax credits.

The resultant closing cash position was £1.7m (2019: £2.1m).

Going Concern

The Group has operated for a year under Covid-19 pandemic conditions and has had time to assess the impact that the pandemic has had on its business. During 2020, the Group and specifically the RF Technologies division has reduced its cost base. Further to that, the Company successfully raised additional funding of £1m (after expenses) by way of a placing and subscription of new equity completed in the second half of 2020.

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 cashflow generation and the ability to secure additional debt or equity financing in future if this became necessary. The primary area of judgement that the Board considered, in the going concern assessment, related to revenue expectations and visibility.

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 assumed the unlikely scenario that (a) demand for RF products would decline to a lower level than that seen in 2020 and (b) the sales growth achieved by Bioplastics during the second half of 2020 would not be repeated in the forecast period. 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 for the Group's Bioplastic products and excludes the potential of an improvement in the Fibre Optic furnace market. This most severe scenario also excludes any mitigating reduction in the cost base that the Board would clearly undertake in this event. In all scenarios modelled, including the reverse stress test, the Group has sufficient resources to operate and meet its liabilities throughout the going concern review period without the inclusion of the impact of mitigating actions.

At 31 December 2020, the Group had a net cash balance of £1.7m and as at 24 March 2021 a balance of £1.7m. The 31 December 2020 balance exceeded market forecast and the 24 March 2021 balance was better than predicted in all the going concern scenarios tested. On a revised base case scenario adopted for their assessment, the Board is comfortable that the Group can continue its operations for at least a 12-month period following the approval of these financial statements.

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.

By order of the Board.

Paul Mines
Chief Executive Officer

Consolidated statement of comprehensive income
For the year ended 31 December 2020

	Note	**2020**	2019
		£'000	£'000
REVENUE		**5,705**	6,957
Cost of goods sold		**(4,029)**	(3,933)
GROSS PROFIT		**1,676**	3,024
Other operating income		**300**	436
Administrative expenses		**(3,551)**	(4,480)
LOSS FROM OPERATIONS		**(1,575)**	(1,020)
Investment income		**2**	6
Finance charges		**(38)**	(9)
Foreign exchange gain/(loss)		**(88)**	-
LOSS BEFORE TAXATION		**(1,699)**	(1,023)
Taxation	6	**155**	146
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,544)**	(877)
Basic loss per share - pence	7	**(51)p**	(35)p
Diluted loss per share - pence	7	**(51)p**	(35)p

Consolidated statement of financial position
as at 31 December 2020

	Note	**2020**	2019
		£'000	£'000
NON-CURRENT ASSETS			
Other intangible assets	8	**821**	883
Property, plant and equipment	9	**574**	653
		1,395	1,536
CURRENT ASSETS			
Inventories		**746**	555
Trade and other receivables	10	**1,594**	1,885
Cash and cash equivalents		**1,678**	2,126
		4,018	4,566
TOTAL ASSETS		**5,413**	6,102
CURRENT LIABILITIES			
Trade and other payables	11	**1,076**	1,381
Lease liabilities	12	38	76
		1,114	1,457
NON-CURRENT LIABILITIES			
Lease liabilities	12	**400**	438
		400	438
TOTAL LIABILITIES		**1,514**	1,895
NET ASSETS		**3,899**	4,207
EQUITY			
Share capital		**186**	140
Share premium account		**2,200**	1,250
Capital redemption reserve		**4**	4
Share options reserve		**617**	377
Translation reserves		**(85)**	(85)
Retained earnings		**977**	2,521
TOTAL EQUITY		**3,899**	4,207

The financial statements were approved by the Board on 25 March 2021.

Signed on behalf of the Board of Directors

Paul Mines (Chief Executive)

Rob Smith (Chief Financial Officer)

25 March 2021

Consolidated statement of changes in equity
AS AST 31 DECEMBER 2020

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share options reserve £'000	Translation reserve £'000	Retained earnings £'000	TOTAL EQUITY £'000
Balance at 1 January 2020	140	1,250	4	377	(85)	2,521	4,207
Share options issued in share based payments	-	-	-	240	-	-	240
Issue of share capital	46	950	-	-	-	-	996
Cancellation of expired options	-	-	-	-	-	-	-
Transactions with owners	186	2,200	4	617	(85)	2,521	5,443
Loss for the year	-	-	-	-	-	(1,544)	(1,544)
Total comprehensive loss for the year	-	-	-	-	-	(1,544)	(1,544)
Balance at 31 December 2020	186	2,200	4	617	(85)	977	3,899
Balance at 1 January 2019	118	77	4	316	(85)	3,323	3,753
Share options issued in share based payments	-	-	-	136	-	-	136
Issue of share capital	22	1,173	-	-	-	-	1,195
Cancellation of expired options	-	-	-	(75)	-	75	-
Transactions with owners	22	1,173	-	61	-	75	1,331
Loss for the year	-	-	-	-	-	(877)	(877)
Total comprehensive income for the year	-	-	-	-	-	(877)	(877)
Balance at 31 December 2019	140	1,250	4	377	(85)	2,521	4,207

Consolidated statement of cash flows
For the year ended 31 December 2020

	2020	2019
	£'000	£'000
Loss after taxation	**(1,544)**	(877)
Adjustments for: -		
Taxation	**(155)**	(146)
Foreign exchange loss/(gain)	**88**	-
Finance charges	**38**	9
Investment income	**(2)**	(6)
Loss from operations	**(1,575)**	(1,020)
Adjustments for: -		
Amortisation and impairment of intangible assets	**320**	317
Depreciation of property, plant and equipment	**98**	77
Share based payments - equity settled	**240**	136
Foreign exchange gain/(loss)	**-**	9
Operating cash flows before movement in working capital	**(917)**	(481)
Decrease/(increase) in inventories	**(191)**	400
Decrease/(increase) in receivables	**293**	(1,087)
(Decrease)/increase in payables	**(240)**	(405)
Cash utilised in operations	**(1,055)**	(1,573)
Corporate tax received	**-**	205
Interest paid	**(38)**	(2)
Net cash outflow from operating activities	**(1,093)**	(1,370)
Investing activities		
Interest received	**2**	6
Investment in in intangible assets	**(258)**	(282)
Purchase of property, plant and equipment	**(19)**	(27)
Net cash used in investing activities	**(275)**	(303)
Financing activities		
Proceeds from issue of share capital	**1,100**	1,300
Costs of issue of ordinary share capital	**(104)**	(104)
Repayment of obligations under leasing activities	**(76)**	(11)
Net cash from financing activities	**920**	1,185
Net decrease in cash and cash equivalents	**(448)**	(488)
Cash and cash equivalents at the beginning of the year	2,126	2,614
Cash and cash equivalents at the end of the year	**1,678**	2,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. NON-STATUTORY FINANCIAL STATEMENTS

The financial information set out in this preliminary results announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2020 or 2019 but is derived from those financial statements. Statutory financial statements for 2019 have been delivered to the Registrar of Companies. Those for 2020 will be delivered following the Company's Annual General Meeting on 21 April 2021. The auditors have reported on those accounts: their reports on those financial statements were unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The financial statements, and this preliminary statement, of the Group for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 24 April 2020 and the statement of financial position was signed on behalf of the Board by Paul Mines and Rob Smith.

2. BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006.

3. BASIS OF CONSOLIDATION

The Group financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up to 31 December 2020. Subsidiaries are entities over which the Group has control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power. At 31 December 2020 the subsidiary undertakings were Biome Bioplastics Limited, Stanelco RF Technologies Limited, Aquasol Limited, and InGel Technologies Limited (dormant).

The assets and liabilities of the Biome Technologies plc Employee Benefit Trust ("EBT") are included within the consolidated statement of financial position on the basis that the Group has the ability to exercise control over the EBT.

4. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2020

	2020				2019 (Restated)*			
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
	Bioplastics	**RF**	**Central**	**Total**	Bioplastics	RF	Central	Total
Revenue from sales	4,946	804	-	**5,750**	2,991	3,966	-	6,957
Removal of inter-segment sales	-	(45)	-	**(45)**	-	-	-	-
Total external sales	4,946	759	-	**5,705**	2,991	3,966	-	6,957
(Loss)/profit from operations	(517)	(461)	(597)	**(1,575)**	(1,176)	748	(592)	(1,020)
Interest received	-	-	2	**2**	-	-	6	6
Finance charges	-	-	(38)	**(38)**	-	-	(9)	(9)
Foreign exchange loss	(88)	-	-	**(88)**	-	-	-	-
Loss before taxation	(605)	(461)	(633)	**(1,699)**	(1,176)	748	(595)	(1,023)
Taxation	155	-	-	**155**	146	-	-	146
Loss for the year	(450)	(461)	(633)	**(1,544)**	(1,030)	748	(595)	(877)
Reconciliation to Loss Before Interest Tax Depreciation and Amortisation (LBITDA)								
(Loss)/profit from operations	(517)	(461)	(597)	**(1,575)**	(1,176)	748	(592)	(1,020)
Depreciation/amortisation	(364)	(50)	(4)	**(418)**	(340)	(52)	(2)	(394)
Share based payments	(35)	(16)	(189)	**(240)**	(17)	(22)	(97)	(136)
LBITDA	(118)	(395)	(404)	**(917)**	(819)	822	(493)	(490)
Other segmental information								
Capital Expenditure								
Property, plant and equipment	9	9	1	**19**	254	265	26	545
Intangible assets	258	-	-	**258**	320	-	-	320
Total Capital Expenditure	267	9	1	**277**	574	265	26	865
Total Assets	3,886	1,414	113	**5,413**	3,291	2,183	628	6,102

The Bioplastics division comprises of Biome Bioplastics Limited and Aquasol Limited.

*During 2020 the board concluded that, to gain a more accurate representation of the costs and profits associated with Bioplastics and RF Technologies, certain costs previously accounted for as part of the Central division would be allocated, to the operating divisions. These costs include insurance, accounting, administration, facilities, and executive management activities attributable to the operating divisions. A restatement of segmental information for 2019 has been made to allow users of these account to compare information on a consistent basis.

5. (LOSS)/EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AND AMORTISATION

The Group, and divisions, define earnings before interest, taxation, depreciation and amortisation ("EBITDA") as the operating profit or loss adjusted for share option charges, depreciation, and amortisation. The Group (L)/EBITDA is reconciled as follows:

(L)/EBITDA	**2020**	2019
	£'000	£'000
Loss from operations per consolidated statement of comprehensive income	**(1,575)**	(1,020)
Amortisation	**320**	317
Depreciation	**98**	77
Share option charges - equity settled	**240**	136
	(917)	(490)

6. TAXATION

The Group's normal policy is to recognise tax credits resulting from tax R&D claims on a cash received basis. However, the claim in respect of the year ended 31 December 2019 was not received until after the year-end but was settled prior to the report date the value has been accrued as if received in 2020. A tax credit has, therefore, been recognised in the Group's financial statements in respect of that claim.

7. EARNINGS 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 £1,544,000 (2019: loss of £877,000) and a weighted average of 3,033,457 (2019: 2,472,038) ordinary shares in issue for basic earnings per share and a weighted average of 3,033,457 (2019: 2,472,038) ordinary shares in issue for diluted earnings per share.

8. OTHER INTANGIBLE ASSETS

During the year there was a capitalisation of £258,000 of product development costs (2019: £282,000). The amortisation charge for the year was £320,000 (2019: £317,000).

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of £19,000 were acquired in the year (2019: £545,000 of which £518,000 was in respect of right of use assets capitalised in accordance with IFRS 16). The depreciation charge for the year was £98,000 (2019: £77,000).

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables reduced in the year due to lower sales within the RF Technologies division.

11. TRADE AND OTHER PAYABLES

Trade and other payables decreased in the year due mainly to lower levels of sales revenue resulting in lower purchases of materials and reduced customer deposits within the RF Technologies division compared to the prior year.

12. LEASE LIABILITIES

IFRS 16 was adopted in the year ending 31 December 2019. The leases have been reflected on the statement of financial position under property, plant and equipment as right-of-use assets as follows:

	Opening Book Value	Additions	Depreciation Charge	Closing book value
	£'000	£'000	£'000	£'000
Premises	483	-	(21)	462
Motor vehicles	13	-	(12)	1
Total	**496**	**-**	**(33)**	**463**

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

	£'000
Lease liability as at 1 January 2020	514
New leases entered into during the year	-
Interest charged during the year	38
Payments made during the year	(114)
Lease liability as at 31 December 2020	**438**

	2020	2019
	£'000	£'000
Lease liability payable in less than a year	**38**	76
Lease liability payable in more than one year	**400**	438
Total	**438**	514