

## Corporate

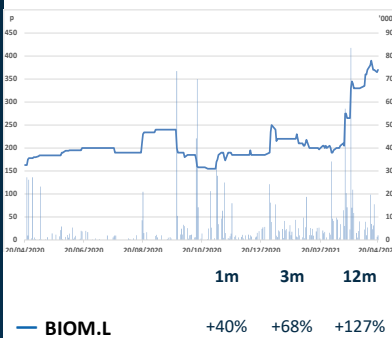
Current price **370p**

Sector **Chemicals**

Code **BIOM.L**

AIM **AIM**

### Share Performance



Source: Thomson Reuters, Allenby Capital

### Share Data

Market Cap (£m) **13.8**

Shares in issue (m) **3.7**

52 weeks High Low

**390p 155p**

Financial year end **December**

Source: Company Data, Allenby Capital

### Key Shareholders

Mr V Pereira (and spouse) **17.96%**

Mr JM Rushton-Turner **10.94%**

Seguro Noms **5.21%**

Mr M McNulty **4.49%**

Directors **3.28%**

Source: Company Data, Allenby Capital

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## Biome Technologies plc (BIOM.L)

### Q1 update confirms trading in line with forecasts

Biome Technologies (Biome), a leading bioplastics and radio frequency technology business has provided a trading update for the first quarter ended March 2021. The chief takeaways are, a year-on-year (yoy) increase in Bioplastics revenues of 18% and unchanged revenues within the cyclically weak RF Technologies division. Importantly, Biome's revenues were in line with management expectations and in the Board's view the Group's performance remains in line with current market expectations. Our forecasts for FY2021 and 2022 remain unchanged as does our fair value target for the shares of 750p.

- First quarter shows revenue growth of 8%** – For the first quarter to end March 2021, Biome achieved revenue growth of 8% to £1.3m (Q1 2020: £1.2m), a figure which excludes grant income. Cash at the period end stood at £1.6m (Dec 2020: £1.7m) and at 19 April 2021 amounted to £1.8m with zero debt.
- Further progress in Bioplastics** – Revenues from the Bioplastics division revealed growth of 18% to £1.2m against the comparative quarter of 2020 (Q1 2020: £1.0m), a level comparable to the Q4 2020 outturn. We consider this to be relatively modest growth compared to our full year expectations, mainly due to the timing of orders and product mix in the quarter. The Board expects significant revenue growth from this division during 2021 driven by the implementations that are proceeding with both existing and new customers as has been described by the Board in recent statements. We believe that good progress continues to be achieved from new and existing customers with a growing and encouraging pipeline of prospects, particularly in filtration mesh and coffee pod material.
- RF revenues unchanged yoy** – The RF Technologies division continues to be impacted by the global overcapacity in fibre optic cable manufacturing, for which it is one of the world's leading suppliers of furnaces. Consequently, in Q1 2021, revenues were unchanged yoy at £0.2m. While we expect the market to remain subdued in the near term, management has noted some encouraging signs of a pickup in activity with small spares orders and some larger equipment enquiries being received. This augurs well for the division although these enquiries have yet to translate into a more significant order intake.
- Forecasting a positive maiden EBITDA in 2022** – Our forecasts for FY2021 are unchanged at this time. For 2022 we are projecting 40% revenue growth in Bioplastics (in line with management's KPI targets) and a modest recovery in RF Technologies. This is forecast to lead to a maiden positive EBITDA, cash generation and a close to breakeven position at the pre-tax level. The Bioplastics division is expected to gain significant traction during the current year and 2022, consequently we retain our share price fair value of 750p

### Year End: December

| (£'000)       | 2019A | 2020A  | 2021E | 2022E  |
|---------------|-------|--------|-------|--------|
| REVENUE       | 6,957 | 5,705  | 8,600 | 12,010 |
| ADJ. EBITDA   | -492  | -917   | -618  | 322    |
| ADJ. PBT      | -887  | -1,459 | -968  | -52    |
| ADJ. EPS (p)  | -30.0 | -43.0  | -23.4 | 1.3    |
| NET CASH (£m) | 2,126 | 1,678  | 600   | 787    |

Allenby Capital acts as Nomad & Broker to Biome Technologies plc (BIOM.L).

Please refer to the last page of this communication for all required disclosures and risk warnings.

## Income statement and forecasts

## EXHIBIT 4: INCOME STATEMENT AND FORECASTS

| Y/E December                               | £000<br>FY 2019A | £000<br>FY 2020A | £000<br>FY 2021E | £000<br>FY 2022E |
|--|------------------|------------------|------------------|------------------|
| <b>UNDERLYING</b>                          |                  |                  |                  |                  |
| Bioplastics division                       | 2,991            | 4,946            | 7,400            | 10,360           |
| RF division                                | 3,966            | 759              | 1,200            | 1,650            |
| <b>Total revenue</b>                       | <b>6,957</b>     | <b>5,705</b>     | <b>8,600</b>     | <b>12,010</b>    |
| Cost of Sales                              | (3,933)          | (4,029)          | (6,165)          | (8,616)          |
| <b>Gross Profit</b>                        | <b>3,024</b>     | <b>1,676</b>     | <b>2,435</b>     | <b>3,394</b>     |
| <i>Gross Profit margin</i>                 | <i>43.5%</i>     | <i>29.4%</i>     | <i>28.3%</i>     | <i>28.3%</i>     |
| Other operating income                     | 436              | 300              | 200              | 300              |
| Administration expenses                    | (3,952)          | (2,893)          | (3,253)          | (3,372)          |
| <i>As a % of sales</i>                     | <i>56.8%</i>     | <i>50.7%</i>     | <i>37.8%</i>     | <i>28.1%</i>     |
| <b>Underlying EBITDA</b>                   | <b>(492)</b>     | <b>(917)</b>     | <b>(618)</b>     | <b>322</b>       |
| <i>margin</i>                              | <i>-7.1%</i>     | <i>-16.1%</i>    | <i>-7.2%</i>     | <i>2.7%</i>      |
| Depreciation                               | (75)             | (98)             | (50)             | (96)             |
| Amortisation                               | (317)            | (320)            | (300)            | (240)            |
| <b>Underlying Operating profit/(loss)</b>  | <b>(884)</b>     | <b>(1,335)</b>   | <b>(968)</b>     | <b>(14)</b>      |
| <i>margin</i>                              | <i>-12.7%</i>    | <i>-23.4%</i>    | <i>-11.3%</i>    | <i>-0.1%</i>     |
| Investment revenue                         | 6                | 2                | -                | -                |
| FX   | -                | (88)             | -                | -                |
| Finance charges                            | (9)              | (38)             | -                | (38)             |
| <b>Underlying Profit/(loss) before tax</b> | <b>(887)</b>     | <b>(1,459)</b>   | <b>(968)</b>     | <b>(52)</b>      |
| Tax  | 146              | 155              | 100              | 100              |
| <b>Underlying Profit/(loss) after tax</b>  | <b>(741)</b>     | <b>(1,304)</b>   | <b>(868)</b>     | <b>48</b>        |
| <b>STATUTORY</b>                           |                  |                  |                  |                  |
| <b>Underlying Operating profit/(loss)</b>  | <b>(884)</b>     | <b>(1,335)</b>   | <b>(968)</b>     | <b>(14)</b>      |
| Share based charges                        | (136)            | (240)            | (100)            | (125)            |
| <b>Statutory Operating profit/(loss)</b>   | <b>(1,020)</b>   | <b>(1,575)</b>   | <b>(1,068)</b>   | <b>(139)</b>     |
| Investment revenue                         | 6                | 2                | -                | -                |
| Finance charges                            | (9)              | (88)             | -                | -                |
| FX gains/(loss)                            | -                | (38)             | -                | -                |
| <b>Statutory Profit/(loss) before tax</b>  | <b>(1,023)</b>   | <b>(1,699)</b>   | <b>(1,068)</b>   | <b>(139)</b>     |
| Tax  | 146              | 155              | 100              | 100              |
| <b>Statutory Profit/(loss) after tax</b>   | <b>(877)</b>     | <b>(1,544)</b>   | <b>(968)</b>     | <b>(39)</b>      |
| WAS (m)                                    | 2.472            | 2.799            | 3.720            | 3.735            |
| WAS FD (m)                                 | 2.472            | 3.137            | 3.720            | 3.735            |
| Year-end shares (m)                        | 2.799            | 2.799            | 3.735            | 3.735            |
| Basic EPS (p)                              | (35.5)           | (55.2)           | (26.1)           | (1.0)            |
| Basic EPS Diluted (p)                      | (35.5)           | (49.2)           | (26.1)           | (1.0)            |
| Underlying Basic EPS (p)                   | (30.0)           | (46.6)           | (23.4)           | 1.3              |
| Underlying EPS Diluted (p)                 | (30.0)           | (41.6)           | (23.4)           | 1.3              |

Source: Biome Technologies; Allenby Capital

## Balance sheet and forecasts

## EXHIBIT 5: BALANCE SHEET AND FORECASTS

| Y/E December  | £000<br>FY 2019A | £000<br>FY 2020A | £000<br>FY 2021E | £000<br>FY 2022E |
|---|------------------|------------------|------------------|------------------|
| <b>Assets:</b>  |                  |                  |                  |                  |
| <b>Non-current assets</b>                                       |                  |                  |                  |                  |
| Other intangibles   | 883              | 821              | 783              | 663              |
| PP&E  | 653              | 574              | 603              | 532              |
| <b>Total non-current assets</b>                                 | <b>1,536</b>     | <b>1,395</b>     | <b>1,386</b>     | <b>1,195</b>     |
| <b>Current assets</b>   |                  |                  |                  |                  |
| Inventories   | 555              | 746              | 555              | 725              |
| Trade and other receivables                                     | 1,885            | 1,594            | 2,050            | 1,651            |
| Cash and Cash equivalents                                       | 2,126            | 1,678            | 600              | 787              |
| <b>Total current assets</b>                                     | <b>4,566</b>     | <b>4,018</b>     | <b>3,205</b>     | <b>3,163</b>     |
| <b>Total Assets</b>   | <b>6,102</b>     | <b>5,413</b>     | <b>4,591</b>     | <b>4,358</b>     |
| <b>Liabilities:</b>   |                  |                  |                  |                  |
| <b>Current liabilities</b>                                      |                  |                  |                  |                  |
| Trade and other payables  | (1,381)          | (1,076)          | (1,181)          | (1,503)          |
| Lease liabilities   | (76)             | (38)             | -                | -                |
| <b>Total current liabilities</b>                                | <b>(1,457)</b>   | <b>(1,114)</b>   | <b>(1,181)</b>   | <b>(1,503)</b>   |
| <b>Non-current liabilities</b>                                  |                  |                  |                  |                  |
| Lease liabilities   | (438)            | (400)            | (400)            | (362)            |
| <b>Total non-current liabilities</b>                            | <b>(438)</b>     | <b>(400)</b>     | <b>(400)</b>     | <b>(362)</b>     |
| <b>Total liabilities</b>  | <b>(1,895)</b>   | <b>(1,514)</b>   | <b>(1,581)</b>   | <b>(1,865)</b>   |
| <b>Net current assets</b>                                       | <b>3,109</b>     | <b>2,904</b>     | <b>2,024</b>     | <b>1,660</b>     |
| <b>Net Assets</b>   | <b>4,207</b>     | <b>3,899</b>     | <b>3,010</b>     | <b>2,493</b>     |
| <b>Total equity &amp; liabilities</b>                           | <b>6,102</b>     | <b>5,413</b>     | <b>4,591</b>     | <b>4,358</b>     |
| <b>BALANCE SHEET RATIOS</b>                                     |                  |                  |                  |                  |
| Y/E December  | £000<br>FY 2019A | £000<br>FY 2020A | £000<br>FY 2021E | £000<br>FY 2022E |
| Long-term financial debts                                       | -                | -                | -                | -                |
| Short term financial debts                                      | -                | -                | -                | -                |
| Gross (debt)  | -                | -                | -                | -                |
| Cash and cash equivalents                                       | 2,126            | 1,678            | 600              | 787              |
| Net (debt) / cash   | 2,126            | 1,678            | 600              | 787              |
| Acid test (Current Assets less inventory / Current Liabilities) | 2.75             | 2.94             | 2.24             | 1.62             |
| Equity  | 4,207            | 3,899            | 3,010            | 2,493            |
| Gearing (Net Debt / Equity)                                     | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Net debt / EBITDA (x)   | -                | -                | -                | -                |
| EBITDA / net interest expense (incl. lease expense) (x)         | -                | -                | -                | -                |

Source: Biome Technologies; Allenby Capital

## Cash flow and forecasts

## EXHIBIT 6: CASH FLOW AND FORECASTS

| Y/E December   | £000<br>FY 2019A | £000<br>FY 2020A | £000<br>FY 2021E | £000<br>FY 2022E |
|--|------------------|------------------|------------------|------------------|
| <b>Operating cash flow:</b>  |                  |                  |                  |                  |
| Operating profit/(loss)  | (1,020)          | (1,575)          | (1,068)          | (139)            |
| Depreciation   | 77               | 98               | 50               | 96               |
| Amortisation   | 317              | 320              | 300              | 240              |
| Share-based payment  | 136              | 240              | 100              | 125              |
| FX   | 9                | -                | -                | -                |
| <b>Operating cash flow pre changes in working cap &amp; provisions</b> | <b>(481)</b>     | <b>(917)</b>     | <b>(618)</b>     | <b>322</b>       |
| <i>Decrease/(increase) in inventories</i>                              | <i>400</i>       | <i>(191)</i>     | <i>(135)</i>     | <i>(170)</i>     |
| <i>Decrease/(increase) in trade receivables</i>                        | <i>(1,087)</i>   | <i>293</i>       | <i>(400)</i>     | <i>(166)</i>     |
| <i>Increase (decrease) in trade and other payables</i>                 | <i>(405)</i>     | <i>(240)</i>     | <i>200</i>       | <i>322</i>       |
| <b>Net movement in working capital</b>                                 | <b>(1,092)</b>   | <b>(138)</b>     | <b>(335)</b>     | <b>(14)</b>      |
| Corporation tax  | 205              | -                | 150              | 100              |
| Interest paid  | (2)              | (38)             | -                | (38)             |
| <b>Net cash inflow/(outflow) from operating activities</b>             | <b>(1,370)</b>   | <b>(1,093)</b>   | <b>(803)</b>     | <b>370</b>       |
| <b>Investing Activities:</b>   |                  |                  |                  |                  |
| Interest received  | 6                | 2                | -                | -                |
| Investment in intangible assets  | (282)            | (258)            | (250)            | (120)            |
| Purchase of PP&E   | (27)             | (19)             | (25)             | (25)             |
| <b>Net cash inflow/(outflow) from investing activities</b>             | <b>(303)</b>     | <b>(275)</b>     | <b>(275)</b>     | <b>(145)</b>     |
| <b>Financing Activities:</b>   |                  |                  |                  |                  |
| Proceeds from issue of shares (net)                                    | 1,196            | 996              | -                | -                |
| Proceeds from leasing activities                                       | -                | -                | -                | -                |
| Repayment of obligations under leasing activities                      | (11)             | (76)             | -                | (38)             |
| <b>Net cash inflow/(outflow) from financing activities</b>             | <b>1,185</b>     | <b>920</b>       | <b>-</b>         | <b>(38)</b>      |
| <b>Total net increase/(decrease) in cash and cash equivalents</b>      | <b>(488)</b>     | <b>(448)</b>     | <b>(1,078)</b>   | <b>187</b>       |
| Cash and cash equivalents at start of period                           | 2,614            | 2,126            | 1,678            | 600              |
| <b>Cash and cash equivalents at end of period</b>                      | <b>2,126</b>     | <b>1,678</b>     | <b>600</b>       | <b>787</b>       |

Source: Biome Technologies; Allenby Capital

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