

## Corporate

 Current price **350p**

 Sector **Chemicals**

 Code **BIOM.L**

 AIM **AIM**

### Share Performance



— BIOM.L      -27%    -3%    +84%

Source: Thomson Reuters, Allenby Capital

### Share Data

 Market Cap (£m) **13.1**

 Shares in issue (m) **3.77**

52 weeks High Low

**505p**    **155p**

 Financial year end **December**

Source: Company Data, Allenby Capital

### Key Shareholders

 Mr V Pereira **17.77%**

 Mr JM Rushton-Turner **10.82%**

 Mr Patrick Evershed **7.44%**

 Mr Justin Waite **3.01%**

 Directors **3.14%**

Source: Company Data, Allenby Capital

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## Biome Technologies plc (BIOM.L)

### *Bioplastics grows 7% despite global shipping issues*

Biome Technologies (Biome) reported continued growth in its key Bioplastics division in the first half but with the rate of revenue growth being limited to 7% by external factors outside of the Group's control. Similarly, revenues within the Stanelco RF division (Stanelco) declined marginally in H1 being impacted by component delivery delays, particularly in Q2. The Board believes that the Group's performance remains in line with current market expectations and consequently our forecasts remain unchanged from those that were reduced earlier in July. The Board does however expect a return to the higher rates of growth indicated in its KPI targets in due course.

- Bioplastics revenues of £2.3m (H1 2020: 2.1m)** – Revenues from the key Bioplastics division increased by 7.3% to £2.3m after posting revenues of £1.2m in Q1 (Q1 2020: £1.1m) and £1.1m in Q2 (Q2 2020: £1.1m). While demand for the division's products remains robust with a good pipeline of opportunities, growth in H1 was limited by ongoing logistical challenges within the global container shipping industry that are delaying deliveries. These delays have had a particular impact on the division's ability to react quickly to customer's product development iterations.
- Delays in ramp-up of coffee pod filtration material with a second US customer** – As highlighted in our note of 1 July, a second US customer that was due to ramp-up its offtake of compostable coffee pod filtration material commencing early in H2 2021, has had internal production issues that require it to undertake some engineering changes within its factory. Although this customer has identified and is in the process of implementing the solution, the uptake of material has been severely restricted and is significantly below the Board's original expectations. This business was expected to support a significant portion of the Group's Bioplastics' revenue growth in H2 2021 and beyond and therefore, in early July, we reduced our revenue expectations for 2021 and 2022 and increased the expected LBITDA.
- Stanelco revenues down but outlook improving** – The Stanelco division reported revenues for H1 of £0.3m, below the comparative period of £0.4m. The division was modestly constrained by component delivery delays in the period and through both 2019 and 2020 has been impacted by the cyclicity in demand for fibre optic cable and hence the fibre optic furnaces manufactured by Stanelco. However, there are now encouraging signs of a recovery in the market with several large equipment enquiries being received on which contractual discussions are ongoing.
- Performance in line with current market expectations** – Our forecasts, downgraded at the beginning of July, remain in place and the Board views the Group's performance to date as being in line with revised market expectations. Cash at the end of the half was £1.4m (30 March 2021: £1.6m) with no debt.
- Positive outlook for H2 and 2022** – We view the current external headwinds in Bioplastics as purely temporary and together with the improving level of demand at Stanelco we anticipate the shares regaining lost ground as we progress through the remainder of 2021.

**Year End: December**

(£'000)	2019A	2020A	2021E	2022E
<b>REVENUE</b>	6,957	5,705	6,747	9,548
<b>ADJUSTED LBITDA</b>	-492	-917	-847	-312
<b>ADJUSTED LOSS BEFORE TAX</b>	-887	-1,459	-1,338	-731
<b>NET CASH (£m)</b>	2,126	1,678	593	765

Source: Biome; Allenby

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

## Financial summary

## EXHIBIT 1: FINANCIAL SUMMARY

	£000	£000	£000	£000
Y/E December	FY 2019	FY 2020	FY 2021E	FY 2022E
<b>PROFIT &amp; LOSS</b>				
<b>Revenue</b>	<b>6,957</b>	<b>5,705</b>	<b>6,747</b>	<b>9,548</b>
Gross Profit	3,024	1,676	2,018	2,714
<i>margin</i>	43.5%	29.4%	29.9%	28.4%
Total Operating costs	-4,344	-3,311	-3,456	-3,604
Operating profit/(loss)	-884	-1,335	-1,230	-690
<b>Adjusted EBITDA</b>	<b>-492</b>	<b>-917</b>	<b>-847</b>	<b>-312</b>
<i>EBITDA margin</i>	-7.1%	-16.1%	-12.6%	-3.3%
Statutory profit/(loss) before tax	-1,023	-1,699	-1,338	-731
<b>Adjusted profit/(loss) before tax</b>	<b>-887</b>	<b>-1,459</b>	<b>-1,338</b>	<b>-731</b>
Net Profit/(Loss)	-877	-1,544	-1,213	-606
Weighted Average Shares (m)	2.472	3.033	3.740	3.755
Adjusted EPS (p)	-35.5	-50.9	-32.4	-16.1
	£000	£000	£000	£000
Y/E December	FY 2019	FY 2020	FY 2021E	FY 2022E
<b>CASH FLOW</b>				
Net cash inflow/(outflow) from operating activities	-1,573	-1,055	-960	293
Net cash inflow/(outflow) from investing activities	-303	-275	-275	-145
Net cash inflow/(outflow) from financing activities	1,185	920	0	-38
Net increase/(decrease) in cash and cash equivalents in the year	-488	-448	-1,085	172
<b>Cash and cash equivalents at end of period</b>	<b>2,126</b>	<b>1,678</b>	<b>593</b>	<b>765</b>
	£000	£000	£000	£000
Y/E December	FY 2019	FY 2020	FY 2021E	FY 2022E
<b>BALANCE SHEET</b>				
<b>Assets:</b>				
Total non-current assets	1,536	1,395	1,386	1,153
Current assets				
Other (excluding cash)	2,440	2,340	2,605	2,284
Cash and cash equivalents	2,126	1,678	593	765
Total current assets	4,566	4,018	3,198	3,049
<b>Total Assets</b>	<b>6,102</b>	<b>5,413</b>	<b>4,584</b>	<b>4,202</b>
<b>Liabilities:</b>				
Total current liabilities	-1,457	-1,114	-1,181	-1,503
Total non-current liabilities	-438	-400	-400	-362
<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>2,017</b>	<b>1,546</b>
<b>Net Assets</b>	<b>4,207</b>	<b>3,899</b>	<b>3,003</b>	<b>2,337</b>

Source: Biome Technologies; Allenby Capital

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