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14 March 2018

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

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

Preliminary Results for the year ended 31 December 2017

Symphony Environmental Technologies Plc (AIM: SYM), a global specialist in products and technologies that "make plastic smarter", is pleased to announce its preliminary results for the year ended 31 December 2017.

Financial highlights:

- Revenues increased by 21.6% to £8.27 million (2016: £6.80 million)
- Gross profit increased by 17.8% to £4.01 million (2016: £3.41 million)
- EBITDA before R&D increased by 57.9% to £1.20 million (2016: £0.76 million)
- Profit before tax increased by 249.6% to £0.43 million (2016: £0.12 million)
- Profit after tax increased by 156.0% to £0.43 million (2016: £0.17 million)
- Basic earnings per share increased to 0.28p (2016: 0.11p)
- Cash generated from operations £1.03 million (2016: cash used £0.34 million)
- Improved working capital position with net cash of £0.63 million (2016: net debt £0.37 million)
- Distributable reserves of £0.07 million (2016: retained deficit £3.97 million)

Operational highlights:

- Saudi Standards, Metrology and Quality Organisation ("SASO") started enforcing legislation requiring the use of oxo-biodegradable plastic
- Symphony was the first organisation to be awarded the SASO Quality Mark for its d2w oxo-biodegradable additives and to achieve authorised supplier status for the Saudi Arabian market
- Launched d2p anti-microbial gloves into Wilko in the UK and several retail outlets in Italy
- Launched d2p anti-microbial masterbatch for use in water pipes in Pakistan
- Continued significant investment in R&D

Chief Executive, Michael Laurier, said:

"The year under review saw a continued improvement in the Group's financial performance – revenues, profits and cash generation have all increased and we are now free of debt. Throughout the year we have explained to governments, potential customers and NGOs the benefits of using our growing range of technologies, and in particular, d2w oxo-biodegradable plastic, which can help to solve the problem of persistent plastic pollution. Most of our revenues still derive from d2w and are earned mainly outside of the EU and the United States.

"We expect to see an improving business environment where more countries legislate in favour of our type of technology, and with better enforcement in countries where legislation has already been passed.

"The desire to find a solution to the plastics problem has reached tipping point. Our technology is proven, viable and does not significantly increase cost or disrupt the supply chain. Given our market positioning, we are increasingly confident on the outlook of the Group, both within our existing markets, and also into new markets in the year ahead."

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Chairman's Statement

I am very pleased to report a 249.6% increase in profit before tax to £430,000 (2016: £123,000) together with £1.03 million cash generated from operations (2016: cash consumed £0.34 million). With the business now in a net cash position and with its technologies gaining increasing commercial traction, together with elevated political and media coverage, the Group has never been so well positioned in its key markets.

Our d2w oxo-biodegradable plastic technology fits in perfectly with many governments' core principles of the 3 Rs, "*reduce, re-use, recycle*". However, unlike ordinary plastics, a plastic upgraded with d2w technology does not cause the accumulation of microplastics in the environment, as it converts much more rapidly into biodegradable materials. In addition to making conventional plastic more environmentally friendly, d2w can be used in some bio-based plastics which would not otherwise degrade in the open environment. This flexibility makes d2w a vital insurance policy for many types of plastics, some of which inevitably end up in the open environment.

Microplastics are the main concern today, and they are caused by ordinary plastics fragmenting on land and in the oceans. They need to be urgently upgraded with d2w technology, and this is already being done in the Middle East, Africa and Asia – most recently in Saudi Arabia.

Over the years we have established a strong distribution network with 74 distributors worldwide. In the year ahead one of the Company's objectives will be to increase its lobbying and marketing to make sure that everyone understands the huge benefits that Symphony's d2w and d2p technologies can bring to the environment and human health. Our strategy, as previously reported, was to expand the product range with synergistic technologies which can be offered to the same customer base, and I am pleased to report that this is progressing well.

Revenues for the year increased by 21.6% to £8.27 million (2016: £6.80 million), with gross profits increasing by 17.8% to £4.01 million (2016: £3.41 million). The improved revenue was due to increased sales of d2w oxo-biodegradable plastic additives in several markets. These markets include South America and the Far East, but momentum has been most apparent in the Middle East, and in particular Saudi Arabia, where legislation requires the use of oxo-biodegradable technology for everyday plastic items made in or imported into the country. Enforcement of the legislation commenced during 2017.

The overall results highlight the operational gearing of the Group. Additionally, the Group effectively removed borrowings from the balance sheet as at year-end which was further enhanced by the completion of a capital-reduction during the second half of the year. This, along with the profit generated in the year, resulted in a consolidated retained-earnings position of £67,000 (2016: deficit £3.97 million).

I would like to thank the distributors, staff and Board for all their hard and effective work in 2017, and we look forward with confidence.

N Deva DL FRSA MEP
Chairman

Chief Executive's review

Introduction

I am pleased to report that the year under review saw a continued improvement in the Group's financial performance. Our strategy throughout the year was to engage with governments, NGOs and media globally, explaining to them the benefits of using our growing range of technologies, and in particular, d2w oxo-biodegradable plastic, which can help to resolve the problem of persistent plastic pollution.

Although Europe is not currently an important market for d2w, we note that the EU Commission have taken an interest in oxo-biodegradable plastic and have asked the European Chemicals Agency ("ECHA") to consider its environmental credentials. The Commission do not as yet understand that the purpose of oxo-biodegradable technology is not to produce microplastics but to ensure that if plastic does fragment in the open environment it will convert much more quickly into biodegradable materials. We therefore welcome the reference to ECHA. Symphony and the Oxo-biodegradable Plastics Association will be assisting ECHA with all necessary technical information, but we do not expect any conclusions for some time.

The EU has been slow to realise the importance of this issue, as countries in the Middle East and other parts of the world have already legislated to require the use of oxo-biodegradable technology. These countries want plastic fragments to be dealt with quickly and automatically, and not to be left as a problem for future generations.

In Saudi Arabia, the Saudi Standards, Metrology and Quality Organisation ("SASO") started enforcing legislation requiring the use of oxo-biodegradable plastic for a range of locally manufactured and imported plastic products including carrier bags, packaging films and agricultural films. Symphony was the first company to be awarded the SASO Quality Mark for its d2w oxo-biodegradable additives and to achieve authorised-supplier status for the Saudi Arabian market.

This year saw the completion of two R&D projects for d2p; being anti-microbial household gloves and plastic water pipes. The anti-microbial gloves were launched into Wilko in the UK, and into several Italian retail outlets. An initial order was also received from the Middle East.

As previously reported, we have many customer-led d2p development projects, with applications including anti-microbials, insecticide, flame retardant, odour and moisture adsorbers, rodent repellents and corrosion inhibitors.

Trading results

Group revenues increased by 21.6% to £8.27 million from £6.80 million in 2016. Gross profit margins slightly decreased to 48.5% from 50.1% in 2016. As a result, the contribution from gross profit increased by 17.8% to £4.01 million from £3.41 million in 2016. The majority of our revenues derive from d2w and are earned mainly outside of the EU and the United States.

Costs increased by 6.9% to £3.30 million (2016: £3.10 million) due mainly to increased investment in R&D, lobbying and marketing, with associated travel expenditure into our key operating markets. The Group expensed R&D costs of £625,000 in 2017 (2016: £514,000).

EBITDA before R&D is a key metric for the Board, and it increased by 57.9% to £1.20 million (2016: £0.76 million), showing the underlying profitability of the business as it has moved from a net debt position to a net cash position, and its new technologies continue to be commercialised.

EBITDA before R&D is calculated as follows:

	2017	2016
	£'000	£'000
Operating profit	478	145
Add: Depreciation	78	86
Amortisation	16	13
R&D expenditure	625	514
	1,197	758

Due to the operational gearing of the Group, operating profit increased by 229.7% to £0.48 million from £0.15 million in 2016. This resulted in a 249.6% increase in profit before tax of £0.43 million (2016: profit £0.12 million).

The Group therefore reports a profit after tax for 2017 of £0.43 million (2016: profit £0.17 million) with basic earnings per share of 0.28 pence (2016: 0.11 pence).

The Group's primary selling-currency is the US Dollar and therefore a strong dollar against sterling is beneficial for the Group. The Group self-hedges by purchasing goods in US Dollars, and utilises forward rate agreements to minimise exchange risk. As at 31 December 2017, the Group had a net balance of US Dollar assets totalling \$1.08 million (2016: \$0.91 million).

Balance sheet and cash flow

The Group had net cash in the bank of £0.63 million at the year-end (2016: net debt of £0.37 million) and had generated cash of £1.03 million from operations (2016: cash used £0.34 million). This was achieved by improving profits as detailed above, together with improved payment terms in one of its main markets. There was a minimal £2,000 hire purchase debt as at the year-end compared to £0.81 million of interest-bearing debt at the end of 2016. The Group also has, if required, a £1.5 million trade finance facility and a further £0.50 million working capital facility with HSBC Bank. The Board do not envisage any working capital constraints as sales increase.

During the second half of the year the Company completed a capital reduction, which eliminated £3.61 million of share premium by transferring this to the credit of retained earnings. Together with the results for the year, the Group's retained earnings were £67,000 (2016: deficit £3.97 million) with Company retained earnings of £1.13 million (2016: deficit £2.71 million).

The Board has considered the possible effects of Brexit on the business and due to its global operations, is comfortable that this should not significantly affect the Group's future prospects.

Outlook

We expect to see an improving business environment where more countries legislate in favour of our type of technology, and with better enforcement in countries where legislation has already been passed.

The desire to find a solution to the plastics problem, and in particular microplastics, has reached tipping point. Our technology is proven, viable and does not significantly increase cost or disrupt the supply chain. This should make our entry into new markets and with new customers much easier than for disruptive technologies.

Our strategy for 2018 is to drive sales through an increased level of communications on a global scale, increasing our social media presence, together with media campaigns, lobbying and direct selling. We will announce these to the market at the relevant times.

We will continue with our R&D programme and maintain progress in commercialising our technologies including, at the earliest opportunity, our d2p projects, some of which require regulatory clearances, and some require the completion of customer-led product trials.

I would also like to thank all the staff at Symphony and our extended family of distributors for their hard and effective work and their continued commitment to the Symphony vision of being world leaders in "making plastic smarter" technologies and products.

**Michael Laurier,
Chief Executive**

**Consolidated statement of comprehensive income
for the year ended 31 December 2017**

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Revenue			8,267		6,801
Cost of sales			(4,255)		(3,395)
Gross profit			4,012		3,406
Distribution costs			(237)		(176)
Administrative expenses – recurring		(3,297)		(3,031)	
Administrative expenses – non-recurring		-		(54)	
Administrative expenses			(3,297)		(3,085)
Operating profit – before non-recurring items		478		199	
Operating loss – non-recurring		-		(54)	
Operating profit			478		145
Finance costs			(48)		(22)
Profit for the year before tax			430		123
Taxation			-		45
Profit for the year			430		168
Total comprehensive income for the year			430		168
Basic earnings per share	2		0.28p		0.11p
Diluted earnings per share	2		0.27p		0.10p

All results are attributable to the parent Company equity holders. There were no discontinued operations for either of the above periods.

**Consolidated statement of financial position
as at 31 December 2017**

	2017 £'000	2016 £'000
Assets		
Non-current		
Property, plant and equipment	291	298
Intangible assets	47	62
	338	360
Current		
Inventories	567	416
Trade and other receivables	992	1,576
Cash and cash equivalents	631	437
	2,190	2,429
Total assets	2,528	2,789
Equity		
<i>Equity attributable to shareholders of Symphony Environmental Technologies plc</i>		
Ordinary shares	1,516	1,499
Share premium	-	3,533
Retained earnings/(deficit)	67	(3,971)
	1,583	1,061
Liabilities		
Non-current		
Interest bearing loans and borrowings	-	2
	-	2
Current		
Interest bearing loans and borrowings	2	808
Trade and other payables	943	918
	945	1,726
Total liabilities	945	1,728
Total equity and liabilities	2,528	2,789

These financial statements were approved by the Board of Directors on 13 March 2018 and authorised for issue on 13 March 2018.

**Consolidated statement of changes in equity
for the year ended 31 December 2017**

Equity attributable to the equity holders of Symphony Environmental Technologies plc:

	Share capital	Share premium	Retained earnings/ (deficit)	Total equity
	£'000	£'000	£'000	£'000
For the year to 31 December 2017				
Balance at 1 January 2017	1,499	3,533	(3,971)	1,061
Issue of share capital	17	75	-	92
Capital reduction	-	(3,608)	3,608	-
Transactions with owners	17	(3,533)	3,608	92
Total comprehensive income for the year	-	-	430	430
Balance at 31 December 2017	1,516	-	67	1,583
For the year to 31 December 2016				
Balance at 1 January 2016	1,499	3,533	(4,139)	893
Total comprehensive income for the year	-	-	168	168
Balance at 31 December 2016	1,499	3,533	(3,971)	1,061

**Consolidated cash flow statement
for the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
Operating activities			
Net cash generated/(used) in operations	4	1,033	(343)
Tax received – R&D tax credits		-	45
Net cash generated/(used) in operating activities		1,033	(298)
Investing activities			
Additions to property, plant and equipment		(84)	(8)
Additions to intangible assets		(1)	(2)
Proceeds from sale of fixed assets		10	11
Net cash (used)/generated in investing activities		(75)	1
Financing activities			
Movement in working capital facility		(625)	464
Movement in finance lease liability		(4)	(4)
Proceeds from share issue		92	-
Interest paid		(48)	(22)
Net cash (used)/generated in financing activities		(585)	438
Net change in cash and cash equivalents		373	141
Cash and cash equivalents, beginning of year		258	117
Cash and cash equivalents, end of year		631	258

The reconciliation to the cash and cash equivalents as reported in the statement of financial position is as follows:

	2017 £'000	2016 £'000
Loans and receivables:		
Cash at bank and in hand	631	437
Financial liabilities measured at amortised cost:		
Bank overdraft	-	(179)
Cash and cash equivalents, end of year	631	258

Notes to the Preliminary Statement

1 Basis of preparation

This preliminary statement has been prepared on the basis of accounting policies consistent with the audited financial statements for the year ended 31 December 2017.

The financial information set out in this report does not constitute the Company's statutory accounts for the years ended 31 December 2017 or 2016 but is derived from the 2017 accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered in due course. The auditor has reported on the financial statements for the year ended 31 December 2017; its report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and (iii) did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

2 Earnings per share and dividends

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options and warrants.

Reconciliations of the loss and weighted average numbers of shares used in the calculations are set out below:

Basic and diluted	2017	2016
Profit attributable to equity holders of the Company	£430,000	£168,000
Weighted average number of ordinary shares in issue	151,089,240	149,939,377
Basic earnings per share	0.28 pence	0.11 pence
Dilutive effect of weighted average options and warrants	5,856,073	15,794,717
Total of weighted average shares together with dilutive effect of weighted options	161,014,667	165,734,094
Diluted earnings per share	0.27 pence	0.10 pence

No dividends were paid for the year ended 31 December 2017 (2016: £nil).

A total of 15,781,500 options and warrants were outstanding at the end of the year which may become dilutive in future years.

3 Segmental reporting

The Board has reviewed the requirements of IFRS 8 "Operating Segments", including consideration of what results and information the Board (the Chief Operating Decision Maker) reviews regularly to assess performance and allocate resources, and concluded that all revenue falls under a single business segment. The Directors consider that the business does not have separate divisional segments as defined under IFRS 8. The Board assesses the commercial performance of the business based upon a single set of revenues, margins, operating costs and assets.

4 Net cash used from operations

	2017 £'000	2016 £'000
Profit after tax	430	168
Adjustments for:		
Depreciation	78	86
Amortisation	16	13
Loss on disposal of tangible assets	3	10
Foreign exchange	(5)	(25)
Tax credit	-	(45)
Interest expense	48	22
Changes in working capital:		
Inventories	(151)	62
Trade and other receivables	579	(694)
Trade and other payables	35	60
Cash generated/(used) in operations	1,033	(343)

4 Availability of report and accounts

The Company will advise when copies of the Annual Report and Accounts will be sent to shareholders and be available from the Company's website www.symphonyenvironmental.com

NOTES TO EDITORS:

About Symphony Environmental Technologies plc

Symphony has developed and continues to develop, controlled-life plastic technology which helps tackle the problem of microplastics by turning ordinary plastic at the end of its service-life into biodegradable materials. It is then no longer a plastic and can be bioassimilated in the open environment in the same way as a leaf. The technology is branded d2w® and appears as a droplet logo on many thousands of tonnes of plastic packaging and other plastic products around the world. In some countries oxo-biodegradable plastic is mandatory.

To view a BBC World Service short film introducing d2w oxo-biodegradable (controlled-life) plastic technology please click on the following links:

From within the UK- <http://www.symphonyenvironmental.com/d2w/d2w-brochure-5/>

From outside of the UK - <http://www.bbc.com/storyworks/the-british-bid/symphony>

In addition, Symphony has developed a range of additives, concentrates and master-batches marketed under its d2p® brand, which can be incorporated in a wide variety of plastic and non-plastic products so as to give them protection against many different types of bacteria, fungi, algae, moulds, and insects, and against fire. d2p products also include odour, moisture and ethylene adsorbers as well as other types of food preserving technologies. We have also launched d2p anti-microbial household gloves and are developing a range of other d2p retail finished products.

Symphony has also developed the d2Detector®, a portable device which analyses plastics and detects counterfeit products. This is useful to government officials tasked with enforcing legislation. Symphony's d2t tagging and tracer technology is also available for further security.

Symphony has a diverse and growing customer-base and has established itself as an international business with 74 distributors around the world. Products made with Symphony's plastic technologies are now available in nearly 100 countries and in many different product applications. Symphony is accredited to ISO9001 and ISO14001.

Symphony is a member of The Oxo-biodegradable Plastics Association (www.biodeg.org) (OPA), the Society for the Chemical Industry (UK), and the Pacific Basin Environmental Council. Symphony actively participates in the Committee work of the British Standards Institute (BSI), the American Standards Organisation (ASTM), the European Standards Organisation (CEN), and the International Standards Organisation (ISO).

Further information on the Symphony Group can be found at www.symphonyenvironmental.com and twitter @SymphonyEnv