



9 February 2021

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement, this information is considered to be in the public domain

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

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

Trading Update

Symphony Environmental Technologies Plc (AIM:SYM) global specialists in supplying and developing technologies that make plastic and rubber products "smarter, safer and sustainable", is pleased to announce a trading update for the year ended 31 December 2020.

Highlights

Financial

- Group revenue increased 19% to £9.8 million (2019: £8.2 million)
- Further revenue of £0.7 million could not be recognised during the year, as shipment missed Symphony's year end cut-off due to Far East shipment congestion
- Increases were seen across all main product areas:

	2020	2019	
d2w Masterbatch	£7.3 million	£7.1 million	2% increase
d2p Masterbatch	£0.5 million	£0.3 million	88% increase
Finished Products	£1.8 million	£0.6 million	200% increase
Other	£0.2 million	£0.2 million	

- Expected operating loss of £0.4 million (2019: £0.6 million)
- Net cash and cash equivalents totalled £0.5 million as at 31 December 2020 (2019: £0.9 million)

Operational

- FDA approves Symphony's d2p antibacterial technology for bread packaging
- New Head of Sales and new Head of Procurement appointed during the second half of 2020 to accelerate revenues
- Reflecting further confidence in the Company's products, investment has been made in the appointment of three new sales professionals at the start of 2021
- Enhanced spending to improve market penetration in key territories in Latin America

- Unicamp university in Brazil, concluded that d2p antimicrobial products act as a viricidal agent against coronavirus within one hour of contact
- d2p SYMFresh (food preservation technology) product launch with major South African retailer
- Commenced legal action against European Union for substantial damages

Financial

Group revenue for the year ended 31 December 2020 increased by 19% to £9.8 million (2019: £8.2 million). Further revenue of £0.7 million missed the year end cut-off due to Far East shipment congestion (gross profit contribution £0.2 million). Otherwise, Group revenue would have exceeded £10.5 million, an increase of 30% on 2019.

Revenue growth was led by our strategic decision to grow finished products (primarily PPE gloves) with year-on-year growth of 200%, and d2p masterbatch, with year-on-year growth of 88%. d2w growth was limited to 2% as some of Symphony's distributors experienced continued severe COVID lockdowns.

Costs increased during the year by approximately £0.25m due to a temporary increase in d2w Latin American market and regulatory specialist costs together with EU legal action costs. These short-term discretionary costs will continue into 2021, with market advisory costs expected to fall away during the second half of the year.

The Americas, as a whole, represent the largest revenue generating area for the Group (in excess of 30% of Group revenues in 2020 - the majority currently generated south of the US/Mexican border). Market and regulatory specialists have been deployed in a number of pivotal Latin American countries in order to address key decision-makers and opinion-formers to improve the sales landscape for the Group's innovative products.

In addition, the Company's wages and salary costs increased in 2020 due to the investment in the sales and other key functions of the Group. The result of the above investments is that the operating loss for the year is expected to be approximately £0.4 million (2019: £0.6 million).

2020 will show cash of £1.4 million being absorbed in operations during the year due to working capital required for a large proportion of 2020 Q4 revenue weighted in December 2020, together with revenue held over into 2021 due to the above-described cut-off. This resulted in a net cash position of £0.5 million as at 31 December 2020 (2019: £0.9 million). The Group has sufficient working capital and banking facilities to enable it to implement its growth plans for 2021.

Operational

In order to accelerate the Group's commercial opportunities, a new Head of Sales and new Head of Procurement were appointed during the second half of 2020. Also, as a continuing enhancement of the commercial structure, three new sales professionals have been appointed in 2021 bringing in specific sales expertise in PPE, large account specialities, and experience in plastic masterbatch markets in South East Asia.

Accordingly, the Group has prepared a detailed Sales strategy including the targeting of certain specific d2p opportunities (see below), together with a plan to maximise our strategic PPE and finished product potential.

The Group is actively looking to further complement the current team with additional specialist resources.

d2p – designed to protect

Symphony's d2p pipeline is starting to show commercial traction. Whilst the development of Symphony's antiviral technology was driven by the current pandemic, there is strong demand, which is expected to continue for influenza, corona-related, and other viruses for years to come due to their apparent continued mutation.

Governments, businesses, and societies need to work out how to live with these epidemics. Symphony continues to believe that our d2p technology can help break the transmission from person to person through the inclusion of antimicrobial protection in everyday items such as supermarket carrier bags, produce packaging, and many other items which people touch, and therefore can form part of a Government's multifaceted approach to reducing the impact of viruses on societies.

Following receipt of further encouraging laboratory results during the year for our FDA-approved formulation for antibacterial bread packaging, we are making good progress with its commercialisation,

as a number of potential customers of this technology have commenced their own commercial trials. We expect to provide further updates during the second half of 2021.

Symphony's commercial suite of d2p additives include anti-microbial and anti-viral, odour/ethylene adsorbers and insecticidal technologies. Applications for these are set to grow in 2021 to include, water pipes/tanks, irrigation pipes, car components, electric cables, shopping bags, produce packs, containers, mats, and face masks. Further applications are in our sales pipeline.

Historically, many of the Group's product opportunities have taken 6 months to several years to progress to product launch and then to achieve commercial traction. Following receipt of antiviral laboratory results in July 2020, our potential customers started their own trials, and we anticipate that the lead-time for these to go commercial should now be relatively short. More than 70% of the Group's current commercial opportunities (by value) are for antimicrobial and antiviral technologies.

The 88% increase in revenues from 2019 to 2020 demonstrate that several of the initial projects are now live, and we anticipate a continued commercialisation of the pipeline during this year following completion of customer trials and contract negotiations.

The Group continues to invest in R&D in order to enhance and improve the current range of products where demonstrable commercial opportunities exist.

Finished Products – PPE

Throughout 2020 the main issue with PPE was supply. We have therefore improved our procurement function together with adding a PPE sales specialist. The strategy is to focus on UK and European opportunities for PPE incorporating d2p in the first instance, while working with our active distributors globally where opportunities arise.

Product will initially be delivered and sold without d2p whilst customer and manufacturer structures are being developed. This may take at least the first half of 2021 due to factory constraints caused by current global demands, with sales growth still targeted in the meantime.

Sales for SYMFresh, our food preservation consumer product, are showing encouraging signs after a South African retailer commenced the initial promotion.

d2w – biodegradable plastics

d2w sales were stable during 2020 compared with the prior year. This was despite a number of territories facing severe COVID lockdowns during the year. Additionally, one of our major distributors held very low stocks at the end of 2020, and we expect that situation to correct itself in early 2021.

EU action

As announced on 21 December 2020, Symphony commenced a legal action against the institutions of the EU, having been advised by three specialists in EU law that Article 5 of the Directive 2019/904 is unconstitutional. These institutions have until 7 March 2021 to serve their defence. At that point we will be able to better understand timing and costs going forward. All the costs of preparing the case have been paid, and any substantial further costs would be incurred only if it went to trial. For further information see Notes to Editors. The Group will provide updates as appropriate.

Preliminary results for the year ended 31 December 2020 are expected to be released in March 2021.

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The person responsible for arranging the release of this information is Michael Laurier, CEO of the Company.

NOTES TO EDITORS:

About Symphony Environmental Technologies plc

www.symphonyenvironmental.com

Symphony has developed a range of additives, concentrates and master-batches marketed under its d2p® (“designed to protect”) trademark, which can be incorporated in a wide variety of plastic and non-plastic products so as to provide protection against many different types of microbes, and insects and rodents, and against fire. d2p products also include odour, moisture and ethylene adsorbers as well as other types of food-preserving technologies. Symphony has launched d2p anti-microbial household gloves and toothbrushes and is developing a range of other d2p finished products for retail sale. See www.d2p.net

Symphony has developed and continues to develop and market, a biodegradable 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 a similar way to 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, including Saudi Arabia, Jordan, Bahrain and the UAE oxo-biodegradable plastic is mandatory. See www.d2w.net

The Group has complemented its d2w biodegradable product range with d2c “compostable resins and products” that have been tested to US and EU composting standards.

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, and Symphony's d2t tagging and tracer technology is 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 itself is accredited to ISO9001 and ISO14001.

Symphony is a member of The OPA (www.biodeg.org) and 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 Group can be found at www.symphonyenvironmental.com and twitter @SymphonyEnv See also Symphony on Instagram. A Symphony App is available for downloading to smartphones.

EU Action

Article 5 of EU Directive 2019/904 purports to ban oxo-degradable plastic, and whilst Symphony's d2w is oxo-biodegradable, many people think that it is affected by the ban. It does not however affect Symphony's range of d2p technologies.

The EU has a well-established procedure, set out in the REACH Regulation 2006/1907, for determining whether substances should be banned. In December 2017, in compliance with the procedure, the EU Commission requested the European Chemicals Agency (“ECHA”) to investigate its concerns regarding

microplastics. Symphony submitted scientific evidence to ECHA on oxo-BIOdegradable plastic and on 30 October 2018 ECHA said that they were not convinced that it created microplastics.

The Commission then made the extraordinary decision on 8 May 2019 to terminate ECHA's investigation and the EU proceeded to impose a ban effective from 3 July 2021, citing microplastics as a reason. Never before has an ECHA investigation been circumvented by legislation.

Only if ECHA had recommended a restriction, supported by the detailed dossier prescribed by Annex XV of REACH, the recommendation would have had to be considered by two committees under Articles 70 and 71 of REACH, and also by a stakeholder consultation under Article 71(1), before any restriction could be proposed. None of these procedures prescribed by EU law have been complied with.