31 March 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”)

Preliminary results

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 its preliminary results for the year ended 31 December 2020.

Financial highlights:

- Group revenues £9.77 million (2019: £8.22 million)
- Increases were seen across all main product areas:

	2020	**2019**	
d2w Masterbatch	£7.27 million	£7.14 million	2% increase
d2p Masterbatch	£0.47 million	£0.25 million	88% increase
Finished Products	£1.80 million	£0.60 million	200% increase
Other	£0.23 million	£0.23 million	

- Gross profit £4.11 million (2019: £3.78 million)
- Reported loss before tax £0.44 million (2019: £0.70 million)
- Basic loss per share 0.19p (2019: 0.41p)
- Cash used in operations £1.44 million (2019: £0.73 million)
- Net current assets £3.63 million (2019: £2.85 million)

Business highlights:

Products

- d2p antibacterial technology approved by US FDA for bread packaging
- d2p antimicrobial proven by an independent laboratory to kill coronavirus within one hour of contact
- d2p SYMFresh (food preservation technology) product launch with major South African retailer

Legal Action

- Commenced legal action against European Union for substantial damages

Commercial Developments

- New Head of Sales and new Head of Procurement appointed during the second half of 2020 to accelerate revenues
- Enhanced spending to improve sales in key territories in Latin America

Post period-end

- 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
- European Scientific study - Biodegradation proved beyond doubt in the marine environment and non-toxic to marine creatures

Chairman's Statement

In what was an extremely challenging year for the global economy, I am pleased to report a 19% increase in Group revenue for the year ended 31 December 2020 to £9.77 million (2019: £8.22 million). Further revenues of £0.70 million missed the year end cut-off due to Far East shipping congestion. Otherwise, Group revenue would have exceeded £10.5 million, an increase of 28% on 2019.

As advised in February 2021, 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-19 lockdowns. To accelerate this strategy, a new Head of Sales and new Head of Procurement were appointed during the second half of 2020. Three further new sales professionals have so far been employed at the start of 2021.

For d2w, 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 in Latin America). Spending was enhanced during the year with market and regulatory specialists in a number of pivotal Latin American countries in order to articulate the environmental and health benefits of d2w and d2p that have led to an improved sales landscape in key Latin American markets. In the Middle East, which is the next largest revenue generating area for the Group, support for oxo-BIOdegradable technologies to combat the plastic problem remains strong and we are also seeing a strengthening climate in China and the Far East.

"Designed to Protect" (d2p) technologies, which lead to better product and financial outcomes for users started to gain commercial traction. Sales in 2020 included a range of d2p antimicrobial, odour adsorbing and insecticidal technologies. In addition, we continue to advance customer-led trials for our FDA-approved d2p masterbatch for use in bread packaging. This has been an 8-year R&D program which we believe will result in commercial sales this year. This FDA approved d2p technology is proven to keep the inner surface of the packaging free of bacteria that would otherwise contaminate the bread and affect its quality and shelf-life even if the bread contains preservatives. We believe the market opportunity for this value-added product will add significantly to current sales. It is important to add, that our antimicrobial products were confirmed to be effective against coronavirus within one hour of contact.

As announced on 21 December 2020, Symphony commenced a legal action against the Commission, Parliament and Council of the European Union ("EU"), having been advised by three specialists in EU law that Article 5 of the Directive 2019/904 ("Directive") is unconstitutional. The Directive has also created confusion between oxo-degradable and oxo-BIOdegradable technologies. The Directive understandably bans oxo-degradable which is harmful to the environment as it leaves plastic residue as it breaks down. However, Symphony's d2w is oxo-BIOdegradable, which turns into organic material that is eventually consumed by bacteria and fungi. The Oxomar study released in March 2021 (sponsored by the French Agence National de Recherche) provides further comprehensive and reliable scientific data on the performance of d2w in the oceans.

We believe that the EU's unsubstantiated ban on what they call "oxo-degradable" plastic has caused unwarranted confusion about the proven efficacy of our d2w oxo-BIOdegradable masterbatch. More importantly this confusion has denied the opportunity for European consumers and businesses to utilise one of the most effective and economic technologies to address the problem of plastic pollution on land and at sea. The EU institutions have until 14 April 2021 to serve their defences.

I would like to thank the Board, our staff, and our distributors for all their hard work in a difficult year caused by the global uncertainty of COVID-19.

With our exciting and relevant product range, and developing commercial opportunities, the Board remains optimistic about the future performance of the Group.

N Clavel
Interim Chairman

30 March 2021

Enquiries

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

Chief Executive's Review

Introduction

The year under review saw good growth in revenues with continued investment in market development, regulatory and R&D.

It was a year of many global changes caused by the effects of COVID 19, and this created both positive and negative drivers. There have been many new opportunities that have arisen against lockdown delays experienced in some of our markets at different times throughout the year.

Operational

As advised in February 2021, 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 so far been appointed in 2021 bringing in specific sales expertise in PPE, large account specialities, and experience in plastic masterbatch markets in South East Asia.

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

The number of distributors increased during the year from 72 to 77 including a new UK distributor with relationships with many large retail organisations.

d2p – designed to protect

We are making good progress with our FDA-approved formulation for antibacterial bread packaging and a number of potential customers for this technology have commenced their own commercial trials. This is an exciting technology that helps to better protect the bread from packaging that can become contaminated by bacteria. We believe this will provide good commercial benefits to bread producers and further progress updates are expected to be made during the second half of 2021.

As advised in February 2021, Symphony's commercial suite of d2p additives include antimicrobial and antiviral, 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, with some of these more advanced applications are already 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 d2p revenues from 2019 to 2020 demonstrate that several of the initial projects are now live, and we anticipate a continuing commercialisation of the pipeline during this year following completion of customer trials and contract negotiations.

The Group continues to invest significantly in R&D. In 2020, R&D investment equated to 6% of revenues in order to enhance and improve the current range of products where demonstrable commercial opportunities exist.

Finished Products – PPE

As advised in February 2021, throughout 2020 the main issue with PPE was supply and as such we have improved our procurement function. 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.

Products 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 high global demands, with sales growth in the meantime still targeted from quarter two of 2021.

Interest in SYMFresh, our food preservation consumer product, show encouraging signs after the South African retailer commenced initial promotion.

d2w – biodegradable plastics

A number of territories faced severe COVID-19 lockdowns during the year. Despite this, we have invested strongly in our Latin American market, being our largest, and we believe that this market, together with the Middle East and parts of the Far East, including China, should strengthen in favour of our environmentally friendly technology.

Scientific evidence supports our belief that the world would make significant progress in resolving the problem of flexible plastic pollution if d2w oxo-BIOdegradable technology was integrated with all flexible plastics globally. We are pleased to see some governments are moving in this direction.

The Oxomar study released in March 2021 (sponsored by the French Agence National de Recherche) provides further comprehensive and reliable scientific data on the performance of d2w in the oceans that showed:

- Biodegradation proved beyond doubt in the marine environment
- Direct correlation of lab results to real-world conditions
- Proof of transformation into more than 3,000 non-plastic biodegradable oligomers found in nature
- Non-toxic to marine creatures

Our marketing and communication activities have focussed on many government and regulatory agencies around the world. In the UK, there has been increased engagement with The Secretary of State for the Environment and DEFRA officials, the UK Treasury, and other UK government departments. We have also communicated with all MP's explaining the importance of our d2w oxo-biodegradable technology as part of an overall solution to the problem of plastic pollution.

EU action

As announced on 21 December 2020 and 12 March 2021, Symphony commenced a legal action against the Commission, Parliament and Council of the EU. While we have been advised by three specialists in EU law that Article 5 of the Directive 2019/904 is unconstitutional, and we think that the EU's unsubstantiated and confusing ban is counterproductive. All the costs of preparing the case have been paid, and any substantial further costs would be incurred only if the action went to trial.

Defences to our action must be filed by 7 April 2021 for the Council and Commission and 14 April 2021 for the Parliament.

The Company will provide an update after 14 April 2021 when the Company's legal team has evaluated the defences.

Trading results

Group revenue increased by 19% to £9.77 million from £8.22 million in 2019. Gross profit margins decreased slightly to 42.1% (2019: 45.9%). As a result, the contribution from gross profit increased to £4.11 million from £3.78 million in 2019. As shown in the table below, the growth in revenues was due to increases in d2p Masterbatch and Finished Product sales. Finished Product gross margins are lower than those for Masterbatches, and as such, with an increased mix towards Finished Products, overall, Group gross margins reduced for the year.

	2020	**2019**	
d2w Masterbatch	£7.27 million	£7.14 million	2% increase
d2p Masterbatch	£0.47 million	£0.25 million	88% increase
Finished Products	£1.80 million	£0.60 million	200% increase
Other	£0.23 million	£0.23 million	

Administrative expenses increased to £4.14 million (2019: £4.08 million) with £0.25 million spent on advisory costs associated with legislative and regulatory situations in the EU and Latin America as described above. These short-term discretionary costs will continue into 2021, with market advisory costs expected to fall away during the second half of the year. Staff costs increased during the period within the sales and procurements departments. Some of this extra expenditure was mitigated by a reduction in travel costs.

The Group expensed R&D costs of £0.60 million in 2020 (2019: £0.63 million). An R&D tax credit of £109,000 (2019: £37,000) was received during the year relating to the previous period. A further R&D tax credit will be receivable with respect to 2020.

The reported operating loss was £0.39 million (2019: £0.62 million) and loss after tax of £0.33 million (2019: £0.66 million) with basic loss per share of 0.19 pence (2019: loss per share 0.41 pence).

The Group's primary selling currency is the US Dollar and therefore a strong dollar against sterling, our reporting currency, is beneficial for the Group. The Group self-hedges its foreign exchange exposure by purchasing goods where possible in US Dollars and utilises bank forward currency contract agreements to minimise exchange risk. As at 31 December 2020, the Group had a net balance of US Dollar assets (US Dollar cash balances and receivables less overdrafts and payables) totalling $1.93 million (2019: $1.90 million). To part offset this, the Group had bank forward currency contracts to sell 0.75 million US Dollars and receive a fixed amount of sterling as at 31 December 2020 (31 December 2019: 1.25 million US Dollars).

Balance sheet and cash flow

The Group had net cash of £0.47 million at 31 December 2020 (2019: £0.88 million). The Group used cash of £1.44 million from operations (2019: £0.73million) primarily as a result of the increase in receivables at the end of the period.

During the year, the Group raised net £1.18 million by way of share subscriptions via the exercise of options and warrants. The Group also has a £1.5 million invoice finance facility with HSBC Bank which was not drawn down as at 31 December 2020 (2019: £1.5 million).

As a result of the share subscription, net current assets increased to £3.63 million as at 31 December 2020 (2019: £2.85 million).

Eranova

As announced in October 2020, The Group made an investment representing 1.6% of the enlarged capital of Eranova SAS (£123,000 including costs) as part of a €6 million pre-industrial plant project. We can advise that building work of the plant is well underway, and we look forward to providing updates during 2021.

Brexit

At the current time, Brexit is not having a material impact on the operations or financial performance of the Group. The principal reasons for this are the Group's global operations, and the fact that 78% of the Group's revenues were generated outside the EU mainland in 2020 (2019: 88.7%). However, the Board continues to monitor the Group's operations in the UK and Europe in light of challenges arising from Brexit. It is our belief that UK regulatory independence from the EU and the focus of all major political parties on advancing environmental technologies, we are hopeful that Brexit will create significant opportunities for Symphony.

COVID-19

COVID-19 caused effects in some markets in which Symphony operates. So far, the negative effects to Group operations and finances have been minimal, while the focus on hygiene has enhanced reception of our d2p range. There is still the possibility of potential disruption to operations (customer or supplier disruption) or finances (customer bad debt or ability of customer or suppliers to carry on trading). The Group uses multiple supply sources and continues in the main to credit insure receivables or do business on a letter of credit or proforma basis.

Current trading and outlook

January and February are traditionally low volume months. The year has started well with revenues, excluding the £0.70 million which missed the 2020 year-end cut-off due to Far East shipping congestion, up by 16% compared to the start of 2020.

Customer-led trials for our FDA-approved d2p masterbatch for use in bread packaging are expected to complete in the coming months and we believe this will result in long term material commercial sales later this year.

We are encouraged by the potential for increasingly positive regulatory environments for our d2w oxo-BIOdegradable technology and also by the commercial framework that is being created for our d2p "designed-to-protect" technologies and finished goods (PPE).

The commercial team is extremely busy and due to strong interest in our technologies, they are focusing on a number of major markets, where sales visibility, potentially high sales volumes, and short-term delivery prospects are strong.

With our strong pipeline, and targeted investment levels in commercialising all of our main product areas, we look forward with confidence to continued growth in 2021.

M Laurier
Chief Executive
30 March 2021

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

	Note	**2020** **£'000**	2019 £'000
Revenue	4	**9,766**	8,225
Cost of sales		**(5,658)**	(4,450)
Gross profit		**4,108**	3,775
Distribution costs		**(364)**	(321)
Administrative expenses		**(4,136)**	(4,076)
Operating loss	5	**(392)**	(622)
Finance costs	7	**(45)**	(75)
Loss for the year before tax		**(437)**	(697)
Taxation	8	**109**	37
Loss for the year		**(328)**	(660)
Total comprehensive loss for the year		**(328)**	(660)
Basic earnings per share	9	**(0.19)p**	(0.41)p
Diluted earnings per share	9	**(0.19)p**	(0.41)p

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 2020

Company number 03676824

	Note	2020 £'000	2019 £'000
ASSETS			
Non-current			
Property, plant and equipment	10	**166**	218
Right-of-use assets	11	**510**	637
Intangible assets	12	**45**	42
Investments	13	**123**	-
		844	897
Current			
Inventories	14	**1,060**	882
Trade and other receivables	15	**3,614**	2,335
Cash and cash equivalents	16	**1,388**	1,161
		6,062	4,378
Total assets		**6,906**	5,275
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of Symphony Environmental Technologies plc			
Ordinary shares	17	**1,768**	1,700
Share premium	17	**3,185**	2,077
Retained earnings	17	**(865)**	(537)
Total equity		**4,088**	3,240
Liabilities			
Non-current			
Lease liabilities	18	**381**	509
Current			
Lease liabilities	18	**128**	122
Borrowings	18	**918**	283
Trade and other payables	19	**1,391**	1,121
		2,437	1,526
Total liabilities		**2,818**	2,035
Total equity and liabilities		**6,906**	5,275

Consolidated statement of changes in equity
for the year ended 31 December 2020

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

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
For the year to 31 December 2020				
Balance at 1 January 2020	1,700	2,077	(537)	3,240
Issue of share capital	68	1,108	-	1,176
Transactions with owners	68	1,108	-	1,176
Total comprehensive loss for the year	-	-	(328)	(328)
Balance at 31 December 2020	**1,768**	**3,185**	**(865)**	**4,088**
For the year to 31 December 2019				
Balance at 1 January 2019	1,543	333	123	1,999
Issue of share capital	157	1,744	-	1,901
Transactions with owners	157	1,744	-	1,901
Total comprehensive loss for the year	**-**	**-**	**(660)**	**(660)**
Balance at 31 December 2019	1,700	2,077	(537)	3,240

Consolidated cash flow statement
for the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss after tax	**(328)**	(660)
Adjustments for:		
Depreciation	**185**	202
Amortisation	**18**	17
Profit on disposal of tangible assets	**(67)**	(17)
Share-based payments	**-**	-
Foreign exchange	**37**	42
Interest expense	**45**	75
Tax credit	**(109)**	(37)
Changes in working capital:		
Movement in inventories	**(178)**	(259)
Movement in trade and other receivables	**(1,346)**	(164)
Movement in trade and other payables	**301**	76
Net cash used in operations	**(1,442)**	(725)
R&D tax credit	**109**	37
Net cash used in operating activities	**(1,333)**	(688)
Cash flows from investing activities		
Additions to property, plant and equipment	**(36)**	(50)
Additions to intangible assets	**(21)**	(25)
Additions to investments	**(123)**	-
Proceeds from sale of property, plant and equipment	**97**	27
Net cash used in investing activities	**(83)**	(48)
Cash flows from financing activities		
Movement in working capital facility	**-**	(454)
Repayment of lease capital	**(123)**	(132)
Proceeds from share issue	**1,176**	1,901
Lease interest paid	**(27)**	(32)
Bank and invoice finance interest paid	**(18)**	(43)
Net cash generated in financing activities	**1,008**	1,240
Net change in cash and cash equivalents	**(408)**	504
Cash and cash equivalents, beginning of year	**878**	374
Cash and cash equivalents, end of year	**470**	878
Represented by:		
Cash and cash equivalents (note 16)	**1,388**	1,161
Bank overdraft (note 18)	**(918)**	(283)
	470	878

Notes to the Annual Report and Accounts

1 General information

Symphony Environmental Technologies plc ('the Company') and subsidiaries (together 'the Group') develop and supply environmental plastic additives and products to a global market.

The Company, a public limited company, is the Group's ultimate parent company. It is incorporated and domiciled in England (Company number 03676824). The address of its registered office is 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, WD6 1JD, England. The Company's shares are listed on the AIM market of the London Stock Exchange.

2 Basis of preparation and significant accounting policies

Basis of preparation

The financial information set out in this report does not constitute the Company's statutory annual report and accounts for the years ended 31 December 2020 or 2019 but is derived from the 2020 annual report and accounts. Statutory accounts for 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor has reported on the financial statements for the year ended 31 December 2020; 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.

This consolidated annual report and accounts has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

These consolidated annual report and accounts have been prepared under the historical cost convention except as stated in the accounting policies. Financial information is presented in pounds sterling unless otherwise stated, and amounts are expressed in thousands (£'000) and rounded accordingly.

Changes to accounting policies during the year are detailed in 'Standards and interpretations adopted during the year' further in this note.

Consolidation

This consolidated annual report and accounts are made up to 31 December 2020.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the annual report and accounts of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Going concern

On the basis of current financial projections, including a sensitised cash flow analysis, together with available funds and facilities, the Directors are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and accordingly, continue to adopt the going concern basis in preparing the Group and Company financial statements.

The operating loss for the year of £0.39 million was more than mitigated by the £1.0 million warrant exercise during the year. The net current assets of the business therefore increased to £3.63 million from £2.85 million in 2019. Cash of £1.44 million was absorbed in operations during the year due to working capital required for a large proportion of 2020 Q4 revenue weighted in December 2020. Notwithstanding this, there was a net cash balance of £0.47 million as at 31 December 2020 (2019: £0.88 million).

Brexit has had no material impact on the Group, and the COVID-19 crises has so far had little impact with some minor cashflow and order delays in certain territories with the main markets continuing generally as expected. The Group's products and markets are not negatively affected by the crises and could strengthen as plastics are integral in food and human protection and this is further augmented by the Group's product range of plastic enhancing additives which showed revenue growth of 19% in 2020.

Revenue

- Plastic additives and finished products, and associated products

Revenue is stated at the fair value of the consideration receivable and excludes VAT and trade discounts.

The Group's revenue is from the sale of goods. Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- *Identification of the contract* – Due to the nature of the goods sold, the Group effectively approves an implied contract with a customer when it accepts a purchase order from the customer.
- *Identification of the separate performance obligations in the contract* – The Group must fulfil the following obligations, which are agreed on acceptance of the purchase order:
  - To make the goods available for dispatch on the required date;
  - To organise freight in accordance with agreed INCOTERMs (a series of pre-defined commercial terms published by the International Chamber of Commerce).
- *Determine the transaction price of the contract* – The transaction price is determined as the fair value of the consideration the Group expects to receive on transfer of the goods. The price of the sale includes the goods price and the cost of the transport, if applicable.
- *Allocation of the transaction price to the performance obligations identified* – Sales prices are agreed with each customer and are not generally a fixed price per unit. The transport price will also vary across sales as it is based on quotes received from the Group's freight agents, as transport is charged at cost. Although the Group is effectively an agent in the provision of transport rather than the principal under IFRS 15, the transport cost is insignificant in the context of the overall sale price and therefore it is not netted out of revenue and cost;
- *Recognition of revenue when each performance obligation is satisfied* – Provided that the goods have been made available for dispatch on the required date, this performance obligation has been fulfilled and the revenue for this performance obligation is therefore recognised at this date. In respect to the freight element, the agreed INCOTERMs need to be satisfied. At this point, the Group recognises the revenue for this separate performance obligation.

Intangible assets

- Research and development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset; and
- the intangible asset will generate probable future economic benefits.

Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits:

- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. The nature of the Group's activities in the field of development work renders some internally generated intangible assets unable to meet the above criteria at present.

Amortisation commences upon completion of the asset and is shown within administrative expenses and is included at the following rate:

Plastic masterbatches and other additives - 15 years straight line.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each statement of financial position date. All amounts disclosed within note 12 in development costs relate to plastic masterbatches and other additives.

- Trademarks

Trademarks represent the cost of registration and are carried at cost less amortisation. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Trademarks	- 10 years straight line.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. The cost comprises of the purchase price of the asset plus directly attributable costs.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 20% reducing balance.
Fixtures and fittings	- 10% straight line.
Motor vehicles	- 25% reducing balance.
Office equipment	- 25% straight line.

The residual value and useful economic lives are reconsidered annually.

Impairment testing of intangible assets and property, plant and equipment

All individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Any impairment is recognised within expenses in the statement of comprehensive income.

Leased assets

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition three key evaluations are assessed:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- whether the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- whether the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

A right-of-use asset and a lease liability is recognised on the balance sheet at the lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment is assessed when such indicators exist.

The lease liability is measured on commencement of the lease at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments included in the lease agreement and together with any in-substance fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Investments

Minority investments in shares are held at fair value using level 3 inputs per the IFRS 13 fair value hierarchy.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on the basis of purchase value plus all directly attributable costs of bringing the inventory to the current location and condition, on a first-in first-out basis.

Employee costs

- Employee compensation

Employee benefits are recognised as an expense.

- Post employment obligations

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets, insofar as Group companies are entitled to UK tax credits on qualifying research and development expenditure, such amounts are presented in the income tax line within the statement of comprehensive income.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they either relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or where they relate to items charged or credited in other comprehensive income the deferred tax change is recognised in other comprehensive income.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result. The Group uses derivatives such as forward rate agreements to mitigate its current or future positions against foreign exchange rate risks. These derivatives are measured at fair value, determined by reference to observable market prices at the reporting date.

Financial assets

The Group classifies all of its financial assets measured at amortised cost, apart from investments and derivatives which are measured at fair value. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

The Group has an invoice financing facility whereby it transfers the rights to the cash flows from the related receivables to a third party but retains the credit risk by providing a guarantee. As the Group does not transfer substantially all the risks and rewards of the receivables, no derecognition of financial assets is required.

- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other short-term, highly liquid deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Group classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost include:

- Trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.
- Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

Equity settled share-based payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2007 are recognised in the annual report and accounts.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees and third parties are rewarded using share-based payments, the fair values of the instrument granted are determined using the Black-Scholes model. This fair value is appraised at the grant date. For employees, the fair value is charged to the statement of comprehensive income between the date of issue and the date the share options vest with a corresponding credit taken to equity. For third parties the fair value is charged over the length of services received.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue and after capital reduction; and
- "Retained earnings" represents non-distributed reserves.

Standards and interpretations adopted during the year

At the date of authorisation of these annual report and accounts, certain new standards, amendments and interpretations to existing standards became effective, as they had not been previously adopted by the Group.

Information on new standards, amendments and interpretations that are relevant to the Group's annual report and accounts is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's annual report and accounts.

Other new effective Standards and interpretations with no material impact to the Group

The following new and amended standards became effective during the current year and have not had a material impact on the Group's/Company's financial statements:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendments in relation to the definition of material
- Conceptual Framework: Amendments to references to the conceptual framework in IFRS standards
- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures: Amendments arising from the Interest Rate Benchmark Reform – Phase 1
- IFRS 3 Business Combinations: Amendments in relation to the definition of a business
- IFRS 16 Leases: Amendments in relation to Covid-19 related rent concessions
- IFRS 4 Insurance Contracts: Amendments in relation to the temporary exemption from applying IFRS 9

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The Group does not expect any of the standards which have been issued, but are not yet effective, to have a material impact on the Group.

- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases: Amendments arising from the Interest Rate Benchmark Reform – Phase 2. Effective 1 January 2021
- IAS 16 Property, Plant and Equipment: Amendments in relation to proceeds before intended use. Effective 1 January 2022
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Amendments in relation to the cost of fulfilling a contract when assessing onerous contracts. Effective 1 January 2022
- IFRS 3 Business Combinations: Amendments to update references to the Conceptual Framework. Effective 1 January 2022
- Annual Improvements to IFRSs (2018-2020 cycle). Effective 1 January 2022
- IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current. Effective 1 January 2023
- IFRS 17 Insurance Contracts. Effective 1 January 2023

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

3 Significant accounting estimates and judgements

Estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those actions. Material changes to the estimates and judgements made in the preparation of the interim statements are detailed in the notes.

Estimates:

In preparing these accounts the following areas were considered to involve significant estimates:

- Share-based payments

Estimates and related judgements in respect to share-based payment charges are detailed in note 17. Estimates are made on the fair value of the option using the Black-Scholes model.

- Expected credit losses (ECLs)

Trade receivables are reflected net of an estimated provision for impairment losses. In line with IFRS 9, the Group uses an expected credit loss model to determine the provision for doubtful debts and also specific provisions for balances for which it has specific concerns over recoverability. The expected credit loss model involves segmenting debtors into groups and applying specific percentages to each of the debtor groupings. The Group has considered the profile of its debtor balance and has determined that a grouping based on credit terms and aging is considered the most appropriate. Higher percentages are applied the longer the term with the customer and the older the debt with the customer, with the view that there is a greater risk of unforeseen circumstances arising the further away the settlement date. See note 15 for further information. At the year end, the Group has provisions of £18,000 (2019: £21,000) on a total trade receivables balance of £2,398,000 (2019: £2,041,000) calculated using this method.

Judgements:

In preparing these accounts the following areas were considered to involve significant judgements:

- Functional currency

A significant proportion of the revenues generated by entities within the group are denominated in United States Dollars (USD). The functional currency of the Company and of all individual entities within the Group has been determined to be Sterling. Identification of functional currencies requires a judgement as to the currency of the primary economic environment in which the companies of the Group operate. This is based on analysis of the economic environment and cash flows of the subsidiaries of the Group, which has determined, based upon the currency of funding and operating costs, that the functional currency continues to be Sterling.

- Recognition of deferred tax assets

Judgements and estimates relating to a deferred tax asset are detailed in notes 2 and 8. In particular, estimates are made as to future revenues which derive profit and loss projections. However, management does not consider it appropriate to recognise a deferred tax asset where there is uncertainty over the amount of future profits.

4 Segmental information and revenue analysis

The Board has reviewed the requirements of IFRS 8 “Operating Segments”, including consideration of what results and information the Board reviews regularly to assess performance and allocate resources, and concluded that all revenue falls under a single business segment. The Board assesses the commercial performance of the business based upon the revenues of the main products items within its single business segment as follows:

	2020 £’000	2019 £’000
Revenues:		
d2w additives	**7,268**	7,143
d2p additives	**466**	254
Finished products	**1,796**	598
Other	**236**	230
Total	**9.766**	8,225

The revenues of the Group are divided in the following geographical areas:

Geographical area	**2020 £’000**	2019 £’000
UK	**468**	315
Europe	**2,193**	930
Americas	**3,023**	3,254
Middle East and Africa	**2,767**	2,480
Asia	**1,315**	1,246
Total	**9,766**	8,225

Revenues attributable to the above geographical areas are made on the basis of final destination of the customer to which the goods are sold. All revenue is of the same nature, timing and uncertainty and so the Directors have not provided a further disaggregation of the revenue beyond the geographical analysis provided above. Credits are made to revenue on agreement of a dispute. Payments are made by customers either before or after satisfaction of performance obligations depending on the credit risk associated with the customer. Payments made before satisfaction of performance obligations are disclosed as a liability in accounts payable in the financial statements. If the satisfaction of performance obligations is made before payment, then the value is included in accounts receivable until extinguished by the payment.

Non-current assets of £20,000 are held outside of the UK (2019: £20,000).

Major customers

There was one customer that accounted for greater than 10% of total Group revenues for 2020 (2019: one customer). In 2020 one customer accounted for £2,553,000 or 26% (2019: £2,222,000 or 27%) of total group revenues. The Group promotes it products through a global network of distributors and aims to generate revenues from as many sources as practicable.

5 Operating loss

The operating loss is stated after charging:

	2020 £'000	2019 £'000
Depreciation – property, plant and equipment	**58**	76
Depreciation – right-of-use assets	**127**	126
Amortisation	**18**	17
Profit on disposal of property, plant and equipment	**(67)**	(17)
Research and development expenditure	**600**	627
Fees payable to the Company's auditor:		
Audit related services:		
Audit of the annual report and accounts	**19**	11
Audit of the annual report and accounts of the Company's subsidiaries	**20**	15
Non-audit related services:		
Other assurance related services	**-**	5
Tax compliance services	**-**	6
Net foreign exchange (gain)/loss	**(74)**	67

6 Directors and employees

Staff costs (including directors) during the year comprise:

	2020 £'000	2019 £'000
Wages and salaries	**1,660**	1,606
Social security costs	**284**	178
Share-based payments	**-**	-
Pension contributions	**97**	69
	2,041	1,853

Average monthly number of people (including directors) by activity:

	2020	2019
R&D, testing and technical	**8**	9
Selling	**8**	6
Administration	**12**	10
Management	**6**	7
Marketing	**3**	3
Total average headcount	**37**	35

Remuneration in respect of the Directors was as follows:

	2020 £'000	2019 £'000
Emoluments	**561**	563

There were no Directors' pension contributions made during the year (2019: £nil).

Key management remuneration:

	2020 £'000	2019 £'000
Short-term employee benefits	**561**	563

The Directors are considered to be the key management personnel of the Group. Further details on Directors' remuneration and share options are set out in the Remuneration Committee Report.

7 Finance costs

	2020 £'000	2019 £'000
Interest expense:		
Bank and invoice finance borrowings	**18**	43
Lease interest (right-of-use assets)	**27**	32
Total finance costs	**45**	75
Net finance costs	**45**	75

8 Taxation

	2020 £'000	2019 £'000
R&D tax credit	**109**	37
Total income tax credit	**109**	37

No tax arises on the loss for the year.

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2019: 19%).The differences are explained as follows:

	2020 £'000	2019 £'000
Loss for the year before tax	**(437)**	(697)
Tax calculated by rate of tax on the result		
Effective rate for year at 19% (2019: 19%)	**(83)**	(132)
Expenses not deductible for tax purposes	**(23)**	3
Expenses not taxable	**3**	(24)
Fixed asset related timing differences	**-**	24
R&D tax relief	**(94)**	(49)
Short term timing differences	**31**	69
Surrender of tax losses for R&D tax credit refund	**39**	-
R&D tax credit not yet recognised	**127**	109
R&D tax credit in respect of previous periods	**(109)**	(37)
Total income tax credit	**(109)**	(37)

Symphony Environmental Limited continues to undertake research and development work which results in a research and development tax credit being made repayable to the company by HMRC in exchange for tax losses surrendered by the company at a tax rate of 14.5%. As in prior years, the group has chosen to recognise such cash tax credits in its financial statements, once the relevant research and development claim has been accepted and repaid by HMRC. Usually this is shortly after the submission of the company's tax return. The cash tax credit of £109,000 shown above relates to a repayment made by HMRC in relation to the year ended 31 December 2019 (£37,000 relates to the year ended and 31 December 2018).

In calculating the overall tax charge for the Group for the period, Symphony Environmental Limited has provisionally included a portion of the anticipated research and development claim for year ended 31 December 2020 to increase the trading losses made available for surrender to Symphony Environmental Technologies Plc as group relief. In doing so, the overall current year tax charge for the Group for the period has been reduced to £nil. Symphony Environmental Limited intends to surrender any remaining trading losses, not claimed as group relief, in exchange for a cash tax credit. The Group expects to be able to recognise this cash tax credit within next year's financial statements once this is repaid.

The recognition of the deferred tax asset is based on sensitising management forecasts to estimate the future taxable profits against which the losses will be relieved. Judgements have been made in respect to profitability going forward based upon current sales leads and market receptiveness to anticipated product launches.

The Group has not recognised a deferred tax asset in respect of losses available for use against future taxable profits due to uncertainties on timing. The Group has tax losses of approximately £14,890,000 (2019: £16,515,000). These tax losses have no expiry date. The unrecognised deferred tax asset in respect of these losses based on latest profit projections is approximately £2,531,000 (2019: £2,807,000).

These brought forward losses are subject to the new loss restriction rules introduced on 1 April 2017. Groups with more than £5m taxable profits per annum will only be able to utilise 50% of their brought forward losses against taxable profits exceeding the £5m cap. As Symphony does not expect its taxable profits to exceed £5m in the near to immediate term, it is not possible to quantify the impact of these changes at this moment in time.

The main rate of corporation tax was reduced from 20% to 19% from 1 April 2017, and remains unchanged. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

The Group also has gross fixed assets of £116,000 (2019: £177,000) which give rise to a deferred tax liability of £22,000 (2019: £30,000). Other gross temporary timing differences of £147,000 (2019: £27,000) give rise to a deferred tax asset of £28,000 (2019: £5,000). The deferred tax liability of £22,000 (2019: £30,000) is sheltered by the unrecognised deferred tax asset in respect of losses and temporary timing differences.

9 Earnings per share and dividends

The calculation of basic earnings per share is based on the loss 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 profit and weighted average numbers of shares used in the calculations are set out below:

Basic and diluted	**2020**	2019
Loss attributable to equity holders of the Company	**£(328,000)**	£(660,000)
Weighted average number of ordinary shares in issue	**172,207,989**	160,085,762
Basic earnings per share	**(0.19) pence**	(0.41) pence
Dilutive effect of weighted average options and warrants	**4,962,878**	5,338,811
Total of weighted average shares together with dilutive effect of weighted options- see below	**172,207,989**	160,085,762
Diluted earnings per share	**(0.19) pence**	(0.41) pence

No dividends were paid for the year ended 31 December 2020 (2019: £nil).

The effect of options and warrants for the year ended 31 December 2020 are anti-dilutive.

A total of 18,891,500 options and warrants were outstanding at the end of the year which may become dilutive in future years.

10 Property, plant and equipment

Year ended 31 December 2020	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost					
At 1 January 2020	444	296	31	114	885
Additions	-	8	-	28	36
Disposals	(98)	-	(17)	(9)	(124)
At 31 December 2020	**346**	**304**	**14**	**133**	**797**
Depreciation					
At 1 January 2020	313	253	26	75	667
Charge for the Year	23	14	2	19	58
Disposals	(72)	-	(14)	(8)	(94)
At 31 December 2020	**264**	**267**	**14**	**86**	**631**
Net Book Value					
At 31 December 2020	**82**	**37**	**-**	**47**	**166**
At 31 December 2019	131	43	5	39	218

Year ended 31 December 2019	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost					
At 1 January 2019	430	296	31	91	848
Additions	27	-	-	23	50
Disposals	(13)	-	-	-	(13)
At 31 December 2019	444	296	31	114	885
Depreciation					
At 1 January 2019	285	223	24	62	594
Charge for the Year	31	30	2	13	76
Disposals	(3)	-	-	-	(3)
At 31 December 2019	313	253	26	75	667
Net Book Value					
At 31 December 2019	131	43	5	39	218
At 31 December 2018	145	73	7	29	254

11 Right-of-use assets

Year ended 31 December 2020	Land & buildings £'000	Office Equipment £'000	Total £'000
Cost			
At 1 January 2020	707	56	763
At 31 December 2020	**707**	**56**	**763**
Depreciation			
At 1 January 2020	112	14	126
Charge for the Year	113	14	127
At 31 December 2020	**225**	**28**	**253**
Net Book Value			
At 31 December 2020	**482**	**28**	**510**
At 31 December 2019	595	42	637

Right-of-use assets are assets used by the business under operating lease agreements and accounted for under IFRS 16. The resultant lease liability is included in borrowings. See note 18.

Year ended 31 December 2019	Land & buildings £'000	Office Equipment £'000	Total £'000
Cost			
At 1 January 2019	-	-	-
Additions	707	56	763
At 31 December 2019	**707**	**56**	**763**
Depreciation			
At 1 January 2019	-	-	-
Charge for the Year	112	14	126
At 31 December 2019	**112**	**14**	**126**
Net Book Value			
At 31 December 2019	**595**	**42**	**637**
At 31 December 2018	-	-	-

12 Intangible assets

Year ended 31 December 2020	Development costs £'000	Trademarks £'000	Total £'000
Cost			
At 1 January 2020	1,973	101	2,074
Additions	-	21	21
Disposals	-	(58)	(58)
At 31 December 2020	**1,973**	**64**	**2,037**
Amortisation			
At 1 January 2020	234	25	259
Charge for the Year	11	7	18
Disposals	-	(13)	(13)
At 31 December 2020	**245**	**19**	**264**
Impairment			
At 1 January 2020	1,728	45	1,773
Disposals	-	(45)	(45)
At 31 December 2020	**1,728**	**-**	**1,728**
Net Book Value			
At 31 December 2020	**-**	**45**	**45**
At 31 December 2019	11	31	42

Development costs are capitalised in accordance with the policy set out in note 2. In capitalising these costs, judgements are made relating to ongoing feasibility and commerciality of products and systems being developed. In making these judgements, cash flow forecasts are used and these include significant estimates in respect to sales forecasts and future foreign exchange rates. The amortisation charge is included within administrative expenses in the statement of comprehensive income. Development costs include a net book value of £nil (2019: £11,000) which have nil years of amortisation remaining as at 31 December 2020 (2019: one year).

Year ended 31 December 2019	Development Costs £'000	Trademarks £'000	Total £'000
Cost			
At 1 January 2019	1,973	76	2,049
Additions	-	25	25
At 31 December 2019	**1,973**	**101**	**2,074**
Amortisation			
At 1 January 2019	222	20	242
Charge for the Year	12	5	17
At 31 December 2019	**234**	**25**	**259**
Impairment			
At 1 January 2019	1,728	45	1,773
At 31 December 2019	**1,728**	**45**	**1,773**
Net Book Value			
At 31 December 2019	11	31	42
At 31 December 2018	**23**	**11**	**34**

13 Investments

The Group holds investment interests in the following minority unlisted shares.

	2020 £'000
Cost:	
Additions	123
Balance at 31 December 2020	**123**

In October 2020, the Group invested £123,000 (1.6%) into Eranova SAS, a French company developing products from green algae, as part of a total €6,000,000 financing to build a pre-industrial plant.

The Company is parent to the following subsidiary undertakings

Name	**Country of incorporation**	**Nature of business**	**Proportion of ordinary shares held by parent**	**Proportion of ordinary shares held by the Group**
Symphony Environmental Limited	England and Wales	Development and supply of environmental plastic additives and products	100%	100%
D2W Limited	England and Wales	Dormant	0%	100%
Symphony Recycling Technologies Limited	England and Wales	Dormant	100%	100%
Symphony Energy Limited	England and Wales	Dormant	100%	100%

All of the above subsidiaries are consolidated in the Group annual report and accounts. The above companies have their registered offices at 6 Elstree Gate, Elstree Way, Borehamwood, WD6 1JD.

14 Inventories

	2020 £'000	2019 £'000
Finished goods and goods for resale	**554**	539
Stock in transit	**-**	42
Raw materials	**506**	301
	1,060	882

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £4,815,000 (2019: £3,869,000). There is a provision of £19,000 for the impairment of inventories (2019: £15,000).

There is no collateral on the above amounts.

15 Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	**2,398**	2,041
Other receivables	**589**	111
VAT	**33**	37
Prepayments	**594**	146
	3,614	2,335

The Directors consider that the carrying value of trade and other receivables approximates to their fair values.

Symphony Environmental Technologies plc applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined based on historical data available to management in addition to forward looking information utilising management knowledge. Based on the analyses performed, management expect that all balances will be recovered.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 120 days and therefore are all classified as current. The majority of trade and other receivables are non-interest bearing. Where the effect is material, trade and other receivables are discounted using discount rates which reflect the relevant costs of financing.

The maximum credit risk exposure at the balance sheet date equates to the carrying value of trade receivables. Further disclosures are set out in note 22.

Trade receivables are secured against the facilities provided by the Group's bankers.

Included in trade receivables are debtors which are past due but where no provision has been made as there has not been a change in the credit worthiness of these debtors and the amounts are considered recoverable. The ageing analysis of debt taking into account credit terms is shown below.

Days past due	**0 - 30 £'000**	**31-60 £'000**	**61-90 £'000**	**91-120 £'000**	**>120 £'000**	**Total Gross £'000**	**ECL £'000**	**Total Net £'000**
31 December 2020	**2,284**	**39**	**-**	**-**	**93**	**2,416**	**(18)**	**2,398**
31 December 2019	1,713	252	72	-	25	2,062	(21)	2,041

16 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	**1,383**	1,114
Invoice finance facility surplus	**5**	47
	1,388	1,161

The carrying amount of cash equivalents approximates to their fair values.

17 Equity

	Group and Company			Group	
	Ordinary shares Number	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2020	170,026,277	1,700	2,077	(537)	3,240
Issue of share capital	6,725,000	68	1,108	-	1,176
Loss for the year	-	-	-	(328)	(328)
At 31 December 2020	**176,751,277**	**1,768**	**3,185**	**(865)**	**4,088**
At 1 January 2019					
Issue of share capital	154,344,377	1,543	333	123	1,999
Capital reduction	15,681,900	157	1,744	-	1,901
Loss for the year	-	-	-	(660)	(660)
At 31 December 2019	170,026,277	1,700	2,077	(537)	3,240

During the year the Company issued 6,725,000 Ordinary Shares (2019: 15,681,900 ordinary shares) for a net consideration of £1,176,000 (2019: £1,901,000).

Ordinary shares in the Company carry one vote per share and each share gives equal rights to dividends and to the distribution of the Company's assets in the event of liquidation.

Share options and warrants

As at 31 December 2020 the Group maintained an approved share-based payment scheme for employee compensation. All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options. As at 31 December 2020 there were nil approved staff options outstanding. No approved staff options were issued in 2020.

The Group has also issued unapproved share options and warrants. The weighted average exercise price of all of the Group's options and warrants are as follows:

	Number	**2020 Weighted average exercise price £**	Number	2019 Weighted average exercise price £
Outstanding at 1 January	**24,826,500**	**0.09**	14,351,500	0.07
Granted	**1,000,000**	**0.30**	11,750,000	0.21
Exercised	**(6,725,000)**	**0.17**	(225,000)	0.02
Lapsed	**(210,000)**	**0.09**	(1,050,000)	0.14
Outstanding at 31 December	**18,891,500**	**0.13**	24,826,500	0.09

The weighted average exercise price of options exercised in 2020 was 17p (2019: 2p).
The number of share options and warrants exercisable at 31 December 2020 was 18,891,500 (2019: 24,826,500). The weighted average exercise price of those shares exercisable was 13p (2019: 9p).

The weighted average option and warrant contractual life is eight years (2019: six years) and the range of exercise prices is 4.5p to 30p (2019: 4.5p to 25p).

Directors

Directors' interests in shares and share incentives are contained in the Remuneration Committee Report. These disclosures form part of the audited financial statements of the Group.

IFRS2 expense

The IFRS 2 share-based payment charge for the year is £nil (2019: nil).

18 Borrowings

	2020 £'000	2019 £'000
Non-current		
Leases	**381**	509
Current		
Bank overdraft	**918**	283
Leases	**128**	122
	1,046	405
Total	**1,427**	914

Bank overdrafts are offset against cash surplus with the net position having to remain above zero. The above overdraft relates to US Dollars and kept for hedging purposes as at the year end. Interest is charged on overdrafts at 5% above the host countries currency base rate.

The bank overdraft and invoice finance facility are secured by a fixed and floating charge over the Group's assets.

The Group's leasing activities are detailed in the table below:

Right-of-use asset	**Number of assets leased**	**Remaining term**
Head office	1	3 – 4 years
Office equipment	2	0 – 3 years

None of the above leases has a remaining option extension, option to purchase or termination option. Under the terms of the lease, the Head office rent is currently being re-negotiated with reference to current market rentals.

The maturity of lease liabilities are as follows:

	2020 £'000	2019 £'000
No later than one year	**149**	122
Later than one year and no later than five years	**413**	509
	562	631

During the year the Group had no other leases other than those included above.

The following lease payments were made during the year:

	2020 £'000	2019 £'000
Lease capital	**122**	132
Lease interest	**27**	32
Total cash outflows	**149**	164

Reconciliation of liabilities arising from financing activities

For the year ended 31 December 2020

	1 January 2020 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2020 £'000
Bank overdraft	283	635	-	918
Leases	631	(149)	27	509
Total liabilities from financing activities	**914**	**486**	**27**	**1,427**

For the year ended 31 December 2019

	1 January 2019 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2019 £'000
Working capital facility	454	(454)	-	-
Bank overdraft	-	283	-	283
Leases	-	(117)	748	631
Total liabilities from financing activities	**454**	**(288)**	**748**	**914**

19 Trade and other payables

Current	**2020 £'000**	2019 £'000
Financial liabilities measured at amortised cost:		
Trade payables	**1,071**	880
Other payables	**35**	14
Social security and other taxes	**59**	55
Accruals	**226**	172
	1,391	1,121

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 81 days (2019: 69 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying value of trade and other payables approximate to their fair value.

20 Commitments and contingencies

a) Capital commitments

The Group had capital commitments totalling £nil at the end of the year (2019: £nil).

b) Contingent liabilities

Together with its subsidiary, Symphony Environmental Limited, the Group's bankers have provided a Group composite facility of £100. (2019: £100).

21 Related party transactions

There were no related party transactions during the year (2019: none).

22 Financial Instruments

Classification and measurement

The Group's financial assets and liabilities, which are all held at amortised cost, are summarised as follows:

	2020 £'000	2019 £'000
Financial assets:		
Trade receivables	**2,398**	2,041
Other receivables	**589**	111
Cash and cash equivalents	**1,388**	1,161
	4,375	3,313
Financial liabilities:		
Trade payables	**1,071**	880
Other payables	**35**	14
Accruals	**226**	172
Bank overdraft	**918**	283
Leases	**509**	631
	2,759	1,980

Risk management

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, currency risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The Group seeks to manage financial risk to ensure financial liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability. Short term flexibility is achieved through trade finance arrangements and overdrafts.

Having reviewed the maturity of financial liabilities and the forecast cash flows for the forthcoming twelve month period, the Directors believe that sufficient cash will be generated from trading operations to meet debt obligations as they fall due.

The maturity of financial liabilities as at 31 December 2020 is summarised as follows:

Gross cash flows:	**Trade and other payables and accruals £'000**	**Leases £'000**	**Bank overdraft & other loans £'000**	**Total £'000**
Zero to sixty days	1,332	24	918	2,274
Sixty one days to three months	-	12	-	12
Four months to six months	-	38	-	38
Seven months to one year	-	75	-	75
One to three years	-	281	-	281
Four to five years	-	132	-	132
	1,332	**562**	**918**	**2,812**

The maturity of financial liabilities as at 31 December 2019 is summarised as follows:

Gross cash flows:	**Trade and other payables and accruals £'000**	**Leases £'000**	**Bank overdraft & other loans £'000**	**Total £'000**
Zero to sixty days	1,066	20	283	1,369
Sixty one days to three months	-	10	-	10
Four months to six months	-	30	-	30
Seven months to one year	-	61	-	61
One to three years	-	240	-	240
Four to five years	-	270	-	270
	1,066	**631**	**283**	**1,980**

Interest rate risk

The Group seeks to reduce its exposure to interest rate risk where possible, but this is offset by the availability of trade finance arrangements which are transaction specific to meet liquidity needs and so have variable interest rate terms.

Sensitivities have been looked at in the range of an absolute rate increase of 5% or a decrease of 1% which enable an objective calculation to be made depending on any interest rate changes in the future. Any rate changes would be outside the control of the Group.

The Group's exposure to interest rate risk as at 31 December 2020 is summarised as follows:

	Fixed £'000	**Variable £'000**	**Zero £'000**	**Total £'000**
Cash and cash equivalents	-	1,388	-	1,388
Trade receivables	-	-	2,398	2,398
Other receivables	-	-	589	589
	-	**1,388**	**2,987**	**4,375**
Trade payables	-	-	(1,074)	(1,074)
Other payables	-	-	(35)	(35)
Leases	(509)	-	-	(509)
Bank overdraft	-	(918)	-	(918)
	(509)	**470**	**1,878**	**1,839**
Sensitivity: increase in interest rates of 5%		24		24
Sensitivity: decrease in interest rates of 1%		(5)		(5)

The Group's exposure to interest rate risk as at 31 December 2019 is summarised as follows:

	Fixed £'000	**Variable £'000**	**Zero £'000**	**Total £'000**
Cash and cash equivalents	-	1,161	-	1,161
Trade receivables	-	-	2,041	2,041
Other receivables	-	-	111	111
	-	1,161	2,152	3,313
Trade payables	-	-	(879)	(879)
Other payables	-	-	(14)	(14)
Leases	(631)	-	-	(631)
Bank overdraft	-	(283)	-	(283)
	(631)	878	1,259	1,506
Sensitivity: increase in interest rates of 5%		44		44
Sensitivity: decrease in interest rates of 1%		(8)		(8)

Sensitivity shows the effect on equity and statement of comprehensive income.

Currency risk

The Group operates in overseas markets and is subject to currency exposure on transactions undertaken during the year. The Group hedges the transactions where possible by buying goods and selling them in the same currency. The Group also has bank facilities available for hedging purposes.

A summary of foreign currency financial assets and liabilities as stated in the statement of financial position together with a sensitivity analysis showing the effect of a 10% change in rate with Sterling is shown below:

	Currency	Sterling balance 2020 £'000	Currency balance 2020 '000	Sterling balance 2019 £'000	Currency balance 2019 '000
Financial assets	**Euro**	**262**	**€290**	214	€241
Financial liabilities	**Euro**	**(15)**	**€(16)**	(75)	€ (87)
Net balance	**Euro**	**247**	**€274**	139	€154
Effect of 10% Sterling increase			**(22)**		(16)
Effect of 10% Sterling decrease			**27**		21
Financial assets	**USD**	**2,546**	**$3,437**	1,783	$2,304
Financial liabilities	**USD**	**(1,133)**	**$(1,509)**	(311)	$(401)
Net balance	**USD**	**1,413**	**$1,928**	1,472	$1,903
Effect of 10% Sterling increase			**(128)**		(133)
Effect of 10% Sterling decrease			**157**		163

Sensitivity shows the effect on equity and statement of comprehensive income. A 10% change is shown to enable an objective calculation to be made on exchange rates which may be assumed for the future.

As at 31 December 2020 the Group had outstanding forward foreign currency contacts which all matured within five months of the year end and committed the Group to selling US Dollars 750,000 and to receive a fixed Sterling amount (2019: the Group had outstanding forward foreign currency contacts which all matured within five months of the year end and committed the Group to selling US Dollars 1,250,000 and to receive a fixed Sterling amount).

The forward currency contracts are measured at fair value, which is determined using the valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD:GBP. The fair value of the forward-foreign currency contracts at 31 December 2020 is profit £30,000 (2019: £45,000).

Credit risk

The Group's exposure to credit risk is limited to the carrying value of financial assets at the balance sheet date, summarised as follows:

	2020 £'000	2019 £'000
Trade receivables	**2,398**	2,041
Other receivables	**589**	111
Cash and cash equivalents	**1,388**	1,161
	4,375	3,313

The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from trade receivables. The seven largest customer balances at the end of the year make up 74% (2019: 74%) of the above trade receivables.

In order to manage credit risk, the Directors set limits for customers based on a combination of payment history, third party credit references and use of credit insurance. These limits are reviewed regularly. The maturity of overdue debts and details of impairments and amounts written off are set out in note 15.

Capital requirements and management

Interest bearing loans and borrowings are monitored regularly to ensure the Group has sufficient liquidity and its exposure to interest rate risk is mitigated. Management consider the capital of the Group comprises the share capital as detailed in note 17 and interest bearing loans and borrowings as detailed in note 18. The Company satisfies the Companies Act 2006 requirement to hold £50,000 issued share capital of which at least 25% is paid up. See note 17.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

The Group's goal in capital management is to maintain an optimal gearing ratio (the ratio of net debt over debt plus equity).

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	2020 £'000	2019 £'000
Total borrowings	**1,427**	914
Cash and cash equivalents	**(1,388)**	(1,161)
Net debt/(cash surplus)	**39**	(247)
Total equity	**4,088**	3,240
Borrowings	**1,427**	914
Overall financing	**5,515**	4,154
Gearing ratio	**1%**	nil%

The gearing ratios are in line with the management's working capital financing strategy.

23 Events since statement of financial position date

There have been no material events since the statement of financial position date.

24 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