The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this information is considered to be in the public domain

27 September 2019

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

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

Interim Results

Symphony Environmental Technologies Plc (AIM: SYM), a global specialist in additive, masterbatch and concentrates technologies that enhance the properties of plastic and complementary non-plastic products by making them either biodegradable or resistant to bacteria, fungi, algai, moulds, insects, fouling and fire, is pleased to announce its interim financial results for the six-month period ended 30 June 2019.

Financial highlights

- Revenues stable at £4.1 million (H1-2018: £4.1 million)
- Gross profit also stable at £2.0 million (H1-2018: £2.0 million)
- Adjusted EBITDA, before R&D and planned marketing, communications and brand costs of £519,000 (H1-2018: £587,000)
- Reported loss before tax of £86,000 (H1-2018: profit £7,000)
- Basic loss per share of 0.05 pence (H1-2018: earnings per share of 0.01 pence)

Post period-end

- Subscription for new shares raising £1.9 million (gross)
- Grupo Bimbo announces expansion of its biodegradable packaging programme and new packaging with Symphony's d2w brand
- New and first significant order for d2w agricultural grade
- New and first significant order for d2c "designed-to-compost" technology
- New legislation passed in Bahrain for oxo-biodegradable plastics
- Major launch of d2p Protector product in Bahrain.

Commenting on the results Nirj Deva, Chairman of Symphony, said:

I am pleased to report that further progress has been achieved in 2019 in a number of areas such as product development, government lobbying, branding, technical and the strengthening of our direct front-line sales force. As previously reported, the world is rethinking the way plastic is produced, used and disposed of, and is in many cases adopting technologies that are low cost and non-disruptive to manufacture, and that can be reused and recycled at the end of their useful life, without increasing CO2 emissions. The trend for change from ordinary plastics to materials less harmful to the environment is clearly evolving and we are seeing a sharp increase in activity from our global network of distributors, customers and potential customers, for many of our "making plastic smarter" technologies.

Users of plastics are being forced to make changes, either as a result of consumer pressure, or increasing legislative restrictions. We have seen companies having to adopt technology such as d2w to be able to continue exporting their plastic products to the Middle East. In Latin America, we are now seeing a rapid change in the market where users of ordinary plastics are having to switch to alternatives such as compostable or biodegradable materials. The product choice is mostly dependent on national or local legislation, with some requiring a compostable type product, whilst others require a d2w type biodegradable product. To meet this opportunity, we have complemented our d2w biodegradable product range with d2c compostable resins and products that have been tested and certified to US and EU composting standards. We believe that the lowest cost and least disruptive option is d2w.

In the Middle East, Saudi Arabia continues to evolve its regulatory requirement for oxo-biodegradable technologies for certain products, and further progress is expected as the second and third phases of their enforcement program takes effect from April 2020. These phases were delayed from September of this year due to the significant task of registration and other formalities required from a large number of plastics manufacturers around the world. In the meantime, we have increased our resources in the region, and are seeing companies from outside of the region registering to sell products containing SASO approved oxo-biodegradable packaging where they export into Saudi Arabia. It is also encouraging to see that post period end, Bahrain followed Saudi Arabia by passing new legislation to make most types of plastic oxo-biodegradable in July of this year.

As recently announced, Grupo Bimbo, the world's largest bread manufacture, has chosen to expand its use of biodegradable technology across a myriad of products and into many of the regions they operate in. Moreover, some of our Latin American distributors have seen a substantial increase in sales activity in recent weeks as a result of the market changes detailed above.

Having successfully completed d2p product evaluation trials, and with others nearing completion, we believe that we are entering into a new commercial phase for products such as anti-microbials, flame retardant and insecticides in the Middle Eastern, Asian, and Latin American markets.

Post period-end, our d2p technology was launched in Bahrain in a newly developed “Protector” brand range of finished products through Health & Hygiene Ltd. The product range is mainly designed for the medical and clinical markets and applications, and includes the world’s first d2p anti-bacterial toothbrush, examination glove, surgical gown, facemask, overshoe and hairnet.

Revenues were £4.1 million during the period which was slightly lower than the second half of 2018, principally due to inventory adjustments by some of our customers as a result of legislative clarification in several of our markets, together with delays in d2p glove listings in Italy. We are uncertain as to the exact timing of when orders will increase, but we believe we will see this in the short rather than longer-term. This is because of the continued traction from legislation and regulation forcing change, and the commencement of the second and third phases of Saudi Arabia’s enforcement programme which had temporarily delayed orders during the period. Revenue expectations in the market for the full year 2019 may therefore be affected but the Board consider this would be a temporary timing issue rather than anything more fundamental.

In conclusion, our sales pipeline is advancing well across a wide range of technologies which, with an increase in direct front-line sales, mean we remain confident of an improving performance over the coming months and into 2020.

Enquiries

Symphony Environmental Technologies Plc
Michael Laurier, CEO — **Tel: +44 (0) 20 8207 5900**
Ian Bristow, CFO
www.symphonyenvironmental.com

Cantor Fitzgerald Europe (Nominated Adviser and Joint Broker)
David Foreman, Michael Boot (Corporate Finance) — **Tel: +44 (0) 20 7894 7000**
Caspar Shand Kydd, Maisie Atkinson (Sales)

Hybridan LLP (Joint Broker)
Claire Louise Noyce — **Tel: +44 (0) 203 764 2341**

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

Chief Executive's review

I reported in our 2018 Annual Report and Accounts that the Board were of the opinion that Symphony was reaching a pivotal period in its development. We maintain this view albeit the increase in orders, particularly in the Middle East, has currently been slower than anticipated due to delays in phases two and three of Saudi Arabia's oxo-biodegradable enforcement programme. Our strategy continues to be that of investment into new and complementary technologies, together with strengthening our sales activities within the Group's existing operational framework.

For our d2w technology, legislation is changing globally in respect to short-life or single use packaging. Accordingly, increasing numbers of businesses are viewing oxo-biodegradable as a valuable technology. For example, Grupo Bimbo's d2w progress event on 20 August 2019 was significant as they are expanding their program of adopting more environmentally friendly packaging and for the first time are using the d2w brand alongside a suite of technologies. Part of this suite of products includes compostable packaging.

We expect further progression of enforcement within Saudi Arabia in early 2020 as the delayed enforcement program comes into effect which will capture many additional and high-volume products. Companies globally are getting ready to comply where they export into the Saudi Arabian market a wide range of packaging materials and products packed in packaging materials. We have also increased our sales resources in the region which we anticipate will have a positive effect in the short-term and thereafter.

We have also continued to develop our d2w technology, with an agricultural grade finalised during the period and with commercial sales starting after the period end.

During the first half of this year, Symphony's d2w business inside the EU accounted for only 7.7% of revenues (H1-2018: 8.6%), and we believe that the EU Directive on "The reduction of the impact of certain plastics on the environment" and in particular, a restriction on oxo-degradable plastic, will have a limited effect on Symphony's business going forward. The Directive aims to ban plastic products that do not properly bio-degrade and are not recyclable, which is not the case for our d2w bio-degradable products, as confirmed by a former UK judge after reviewing the scientific evidence. It is notable that no scientific dossier has been published by the EU's own scientists in the European Chemicals Agency (ECHA) for any action relating to oxo-degradable or oxo-biodegradable plastics, and any such action could therefore be subject to legal challenge. The ECHA investigation was terminated during the period.

As noted in the Chairman's statement, users of plastics are being forced to make changes, either as a result of consumer pressure, or increasing legislative restrictions. We are now seeing a rapid change in the market where users of ordinary plastics are having to switch to alternatives such as compostable or biodegradable technologies. The product choice is mostly dependent on national or local legislation, with some requiring a compostable type product, whilst others require a d2w type biodegradable product. We have therefore complemented our d2w biodegradable product range with d2c compostable resins and products. Since the period-end, the Group received an initial $95,000 d2c order for the Latin American market.

For our d2p commercial products, further listings for anti-microbial gloves in some of the major Italian retailers was delayed resulting in d2p revenues being minimal for the period. However, we have now received orders post period-end together with a new listing in Turkey with a major retail group. We have also had successful customer trials for flame retardant and fruit preservation technologies for which we are now in commercial negotiations.

Our current and developing d2p product technologies now include:

- Anti-microbial/anti-bacterial/anti-algae
- Flame retardant
- Anti-insect/slug/rodent/fouling
- Odour adsorber/ethylene adsorber/oxygen scavenger
- Vapour corrosion inhibitor

Financial results

Group revenue and gross profit for the first six months of 2019 were unchanged from last year at £4.1 million and £2.0 million respectively. The gross margin during the period was 49.4% (H1-2018: 47.4%). As detailed above, revenue in the period was impacted due to expected increases in orders from the Middle East being delayed, inventory adjustments by end customers as a result of legislative clarification in many of our markets meaning orders were deferred, and delays incurred for d2p glove listings in Italy.

We continued our investment strategy into product development, government lobbying, brand and technical support, and commenced strengthening our direct front-line sales force during the period. Distribution costs increased during the period due to the pattern of sales, and interest increased primarily due to a higher level of business under termed letters of credit which were discounted for cash on presentation. Administrative expenses increased slightly to £1.9 million (H1-2018: £1.8 million).

The Group has adopted IFRS 16 which requires lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset together with its respective lease liability. The date of initial application by the Group was 1 January 2019. The Group used the modified retrospective method and has therefore only recognised leases on the balance sheet as at 1 January 2019. In addition, the measurement of right-of-use assets has been calculated by reference to the lease liability as at 1 January 2019 which ensured that there was no material impact to net assets as at that date. The value of recognised 'right-of-use asset' as at 1 January 2019 was £748,000 which related primarily to the Group's head office.

The nature of the expenses related to those leases have also now changed from 1 January 2019 as IFRS 16 replaces the straight-line operating expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. During the period ended 30 June 2019, IFRS 16 resulted in a £14,000 increase in overall expenditure.

The Board has reviewed the underlying position of the business using the following Adjusted EBITDA calculation which takes account of significant R&D, communication, marketing and brand protection expenditure which has not yet had a significant effect on the current revenue performance of the Group:

£'000	**H1 2019**	**H1 2018**
Operating (loss)/profit	(39)	18
Depreciation and amortisation	45	46
R&D costs	324	305
Communication, marketing and brand protection costs	189	218
Adjusted EBITDA	**519**	**587**

The effect of additional direct sales costs, distribution costs and interest charges as detailed above meant the Group made an operating loss for the period of £39,000 (H1-2018: profit £18,000), and a loss before tax of £86,000 (H1-2018: profit £7,000). The loss after tax was £86,000 (H1-2018: profit £13,000).

The loss per share for the period was 0.05 pence (H1-2018: earnings per share of 0.01 pence).

Balance sheet and cashflow

The Group had net borrowings of £0.38 million at the end of the period (31 December 2018: net borrowings of £0.08 million).

Net cash of £0.23 million was used in operations during the period (H1-2018: £0.35 million) due to the operating loss together with marginal increases in receivables and reductions in payables. The net cash used was funded by the Group's invoice discounting facility with HSBC Bank plc.

The Group has an invoice discounting facility of £1.5 million to assist in funding outstanding receivables when required. In July 2019 the Group raised £1.9 million equity (gross) by way of subscription for new ordinary shares. The Board believes that the Group has sufficient working capital to support the business and its current opportunities going forward.

Eranova

The Board continues to evaluate investing in the Eranova project, which enables plastic to be made from algae. The key benefits of the Eranova technology are:

- using a natural renewable waste product which pollutes beaches;

- a non-food-based resource (compared to corn or potatoes); and
- higher yields per hectare due to the fast growing-rate of algae compared to food-crops.

This technology would complement Symphony's growing range of environmental packaging solutions.

Brexit

The Board has considered the possible effects of Brexit on the business, and at the current time believes that Brexit will not have a material impact on the operations, financial performance or future prospects of the Group. The principal reasons for this are the Group's global operations, and the fact that during the period 92.2% of the Group's revenues were generated outside the EU mainland (H1-2018: 86.5%). However, the Board continues to monitor the Group's operations in the UK and Europe in light of potential challenges arising from Brexit and the current political and economic uncertainties.

Outlook

We continue to believe that there is a strong global outlook for d2w technology underpinned by regulatory, legislative and market forces in our key markets of Latin America and the Middle East. We are seeing increased activity with large organisations who operate in or export to these regions.

Our expectations are for further d2p products to be commercialised in the short term and that new business will continue to evolve for our d2c bio-based and compostable product range.

The Board continues to believe that Symphony is at or nearing a pivotal point in its progression from mainly an R&D phase to a commercial phase and we very much look forward to updating the market on our progress for d2w, d2p and d2c technologies in due course.

Michael Laurier, Chief Executive

Condensed consolidated interim statement of comprehensive income

	6 months to 30 June 2019 Unaudited £'000	6 months to 30 June 2018 Unaudited £'000	12 months to 31 December 2018 Audited £'000
Revenue	**4,090**	**4,117**	**8,802**
Cost of sales	(2,069)	(2,167)	(4,676)
Gross profit	**2,021**	**1,950**	**4,126**
Distribution costs	(146)	(108)	(210)
Administrative expenses	(1,914)	(1,824)	(3,852)
Operating (loss)/profit	**(39)**	**18**	**64**
Finance costs	(47)	(11)	(26)
(Loss)/profit for the period before tax	**(86)**	**7**	**38**
Tax credit	-	6	10
(Loss)/profit for the period	**(86)**	**13**	**48**
Total comprehensive income for the period	**(86)**	**13**	**48**
Earnings per share:			
Basic	(0.05)	0.01p	0.03p
Diluted	(0.05)	0.01p	0.03p

All results are attributable to the owners of the parent.
There were no discontinuing operations for any of the above periods.

Condensed consolidated interim statement of financial position

	At 30 June 2019 Unaudited £'000	At 30 June 2018 Unaudited £'000	At 31 December 2018 Audited £'000
ASSETS			
Non-current			
Property, plant and equipment	247	261	254
Right-of-use assets	695	-	-
Intangible assets	43	42	34
	985	**303**	**288**
Current			
Inventories	580	525	623
Trade and other receivables	2,394	1,479	2,228
Cash and cash equivalents	252	629	374
	3,226	**2,633**	**3,225**
Total assets	**4,211**	**2,936**	**3,513**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of Symphony Environmental Technologies plc			
Share capital	1,546	1,543	1,543
Share premium account	336	333	333
Retained earnings	37	82	123
Total equity	**1,919**	**1,958**	**1,999**
Liabilities			
Non-current			
Lease liabilities	570	-	-
Current			
Borrowings	620	-	454
Lease liabilities	119	-	-
Trade and other payables	983	978	1,060
	1,722	**978**	**1,514**
Total liabilities	**2,292**	**978**	**1,514**
Total equity and liabilities	**4,211**	**2,936**	**3,513**

Condensed consolidated interim statement of changes in equity

Equity attributable to the owners of Symphony Environmental Technologies plc:

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
For the six months to 30 June 2019				
Balance at 1 January 2019	1,543	333	123	1,999
Issue of share capital	3	3	-	6
Transactions with owners	3	3	-	6
Total comprehensive income for the period	-	-	(86)	(86)
Balance at 30 June 2019	**1,546**	**336**	**37**	**1,919**
For the six months to 30 June 2018				
Balance at 1 January 2018	1,516	-	67	1,583
Issue of share capital	27	333	-	360
Share-based options	-	-	2	2
Transactions with owners	27	333	2	362
Total comprehensive income for the period	-	-	13	13
Balance at 30 June 2018	**1,543**	**333**	**82**	**1,958**
For the year to 31 December 2018				
Balance at 1 January 2018	1,516	-	67	1,583
Issue of share capital	27	333	-	360
Share-based payments	-	-	8	8
Transactions with owners	27	333	8	368
Total comprehensive income for the period	-	-	48	48
Balance at 31 December 2018	**1,543**	**333**	**123**	**1,999**

Condensed consolidated interim cash flow statement

	6 months to 30 June 2019 Unaudited £'000	6 months to 30 June 2018 Unaudited £'000	12 months to 31 December 2018 Audited £'000
Operating activities:			
(Loss)/profit for the period after tax	(86)	13	48
Depreciation	37	38	81
Amortisation	8	8	16
(Profit)/loss on disposal of tangible assets	(17)	-	1
Foreign exchange	3	40	(8)
Share-based payments	-	2	8
Tax credit	-	(6)	(10)
Interest paid	31	11	26
Change in inventories	43	42	(55)
Change in trade and other receivables	(166)	(497)	(1,223)
Change in trade and other payables	(85)	4	111
Net cash used in operations	**(232)**	**(345)**	**(1,005)**
Tax received	-	6	10
Net cash used in operating activities	**(232)**	**(339)**	**(995)**
Investing activities:			
Additions to property, plant and equipment	(39)	(9)	(45)
Proceeds from sale of property, plant and equipment	26	-	-
Additions to intangible assets	(17)	(2)	(3)
Net cash used in investing activities	**(30)**	**(11)**	**(48)**
Financing activities:			
Movement in working capital facility	152	-	454
Discharge of finance lease liability	-	(1)	(2)
Proceeds from share issue	5	360	360
Interest paid	(31)	(11)	(26)
Net cash generated in financing activities	**126**	**348**	**786**
Net change in cash and cash equivalents	(136)	(2)	(257)
Cash and cash equivalents, beginning of period	374	631	631
Cash and cash equivalents, end of period	**238**	**629**	**374**

Bank overdraft of £14,000 (30 June 2018: £nil) (31 December 2018: £nil) is included in cash and cash equivalents.

Notes to the interim financial statements

1 Nature of operations and general information

Symphony Environmental Technologies plc (the "Company") and subsidiaries' (together the "Group") principal activities include the development and supply of environmental plastic additives and products.

Symphony Environmental Technologies plc, 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.

These condensed interim consolidated financial statements ("interim financial statements" or "interim report") are for the six months ended 30 June 2019. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018.

The financial information set out in this interim report does not constitute statutory accounts. The Group's statutory financial statements for the year ended 31 December 2018 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. These interim condensed consolidated financial statements have not been audited.

These interim financial statements have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34 "Interim Financial Reporting", and are presented in Pounds Sterling (£), which is the functional currency of the parent company. They have been prepared under the historical cost convention. They have also been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards that are adopted by the European Union, and the policies and measurements are consistent with those stated in the financial statements for the year ended 31 December 2018, other than detailed in note 2 below.

These interim financial statements were approved by the board on 26 September 2019.

2 Significant accounting policies

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2018 except for the adoption of IFRS 16 'Leases' from 1 January 2019.

IFRS 16 requires lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset together with its respective lease liability. The date of initial application by the Group was 1 January 2019. The Group used the modified retrospective method and has therefore only recognised leases on the balance sheet as at 1 January 2019. In addition, the measurement of right-of-use assets has been calculated by reference to the lease liability as at 1 January 2019 which ensured that there was no material impact to net assets as at that date.

The value of recognised 'right-of-use asset' as at 1 January 2019 was £748,000 which related primarily to the Group's head office.

The nature of the expenses related to those leases have also now changed from 1 January 2019 as IFRS 16 replaces the straight-line operating expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. During the period ended 30 June 2019, IFRS 16 resulted in a £14,000 increase in overall expenditure.

3 Seasonal fluctuations

The Group operates in many countries and in many different markets. There are therefore no formal or considered seasonal fluctuations affecting the operations of the Group.

4 Segmental analysis

The Board considers that the Group does not have separate operating segments as defined under IFRS 8.

5 Shares issued

Shares issued are summarised as follows:

Shares issued and fully paid	6 months to 30 June 2019	6 months to 30 June 2018	Year to 31 December 2018
- beginning of period	154,344,377	151,614,377	151,614,377
- issued during the period	225,000	2,730,000	2,730,000
Total equity shares issued and fully paid at end of period	**154,569,377**	**154,344,377**	**154,344,377**

6 Earnings per share and dividends

The calculation of earnings per share is based on the result attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

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 dilutive options and warrants which were exercisable during the period.

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

Basic and diluted	6 months to 30 June 2019	6 months to 30 June 2018	Year to 31 December 2018
(Loss)/profit attributable to owners of the Company	**£(86,000)**	**£13,000**	**£48,000**
Weighted average number of ordinary shares in issue	154,522,528	151,920,953	152,877,898
Basic earnings per share	**(0.05) pence**	**0.01 pence**	**0.03 pence**
Dilutive effect of weighted average options and warrants	-	9,278,488	9,585,716
Total of weighted average shares together with dilutive effect of weighted options and warrants	154,522,528	161,199,441	162,463,614
Diluted earnings per share	**(0.05) pence**	**0.01 pence**	**0.03 pence**

No dividends were paid for the year ended 31 December 2018.
The effect of options and warrants for the six months to 30 June 2019 are anti-dilutive.

7 Availability of Interim Financial Statements

Paper copies of the Interim Financial Statements will be sent to shareholders upon request. Shareholders will be able to download a copy of the Interim Financial Statements from the Group's website www.symphonyenvironmental.com. Further copies of the Interim Financial Statements will be available from the Company's Registered Office at 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire WD6 1JD.

NOTES TO EDITORS:

Symphony Environmental Technologies plc
https://www.symphonyenvironmental.com

Symphony has developed and continues to develop, 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, most recently Saudi Arabia, oxo-biodegradable plastic is mandatory.

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

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

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 Symphony 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.