



13 July 2021

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

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

Trading Update

Symphony Environmental Technologies Plc (AIM:SYM) global specialists in technologies that make plastic and rubber products "smarter, safer and sustainable", is pleased to announce a trading update for the six months ended 30 June 2021 (H1-2021).

Highlights

Financial

- Group revenue of £4.9 million (H1-2020: £4.8 million) but on constant-currency basis, would have shown a 13% increase to £5.4 million
- Continued investment in Symphony's sales team, and new Head of Innovation appointed to better manage a strong and growing pipeline of commercial opportunities
- Increased budgeted short-term, one-off professional fees including legal, communication, advocacy and external specialist technical costs, alongside non-budgeted increases in distribution and shipping costs
- Expected operating loss of approximately £0.5 million (H1-2020: profit £0.04 million)
- Net cash and cash equivalents totalled £0.6 million as at 30 June 2021 (31 December 2020: £0.5 million)
- Board continues to expect that results for the year ending 31 December 2021 will be in line with market expectations

Operational

- d2p – FDA approved technology updates expected shortly
- d2p - Substantial progress in many product areas – strong pipeline progression
- New Head of Innovation to lead continued product development
- d2w – EU action ongoing - Symphony has replied to EU defences - which did not reveal anything unexpected
- Several patent applications filed

Financial

Revenue for the 6 months ended 30 June 2021 was £4.9 million (H1-2020: £4.8 million), but on a constant currency basis, would have been approximately 13% higher than the prior period.

Gross margins are expected to be slightly lower due to an increased mix of finished products compared to higher-margin masterbatches. Also, distribution costs were higher during the period due to global vessel and container shortages. This is expected to continue for the remainder of the year.

As previously advised, costs continued in relation to supporting d2w advocacy communications in the UK, Middle East and Latin American markets. In addition, regulatory and other IP related costs continued

for new d2p products for the EU and US markets together with modest legal costs pertaining to Symphony's ongoing claim against the EU.

The Company also continues to invest in its sales and other key operating functions to better manage its strong and growing pipeline. A new and highly experienced Head of Innovation was appointed during the period to strengthen the skill set of the sales and procurement teams and to accelerate the commercialisation of Symphony's growing portfolio of new and highly innovative products. This additional strategic investment in key resources, together with the above-described movements, will mean that the Company expects to report an operating loss in H1-2021 of approximately £0.5 million (H1-2020: profit £0.04 million). However, the Board continues to expect that results for the year ending 31 December 2021 will be in line with market expectations, for which consensus revenue and operating profit are £11.9 million and £0.4 million respectively.

Cash and cash equivalents as at 30 June 2021 were £0.6 million (31 December 2020: £0.5 million).

d2p – designed to protect

During H1-2021, the Group has been actively progressing its d2p pipeline of over 100 projects, of which the majority are customer led and are at various stages of technical evaluation, as well as agreeing commercial objectives, conducting customer-trials and final testing.

Customer-trials conducted during the period have incorporated Symphony's d2p anti-microbial (also anti-viral), insecticidal, odour and ethylene adsorbers, insect and animal repellent, and flame retardant technologies. The trials have been for, inter alia, the following products:

- Food/bread
- Pipes/tanks
- PPE including gloves
- Films for surface protection
- Cables
- Car components
- Agricultural products

Many of the trials started during the period are expected to complete over the coming months, and the Group has identified substantial revenue potential within these current projects. The Group is also continually receiving new enquires and therefore anticipates its product pipeline will continue to grow strongly. Our sales, technical and procurement teams have also implemented certain process improvements, particularly with regard to our product evaluation process, which is expected to shorten the period from enquiry to product commercialisation.

d2w – biodegradable plastics

The Group has seen stable end-user demand in its main markets, albeit distributor and factory stock levels have been kept very low due to global uncertainty caused by COVID-19 lockdowns. We anticipate these ultra-low stock levels increasing to pre-pandemic levels as the world moves out of lockdown.

The outlook for Latin America, Middle East and some parts of Asia is becoming much more positive as the vaccine programmes continue to advance and lock-down restrictions start to ease. In addition, the advisory and advocacy work being carried out for d2w technology in these countries is progressing well. As an example, in the Middle East, the Saudi national standards organisation, SASO, is increasing its enforcement activities and we anticipate this will lead to a substantial increase in demand during H2-2021.

EU action

Symphony's legal team has received and reviewed the Defences served by the three Defendants (the Commission, the Parliament and the Council of the European Union ("EU")) to the action it has brought against them in the General Court of the EU. The action is in relation to their decision to adopt Article 5 of the Single Use Plastics Directive 2019/904 ("the Directive").

The Defences did not reveal anything unexpected, and Symphony's legal team remain confident that the EU acted unlawfully in imposing a ban on a material which they call "oxo-degradable plastic" in Article 5 of the Directive. In any event, Symphony does not accept that the ban applies to oxo-

Biodegradable plastics, which are made by incorporating Symphony's d2w masterbatch into ordinary plastic.

Symphony's legal team has accordingly filed Replies to each of the Defences, but a decision by the court is not expected for another 12-18 months.

Patent Applications

In recognition of the growing pipeline of commercial projects across the Group's product range, the Board believe now is the appropriate time to invest both time and money in better protecting its IP through the filing of patents. The Group has submitted a number of patent applications during the period and will make further announcements as appropriate in due course, as and when these applications are approved.

Outlook

The Group is expecting strong revenue growth during H2-2021 and believes that results for the financial year ending 31 December 2021 will be in line with current market expectations.

The Group is making strong progress in moving d2p product enquires through to product trials and beyond, and although this is not as yet demonstrated in the Group's financial results, the Board is confident that these trials will translate into substantial commercial revenues in due course.

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

NOTES TO EDITORS:

About Symphony Environmental Technologies plc

www.symphonyenvironmental.com

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

Symphony has developed and continues to develop and market, a biodegradable plastic technology which helps tackle the problem of microplastics by turning ordinary plastic at the end of its service-life into biodegradable materials. It is then no longer a plastic and can be bioassimilated in the open

environment in a similar way to a leaf. The technology is branded d2w® and appears as a droplet logo on many thousands of tonnes of plastic packaging and other plastic products around the world. In some countries, including Saudi Arabia, Jordan, Bahrain and the UAE oxo-biodegradable plastic is mandatory. See www.d2w.net

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

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

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

Symphony is a member of The OPA (www.biodeg.org) and actively participates in the Committee work of the British Standards Institute (BSI), the American Standards Organisation (ASTM), the European Standards Organisation (CEN), and the International Standards Organisation (ISO).

Further information on the Group can be found at www.symphonyenvironmental.com and twitter @SymphonyEnv See also Symphony on Instagram. A Symphony App is available for downloading to smartphones.