SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

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

Preliminary Results for the year ended 31 December 2019

Symphony Environmental Technologies Plc (AIM: SYM), a global specialist in technologies to improve the properties of plastic and some non-plastic products by making them biodegradable and/or providing protection against threats to health and safety, announces its preliminary results for the year ended 31 December 2019.

Financial highlights:

- Group revenues £8.23 million (2018: £8.80 million)
- Gross profit £3.78 million (2018: £4.13 million)
- Reported loss before tax £0.70 million (2018: profit £0.04 million)
- Basic loss per share 0.41p (2018: earnings per share 0.03p)
- Cash used in operations £0.73 million (2018: £1.01 million)
- Net current assets £2.85 million (2018: £1.71 million)

Business highlights:

- Subscription completed for new shares raising £1.9 million (net)
- Grupo Bimbo, the world's largest bakery, announces expansion of its biodegradable packaging programme, and new packaging showing Symphony's d2w brand
- New and first significant order for d2w agricultural grade
- Major launch of d2p "Protector" products in Bahrain
- Awarded London Stock Exchange Green Economy Classification & Mark

Post year-end

- Q1 2020 revenues increase by 53% to £2.45 million (Q1 2019: £1.60 million)
- FDA approves Symphony's antibacterial packaging for bread; commercial trials ongoing
- New European orders in May for d2p antimicrobial gloves exceeding £0.5 million
- Increasing activity for other d2p additives and products
- Single use plastic bans outside the EU being postponed or overturned due to concern for people's safety and hygiene taking priority
- The Group has not been materially affected by COVID 19 and accordingly has not needed to utilise any of the Government COVID 19 support packages

Chairman's Statement

We are at a time of unprecedented change. The current COVID 19 pandemic is likely to permanently alter human outlook and consumption trends, further establishing the environmental, social and governance ("ESG") concerns of key stakeholders of the vast majority of organisations.

Symphony's proposition gathered further ESG momentum during 2019 by increasing key sales and public relations resources, as well as further gaining international recognition by customers, governments and other bodies, with the award of new contracts, approved supplier accreditations and a Green Economy Classification and Mark. These achievements were accompanied by a small reduction in revenues during 2019, but that year in isolation does not capture the momentum of the Group, as demonstrated by a 53% increase in revenues during the first quarter of 2020 to £2.45m versus £1.60m for the same period last year.

Symphony is at the forefront of the plastics debate in key territories around the World and has established specialist teams to interact with governments, NGO's, and corporates. Our legislative activities are mainly country-specific, and we have substantially invested in regional advisory and lobbying professionals primarily in the Middle East and Latin America, which are considering legislative changes towards biodegradable and compostable products, thereby providing significant opportunities for our range of d2w and d2c products.

In 2019, the world's largest bakery company, Grupo Bimbo, publicly announced of its d2w biodegradable packaging programme (originally launched in 2008), and for the first time their packaging showed our d2w registered trademark. Their d2w biodegradable packaging expansion process is ongoing.

In 2019, the three-stage regulation for making plastic packaging in Saudi Arabia oxo-biodegradable continued to be enforced, but with phases two and three for additional products having been delayed from the original published timetable, with no date yet been made public. The first stage, which is significant in itself, and includes carrier bags and refuse sacks, is ongoing, and since the start of 2020 some products have been brought forward from later stages to this first stage. In addition, enforcement activity has recently increased to ensure better compliance with stage one.

Significantly, since the year end, the Company announced in February that it had received USA FDA approval for its antibacterial additive for plastic bread packaging. Several customer trials and evaluations which were prohibited before FDA approval have commenced following earlier successful small-scale studies.

With public health and hygiene being an urgent issue, we are seeing an increase in activity in our d2p anti-microbial technologies and products. During May 2020, we received new orders for d2p treated gloves totalling more than £500,000. As previously announced, we have commissioned antiviral tests, which include some members of the coronavirus family of viruses, and we expect results by the end of June. We have not yet identified a laboratory willing and able to test for COVID 19 itself, and we continue to search.

The COVID 19 pandemic has so far had little negative impact on the operations of the Group, and staff have adapted well to working at home. We have seen minor cashflow and order delays in some territories, but at present our main markets are generally stable as our technology is mainly used in food packaging. In terms of price, availability, hygiene and effectiveness, it is our view that plastics are currently the ideal product for the protection of people (through PPE) and the packaging of food and goods. d2w improves flexible plastics making them biodegradable and reducing their negative impact on the environment, and our d2p range enhances plastics and rubber by including long-lasting anti-microbial benefits.

Despite current global uncertainties, we are confident that our technologies are well placed to benefit key concerns over hygiene and the environment. Many countries around the world are starting to ease their lockdowns, but we continue to make decisions which aim to keep the Group in the best financial position possible should there be any significant negative effects on revenue or cashflow. Our staff are working effectively during these times, and we have not needed to utilise any Government COVID 19 support packages.

I would therefore like to thank the Board and our staff for all their resilience and extremely hard and dedicated work to keep Symphony in its strong position during these challenging times. Further thanks also to our distributor network for all their hard work and despite these uncertain times the Board remains optimistic for the future.

N Clavel
Interim Chairman

Chief Executive's Review

Introduction

The Group continues at this pivotal period to see a strengthening of its underlying business and key drivers. For our d2p range of technologies, most of our earlier R&D developments are now complete and the commercial sales process for many different applications is ongoing in areas such as healthcare products, antimicrobial gloves, and additives for use in drinking and irrigation waterpipes. In addition, we have continued to progress our many different d2p formulations for flame retardant plastics, together with odour and ethylene adsorber masterbatches. For d2w, the legislative position in some markets is showing progress - such as in the Middle East and Latin America.

Legislative actions around the world to ban or restrict the use of single use plastics, described in the press and in our earlier announcements, created a positive opportunity for our global representatives to engage at government level and in the media, so as to be part of the debate. These activities continued throughout 2019 and are ongoing. COVID 19 has strengthened the global requirement for single use plastic which is ideal for our d2w technology. Multiple-use plastics are more problematic for hosting and accumulating harmful microbes and there is an opportunity for our d2p antimicrobial technology.

Grupo Bimbo's public d2w event on 20 August 2019 was significant as they expand their programme of adopting more environmentally friendly packaging and for the first time using our d2w logo on their products.

During 2019, we continued to develop our d2w technology into many new applications such as footwear, non-woven polypropylene for use in PPE type products, and also for agricultural products, which saw new commercial sales.

Our strategy continues to be to invest into the legislative drivers for d2w type biodegradable technologies together with further commercialising our developed d2p technologies within the Group's existing operational framework.

Trading results

Group revenues decreased by 6.5% to £8.23 million from £8.80 million in 2018. Gross profit margins decreased slightly to 45.9% (2018: 46.5%). As a result, the contribution from gross profit decreased to £3.78 million from £4.13 million in 2018.

As announced on 17 December 2019, revenues for the full year were affected by inventory adjustments by some of our customers waiting for legislative clarification in certain markets. These factors persisted during the year, as both business drivers, legislation and enforcement activities regarding the manufacture of plastics, remained in a fluid period of change.

Costs increased by 5.8% to £4.08 million (2018: £3.85 million) due to increased selling resource together with advisory costs associated with legislative and regulatory situations as described earlier. Staff costs also increased during the period in the marketing and technical departments. The Group expensed R&D costs of £0.63 million in 2019 (2018: £0.66 million). An R&D tax credit of £27,000 (2018: £10,000) was confirmed receivable as at the year-end relating to previous periods. A further R&D tax credit will be receivable with respect to 2019.

The Group adopted IFRS 16 during 2019 which requires lessees to account for leases 'on-balance sheet' by recognising a right-of-use asset together with its respective lease liability. The value of the recognised 'right-of-use asset' as at 1 January 2019 was £0.76 million which related primarily to the Group's head office. This new policy resulted in additional non-cash charges of £37,000 made to the income statement for the year from depreciation on the right-of-use asset and interest expense on lease liabilities.

Adjusted EBITDA before R&D and the additional communication and marketing costs is calculated as follows:

	2019 **£'000**	2018 £'000
Operating (loss)/profit	**(622)**	64
Add: Depreciation (non right-of-use)	**76**	81
Amortisation	**17**	16
R&D expenditure	**627**	664
Marketing, communication and other brand protection costs	**331**	357

Adjusted EBITDA	**429**	1,182

Reported operating loss was £0.62 million (2018: profit £0.06 million) and loss after tax of £0.66 million (2018: profit £0.05 million) with basic loss per share of 0.41 pence (2018: earnings per share 0.03 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 by purchasing goods where possible in US Dollars and utilises bank forward currency contract agreements to minimise exchange risk. As at 31 December 2019, the Group had a net balance of US Dollar assets (US Dollar cash balances and receivables less overdrafts and payables) totalling $1.90 million (2018: $1.10 million). To mitigate this the Group had bank forward currency contracts to sell 1.25 million US Dollars and receive a fixed amount of sterling as at 31 December 2019 (31 December 2018: nil US Dollars). The Group is experiencing higher volatility in Sterling/US Dollar exchange rate as a result of the uncertainties currently surrounding Brexit.

Balance sheet and cash flow

The Group had net cash of £0.88 million at 31 December 2019 (2018: net debt of £0.08 million). The Group used cash of £0.73 million from operations (2018: cash used of £1.01 million) primarily as a result of the operating loss for the period.

During the year the Group raised net £1.9 million by way of a share subscription. The Group also has a £1.5 million invoice finance facility with HSBC Bank which was not drawn down as at 31 December 2019 (2018: £0.45 million).

As a result of the share subscription, net current assets increased to £2.85 million at 31 December 2019 (2018: £1.71 million).

Brexit

The Board has considered the possible effects of Brexit on the business, and at the current time believe 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 88.7% of the Group's revenues were generated outside the EU mainland in 2019 (2018: 85.4%). 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.

COVID 19

COVID 19 is causing general uncertainty which may affect several markets in which Symphony operates. These may have a disruptive impact on operations (customer or supplier disruption) or may negatively affect the Group's finances (customer bad debt or ability of customer or suppliers to carry on trade 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. So far, the effects to Group operations and finances have been minimal.

The Group's products and markets are not negatively affected by the pandemic and on the contrary could strengthen as plastics are integral in food and human protection. The Group has modelled several downside scenarios and the Board is comfortable that the Group's balance sheet and working capital is sufficient to withstand such significant falls in revenue.

Current trading and outlook

As announced on 6 April 2020, the new trading year has started strongly, with revenues for the first quarter ended 31 March 2020 increasing by 53% to £2.45 million compared with £1.60 million for the first quarter of 2019.

The Group's cash and cash availability as at 21 May 2020 was more than £1.0 million. The Group does not expect to require any additional cash in the next twelve months and the Board considers the Group to be in a strong financial position to enable it to maximise the opportunities available within the markets it is in, and with its d2w, d2p and d2c developed and developing product range.

d2w Oxo-biodegradable plastic technology

It is our belief that there is a strong global outlook for d2w technology underpinned by regulatory, legislative and market forces in many of the 70 plus markets in which we are active. In addition, and as a result of the current COVID 19 pandemic, we have seen several plastic bag bans either suspended or overturned.

This is no longer just a Symphony fight, as the plastic industry are trying to avoid closure by the global drive to move away from plastics to other materials or nothing. Because of this, we are collaborating with the industry in several countries to avoid a ban by using d2w technology which can help resolve the pressing issue of plastic pollution, and in particular, microplastics.

The debate on the use of plastics might have hit an inflection point as COVID 19 brought forth fears that reusable shopping bags are used at the expense of optimal hygienic behaviour. In the United States, states including California, New York, and Massachusetts, which spearheaded the campaign against single-use plastic bags, are now pivoting towards promoting their use by either suspending or postponing the bans. Countries across the world have had a similar response by either suspending bans or removing tariffs required to buy plastic bags online. Similarly, the United Kingdom postponed its ban on the use of single-use plastic straws in the restaurant industry.

With recycling efforts being stifled and most of the plastic waste ending up in landfills, oxo-biodegradable plastic continues to provide a timely solution to sustainable plastic consumption and a solution to the issue of plastic litter pollution on land and oceans.

d2p Antimicrobial range of technologies

Demand for plastic materials (such as PPE and food packaging) containing antimicrobial properties is also expected to increase. As announced on 6 April 2020 we have commissioned a laboratory to conduct antiviral tests on our d2p antimicrobial technology and anticipate that if we get a satisfactory result, this will significantly accelerate interest in this technology. We anticipate updating the market by the end of June.

Since the year-end, the U.S. Food & Drugs Administration (FDA) has approved Symphony's d2p antibacterial technology for use in certain polyethylene film for wrapping bread. Approval, which is not time limited and is effective only for Symphony, was given under the Food Contact Notification procedure. We are progressing this commercially despite some minor delays caused by COVID 19.

The Group's 25-year investment into a growing, but synergistic range of products, is well suited to today's global demand for low cost technologies and products that are non-disruptive and that can help protect human health and the environment. It is encouraging to see new European orders recently placed for d2p treated gloves of more than £500,000, together with increased global enquiries for other d2p products.

The current situation due to COVID 19 is unprecedented and the overall economic impact is currently unknown. The Board is encouraged by the resilience shown by the Group's systems and technologies to date, and the opportunities for our range of technologies. We look to the future with confidence, although the financial year ending 31 December 2020 cannot as yet be fully assessed. Accordingly, the Board believes it would be inappropriate to provide forward-looking financial guidance to investors and analysts at this time.

M Laurier
Chief Executive

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

Consolidated statement of comprehensive income
for the year ended 31 December 2019

	Note	**2019 £'000**	2018 £'000
Revenue		**8,225**	8,802
Cost of sales		**(4,450)**	(4,676)
Gross profit		**3,775**	4,126
Distribution costs		**(321)**	(210)
Administrative expenses		**(4,077)**	(3,852)
Operating (loss)/profit		**(622)**	64
Finance costs		**(75)**	(26)
(Loss)/profit for the year before tax		**(697)**	38
Taxation		**37**	10
(Loss)/profit for the year		**(660)**	48
Total comprehensive (loss)/income for the year		**(660)**	48
Basic earnings per share	2	**(0.41)p**	0.03p
Diluted earnings per share	2	**(0.41)p**	0.03p

Consolidated statement of financial position
as at 31 December 2019

	2019 £'000	2018 £'000
ASSETS		
Non-current		
Property, plant and equipment	**218**	254
Right-of-use assets	**637**	-
Intangible assets	**42**	34
	897	288
Current		
Inventories	**882**	623
Trade and other receivables	**2,335**	2,228
Cash and cash equivalents	**1,161**	374
	4,378	3,225
Total assets	**5,275**	3,513
EQUITY AND LIABILITIES		
Equity		
Equity attributable to shareholders of Symphony Environmental Technologies plc		
Ordinary shares	**1,700**	1,543
Share premium	**2,077**	333
Retained earnings	**(537)**	123
Total equity	**3,240**	1,999
Liabilities		
Non-current		
Lease liabilities	**509**	-
Current		
Lease liabilities	**122**	-
Borrowings	**283**	454
Trade and other payables	**1,121**	1,060
	1,526	1,514
Total liabilities	**2,035**	1,514
Total equity and liabilities	**5,275**	3,513

Consolidated statement of changes in equity
for the year ended 31 December 2019

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 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 income for the year	-	-	(660)	(660)
Balance at 31 December 2019	**1,700**	**2,077**	**(537)**	**3,240**
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 year	-	-	48	48
Balance at 31 December 2018	**1,543**	**333**	**123**	**1,999**

Consolidated cash flow statement
for the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
(Loss)/profit after tax	**(660)**	48
Adjustments for:		
Depreciation	**200**	81
Amortisation	**17**	16
(Profit)/loss on disposal of tangible assets	**(15)**	1
Share-based payments	**-**	8
Foreign exchange	**42**	(8)
Interest expense	**75**	26
Tax credit	**(37)**	(10)
Changes in working capital:		
Movement in inventories	**(259)**	(55)
Movement in trade and other receivables	**(164)**	(1,223)
Movement in trade and other payables	**76**	111
Net cash used in operations	**(725)**	(1,005)
R&D tax credit	**37**	10
Net cash used in operating activities	**(688)**	(995)
Cash flows from investing activities		
Additions to property, plant and equipment	**(50)**	(45)
Additions to intangible assets	**(25)**	(3)
Proceeds from sale of property, plant and equipment	**27**	-
Net cash used in investing activities	**(48)**	(48)
Cash flows from financing activities		
Movement in working capital facility	**(454)**	454
Repayment of lease capital	**(132)**	(2)
Proceeds from share issue	**1,901**	360
Lease interest paid	**(32)**	-
Bank and invoice finance interest paid	**(43)**	(26)
Net cash generated in financing activities	**1,240**	786
Net change in cash and cash equivalents	**504**	(257)
Cash and cash equivalents, beginning of year	**374**	631
Cash and cash equivalents, end of year	**878**	374
Represented by:		
Cash and cash equivalents	**1,161**	374
Bank overdraft	**(283)**	-
	878	374

Notes to the Preliminary Statement

1 Basis of preparation

This preliminary statement has been prepared on the basis of accounting policies consistent with the audited financial statements for the year ended 31 December 2019.

The financial information set out in this report does not constitute the Company's statutory accounts for the years ended 31 December 2019 or 2018 but is derived from the 2019 accounts. Statutory accounts for 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered in due course. The auditor has reported on the financial statements for the year ended 31 December 2019; its report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and (iii) did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

2 Earnings per share and dividends

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

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

Basic and diluted	**2019**	2018
(Loss)/profit attributable to equity holders of the Company	**£(660,000)**	£48,000
Weighted average number of ordinary shares in issue	**160,085,762**	152,877,898
Basic earnings per share	**(0.41) pence**	0.03 pence
Dilutive effect of weighted average options and warrants	**5,338,811**	9,585,716
Total of weighted average shares together with dilutive effect of weighted options- see below	**160,085,762**	162,463,614
Diluted earnings per share	**(0.41) pence**	0.03 pence

No dividends were paid for the year ended 31 December 2019 (2018: £nil).

The effect of options and warrants for the year ended 31 December 2019 are anti-dilutive.

A total of 24,826,500 options and warrants were outstanding at the end of the year which may become dilutive in future years.

3 Segmental reporting

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

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

Geographical area	2019 £'000	2018 £'000
UK	**315**	417
Europe	**930**	1,281
Americas	**3,254**	3,414
Middle East and Africa	**2,480**	2,472
Asia	**1,246**	1,218
Total	**8,225**	8,802

Revenues attributable to the above geographical areas are made on the basis of final destination of the customer to which the goods are sold.

4 Availability of report and accounts

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

NOTES TO EDITORS:
About Symphony Environmental Technologies plc
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 also launched d2p antimicrobial 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, 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. 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.