30 March 2022

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

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

Preliminary results

Symphony Environmental Technologies Plc (AIM:SYM) global specialists in technologies that make plastic and rubber products "smarter, safer and sustainable", is pleased to announce its preliminary results for the year ended 31 December 2021.

Financial highlights:

- Group revenues £9.16 million (2020: £9.77 million), lower principally due to £0.50 million of product missing year end shipping cut-off
- Revenue mix

	2021	2020
d2w Masterbatch	£7.19 million	£7.27 million
d2p Masterbatch	£0.45 million	£0.47 million
Finished Products	£1.40 million	£1.80 million
Other	£0.12 million	£0.23 million

- R&D spend expensed and/or capitalised £0.66 million (2020: £0.60 million)
- Gross profit £3.59 million (2020: £4.11 million)
- Reported loss before tax £1.53 million (2020: £0.44 million)
- Basic loss per share 0.81p (2020: 0.19p)
- Cash used in operations £0.60 million (2020: £1.44 million)

Business highlights:

d2p Technologies

- US FDA further approval for antibacterial plastic technology with greater loading and wider film use in bread packaging
- Canadian Health approval obtained for antibacterial bread packaging films
- Meditech nitrile glove manufacturing, marketing and distribution agreements
- Antimicrobial ten-minute Coronavirus kill rate achieved
- Substantial progress in many product areas including an increase in customer trials and product-tests currently underway.
- Significant potential sales identified in many of the current pipeline projects

Corporate

- Major Expansion with Joint Venture into India with Indorama Corporation – completed in February 2022
- Investment continues in the sales team, and new Head of Innovation appointed to accelerate the commercialisation of the Group's growing portfolio of new and highly innovative products
- Several patent applications filed to protect our IP as many new products reach commercialisation
- Small Caps Award: ESG Company of the Year

Chairman's Statement

2021 was a year of contrasting results. These financial results do not reflect the transformational effort and success that was achieved in many of our high value development projects that are mainly customer led. We had expected these material changes to positively impact 2021 but repeated and unpredictable lockdowns created logistical and resource difficulties, which delayed the commencement of some large and valuable projects. However, with the vaccination programmes being rolled out around the world, we now anticipate many of these projects will advance to commercialisation much faster, which will start to have a transformational effect on the business.

The progress in customer driven development projects, many of which are significant both from a revenue perspective, but crucially also underpin long term relationships, provide the Group with real optimism that substantial revenue growth in the short and longer term will be achieved.

Group revenues for the year ended 31 December 2021 were £9.16 million (2020: £9.77 million). Further, revenues of £0.50 million missed the year end cut-off due to shipping congestion and delayed sailings. Of the recognised revenues for 2021, both d2w and d2p were on a par with the previous year, with total year-on-year revenue reduction mainly in respect of PPE items such as gloves with the compliance, sampling and regulatory process taking much longer than anticipated. Together with congestion and delays, shipping charges were also high during the period, and this higher cost so far continues in 2022.

The business could maintain sales at approximately £9 million on a significantly reduced cost base (estimated at £2 million lower); however, the Board's confidence in the outlook for the Group's products, means we continue to invest in the Group's infrastructure, staff and R&D so that the business is able to fully maximise the growth potential for the customers and markets already secured.

Investment into d2w, our biodegradable technology, continued during the year with further independent certification to prove biodegradability and no persistent microplastics on land and oceans, together with specific advocacy teams that are focussing on several important markets such as Latin America where the legislation process is moving towards changes in laws that we believe will encourage the use of d2w type technologies. It is pleasing to see in this region a positive commercial result from this medium-term investment strategy that has helped increase volumes by 25% with an indication of further strengthening going forward. In the Middle East, volumes were consistent with 2020 which was a good result as local plastic production volumes were reported to have decreased by more than 50% due to Covid-19 restrictions. We are also starting to see business return to pre-Covid-19 levels, and very soon the start of a biodegradable enforcement programme by the Saudi national standards organisation (which is more easily capable of being enforced following the cessation of Covid-19 restrictions which have been in place during the last 2 or so years). This we believe will also have a positive effect in surrounding countries and further afield.

Sales for d2w have now commenced in India following completion in February 2022 of the agreement in November 2021 to form a joint venture with Indorama Corporation together with a local manufacturing agreement. This opens an exciting and large opportunity as the Indian government are taking immediate steps to control plastics through new regulations that are expected to encourage the use of compostable and biodegradable products like d2w. We look forward to providing further updates on this regulation and commercial progress during 2022.

Investment into the many d2p "Designed to Protect" technologies and products has continued throughout the year and whilst various programmes have progressed, the enhancement of the US FDA approval is undoubtedly a significant milestone upon which we will build our sales. Health Canada adds to this important food approval process for use in bread packaging, thus opening two very large potential markets plus other territories which follow FDA regulations. Although the commercial and sales development process has been slower than anticipated, it continues to progress satisfactorily. Long-term sales based upon current negotiations could potentially be a multiple of the Group's current revenue. Further announcements are expected to be made in the near term and throughout 2022.

In addition to plastic packaging applications, we continued to advance the development and regulatory process of a d2p antimicrobial/antiviral nitrile glove with Meditech. This process is expected to complete during 2022 following which we will start marketing and selling to known customers in the UK, EU and USA where we have already ongoing negotiations dependent on the completion of regularity approvals.

I would like to thank the Board, our staff, and distributors for all their hard work in advancing the business through globally challenging times into a period where many of our developments become commercial and cash-generative.

The Board continue to be optimistic that the future performance of the Group, particularly financially will improve materially during 2022 and beyond.

N Clavel
Interim Chairman

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Chief Executive's Review

The Group continues its investment programmes across several areas each aimed to stimulate new sales and markets in the short and medium term including gaining key regulatory and product approvals. Whilst these regulatory approvals will create access to material sales in both the UK, EU and US, they also provide a barrier to entry for potential new entrants.

d2p USA FDA & Canadian approved bread-packaging technology

This FDA approval represents the successful completion of an investment and development programme that started nearly 8 years ago and places the Group in a unique sales position in a new and valuable market, primarily for the USA and Canada and applicable in other markets such as Latin America. This, we anticipate could represent a multiple of our current sales based on continuing negotiations and a full roll-out throughout these markets and customer product lines.

The FDA's approval for Symphony's d2p antimicrobial food contact technology now applies to all types of polyolefin and polyester film for wrapping bread, instead of just linear low density polythene. Low density polythene and polypropylene are common packaging materials used in bread, which are both now included. Symphony's d2p technology is intended to inhibit the growth of bacteria on the surface of the packaging film and is vital to a very hygiene-conscious industry. This creates valuable commercial and financial benefits for our customers.

Customer trials have progressed well in several markets, and we look forward to providing further positive updates during 2022.

Nitrile disposable gloves made with d2p technology

In August 2021, Symphony entered into four agreements with Meditech to expand sales in East Asia and globally. Alongside Meditech, Symphony has commenced upgrading current EU CE certification and US FDA registration. Based upon advice received, we believe these upgrades will be approved by Q3 2022. It should be noted however that the corporate agreement with Meditech expired due to the time required to complete this regulatory work.

Nitrile gloves made with d2p have completed pre-production trials and have also been successfully tested against ISO Standards for anti-viral and anti-bacterial performance with kill rates of at least 99.99%. A recent laboratory test result showed a coronavirus kill rate of 99.99% within ten minutes.

Further to the work being carried out with Meditech, negotiations are taking place in the USA (for use in medical facilities such as hospitals and clinics) and Europe (for large retail distributors in Spain and Italy) for d2p gloves and other finished products. These discussions are not yet enshrined in binding agreements, but anticipated volumes would be material to Symphony.

India

In November 2021, Symphony agreed to form a joint venture ("JV") company in India with Indorama India Private Limited ("Indorama"), a wholly owned subsidiary of Indorama Corporation Pte. Ltd., ("Indorama Corporation"). The JV was completed in February 2022, with shares in the JV company, called Symphony Environmental India Pvt Ltd ("Symphony India"), held as to 46.5% by Symphony, 46.5% by Indorama and 7% by Mr. Arjun Aggarwal, an Indian citizen, who has been appointed Managing Director of Symphony India.

Sales have already started, with production mainly in India, under licence from Symphony, being both cost-effective and environmentally friendly.

d2w

We are seeing a positive impact from the advisory and advocacy work being carried out for our d2w technology in Latin America as well as increasing enforcement of favourable legislation by the relevant authorities in Saudi Arabia. In Latin America, sales volume grew by 25% during the year with stable volumes in the Middle East and East Asia in markets where general demand was affected by Covid-19.

d2p pipeline

In addition to bread-packaging and gloves, the Group has a developing pipeline of d2p technologies that include flame retardants, ethylene adsorbers and many formulation variations of antimicrobial products and masterbatches. Repeat orders have been received during 2021 for insecticidal and odour adsorption applications which will be marketed strongly in 2022 together with the Group's antimicrobial technologies.

Trading results

Group revenue was £9.16 million (2020: £9.77 million) and is analysed in the table below. Further, revenues of £0.50 million missed the year end cut-off due to shipping congestion, lack of containers, and delayed sailings. Gross profit margins decreased slightly to 39.2% (2020: 42.1%) principally due to increased raw material prices. In addition, there was a stock impairment of £0.13 million in relation to gloves purchased during the year before pricing reduced significantly. As a result, gross profit decreased to £3.59 million from £4.11 million in 2020.

	2021	**2020**
d2w Masterbatch	£7.19 million	£7.27 million
d2p Masterbatch	£0.45 million	£0.47 million
Finished Products	£1.40 million	£1.80 million
Other	£0.12 million	£0.23 million

Administrative expenses increased to £4.57 million (2020: £4.14 million) with £0.12 million increase in advisory costs associated with advisory, legislative, and regulatory situations in the UK, EU and Latin America. These short-term discretionary costs will continue into 2022, with some costs expected to fall away during the second half of the year. Staff costs increased £0.20 million during 2021 following expansion of the sales and technical departments, including a new head of innovation. Distribution costs were £0.15 million higher than anticipated due to ongoing global shipping issues.

The Group expensed R&D costs of £0.49 million in 2021 (2020: £0.60 million). In addition, there were intangible asset development cost additions of £0.17 million during the year in respect to the Group's d2p bread technology (2020: £nil). An R&D tax credit of £0.13 million (2020: £0.11 million) was received during 2021 relating to the previous period. A further R&D tax credit will be receivable in 2022 with respect to 2021.

The reported operating loss was £1.48 million (2020: £0.39 million) and loss after tax of £1.41 million (2020: £0.33 million) with basic loss per share of 0.81 pence (2020: loss per share 0.19 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 2021, the Group had a net balance of US Dollar assets (US Dollar cash balances and receivables less overdrafts and payables) totalling $2.91 million (2020: $1.93 million). To part offset this, the Group had bank forward currency contracts to sell 1.50 million US Dollars and receive a fixed amount of sterling as at 31 December 2021 (31 December 2020: 0.75 million US Dollars).

Balance sheet and cash flow

The Group had net cash of £0.20 million as at 31 December 2021 (2020: £0.47 million). The Group used cash of £0.60 million from operations (2020: £1.44 million) primarily as a result of the loss incurred, but mitigated by favourable movements in receivables and payables. Stock levels increased substantially during the year and is expected to fall back to previous levels during the first half of 2022.

During the year, the Group raised net proceeds of £0.75 million by way of a share placement. The Group also has a £1.5 million invoice finance facility with HSBC Bank which was not drawn upon as at 31 December 2021 (2020: £1.5 million).

On the basis of current financial projections, including a sensitised cash flow analysis, together with available funds and facilities, including the above invoice finance facility with the Group's bankers, the Directors are satisfied that the Group has adequate resources to fulfil its objectives and opportunities.

EU action

As previously announced, Symphony commenced a legal action against the Commission, Parliament and Council of the EU having been advised by three specialists in EU law that Article 5 of the Directive

2020/904 is unconstitutional. We are currently waiting for the court to fix a date for an oral hearing in Luxembourg. This is expected in 2022.

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, and do not have any of the undesirable characteristics listed in Recital 15 of the Directive.

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. The pilot plant was completed on schedule during October 2021 and is operational and processing small volume commercial orders. We expect further positive developments during 2022.

Ukraine

The Board is deeply concerned with events in Ukraine and hopes for a speedy and amicable conclusion to the current horrific situation. Symphony has no business ties with Russia and whilst we have not seen any further increase to our raw material costs, these events may impact future raw material costs as most of the Group's products are derivatives of oil and gas.

Covid-19

In the latter part of the year, Covid-19 started to affect some of our markets which resulted in trials being delayed, together with erratic and sometimes reduced demand.

Other than the above, the effects to Group operations and finances have been minimal, while the focus on hygiene has enhanced interest in our d2p range. There is still the possibility of disruption to operations (customer or supplier disruption) or finances (customer bad debt or ability of customers or suppliers to carry on trading). The Group uses multiple supply sources and continues in the main to credit-insure receivables, or to do business on a letter of credit or proforma basis.

Current trading and outlook

Current trade has started to improve following a slow start to the year, and as set out above, tangible progress is continuing to be made with our pipeline of development projects. Many of these are customer led, providing the Board with confidence that Symphony's financial performance will be much stronger in 2022 and beyond. We currently continue to work with high shipping costs and potential delays. Some raw material costs have reduced so far in 2022, but this again may become affected by the current global uncertainties.

d2p USA FDA & Canadian approved bread-packaging technology

Customer led trials in commercial environments continue for this innovative d2p technology and small commercial sales have started, with growing volumes expected in Q2 2022. Further updates will be made in due course.

Our technical teams and representatives are active in Canada, USA, Latin America, the Middle East, Pakistan, and South Africa. These markets have shown strong interest in using our d2p technology if the local trials confirm the expected positive results. The sales volumes would be potentially large and transformative for our business.

Nitrile disposable gloves made with d2p technology

Regulatory application process has started, and if approved as expected, will allow the marketing and negotiations to start and complete for sales in the UK, EU and the US by Q3 2022. Based on current and ongoing communications with several key customers and distributors, the Board are confident that upon regulatory approval being received, the Group will be able to generate immediate and material revenues from the sale of d2p enhanced nitrile gloves and d2p additives for glove production into these significant markets.

d2p pipeline

In addition to antimicrobial bread packaging and gloves, this pipeline, which covers a global geographic market, has a number of exciting opportunities expected to complete during Q2 2022 and throughout the rest of the year.

d2w

The d2w brand has been improved to reflect that our technology is biodegradable leaving no microplastics or eco-toxicity. This brand improvement is being well received in key markets such as Latin America and India where considerable confusion had been caused by the EU action in relation to oxo-degradable plastics. These are not the same as oxo-biodegradable plastics, and both are defined by the EU CEN (European Committee for Standardisation) in TR15351.

We have continued to strengthen our Middle East operational infrastructure with local manufacturing being planned for the second half of 2022 to support a significant increase in volumes. This is a strategy that we are also using in India where we are beginning to see increasing interest and sales. In both the Middle East and India, demand for a low cost, non-disruptive biodegradable option, supported by legislation changes and enforcement thereof is expected to materially increase sales in those regions and potentially further afield as well.

Whilst many of our current deals have taken longer to close than expected, several are now finally nearing closure. Individually, each are material to the business but collectively would be transformational. We have strengthened the sales and technical teams to match the maturing business, reducing the reliance on the executive management team, and now look forward to building from this stronger base in creating a highly profitable company with low capital expenditure requirements, and a valuable portfolio of environmental and health benefitting products.

M Laurier
Chief Executive

Consolidated statement of comprehensive income
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	4	9,161	9,766
Cost of sales		(5,569)	(5,658)
Gross profit		3,592	4,108
Distribution costs		(500)	(364)
Administrative expenses		(4,571)	(4,136)
Operating loss	5	(1,479)	(392)
Finance costs	7	(54)	(45)
Loss for the year before tax		(1,533)	(437)
Taxation	8	127	109
Loss for the year		(1,406)	(328)
Total comprehensive loss for the year		(1,406)	(328)
Basic earnings per share	9	(0.81)p	(0.19)p
Diluted earnings per share	9	(0.81)p	(0.19)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 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current			
Property, plant and equipment	10	**171**	166
Right-of-use assets	11	**548**	510
Intangible assets	12	**260**	45
Investments	13	**123**	123
		1,102	844
Current			
Inventories	14	**1,316**	1,060
Trade and other receivables	15	**3,146**	3,614
Cash and cash equivalents	16	**881**	1,388
		5,343	6,062
Total assets		**6,445**	6,906
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of Symphony Environmental Technologies plc			
Ordinary shares	17	**1,793**	1,768
Share premium	17	**3,910**	3,185
Retained earnings	17	**(2,231)**	(865)
Total equity		**3,472**	4,088
Liabilities			
Non-current			
Lease liabilities	18	**338**	381
Current			
Lease liabilities	18	**167**	128
Borrowings	18	**677**	918
Trade and other payables	19	**1,791**	1,391
		2,635	2,437
Total liabilities		**2,973**	2,818
Total equity and liabilities		**6,445**	6,906

Consolidated statement of changes in equity
for the year ended 31 December 2021
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 2021				
Balance at 1 January 2021	1,768	3,185	(865)	4,088
Share based options (note 17)	-	-	40	40
Issue of share capital (note 17)	25	725	-	750

Transactions with owners	25	725	40	790
Total comprehensive loss for the year	-	-	(1,406)	(1,406)
Balance at 31 December 2021	**1,793**	**3,910**	**(2,231)**	**3,472**
For the year to 31 December 2020				
Balance at 1 January 2020	1,700	2,077	(537)	3,240
Issue of share capital (note17)	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**

Consolidated cash flow statement
for the year ended 31 December 2021

	2021 **£'000**	2020 £'000
Cash flows from operating activities		
Loss after tax	**(1,406)**	(328)
Adjustments for:		
Depreciation	**223**	185
Amortisation	**12**	18
Profit on disposal of tangible assets	**-**	(67)
Share-based payments	**40**	-
Foreign exchange	**25**	37
Interest expense	**46**	45
Tax credit	**(127)**	(109)
Changes in working capital:		
Movement in inventories	**(256)**	(178)
Movement in trade and other receivables	**453**	(1,346)
Movement in trade and other payables	**389**	301
Net cash used in operations	**(601)**	(1,442)
R&D tax credit	**127**	109
Net cash used in operating activities	**(474)**	(1,333)
Cash flows from investing activities		
Additions to property, plant and equipment	**(54)**	(36)
Additions to right of use asset	**(17)**	
Additions to intangible assets	**(227)**	(21)
Additions to investments	**-**	(123)
Proceeds from sale of property, plant and equipment	**-**	97
Net cash used in investing activities	**(298)**	(83)
Cash flows from financing activities		
Repayment of lease capital	**(198)**	(123)
Proceeds from share issue	**750**	1,176
Lease interest paid	**(29)**	(27)
Bank and invoice finance interest paid	**(17)**	(18)
Net cash generated in financing activities	**506**	1,008
Net change in cash and cash equivalents	**(266)**	(408)
Cash and cash equivalents, beginning of year	**470**	878

Cash and cash equivalents, end of year	**204**	470
Represented by:		
Cash and cash equivalents (note 16)	**881**	1,388
Bank overdraft (note 18)	**(677)**	(918)
	204	470

Notes to the Annual Report and Accounts

1 General information

Symphony Environmental Technologies plc ('the Company') and subsidiaries (together 'the Group') develops and supplies environmental plastic additives and masterbatches, together with plastic and rubber finished 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 2021 or 2020 but is derived from the 2021 annual report and accounts. Statutory accounts for 2020 have been delivered to the Registrar of Companies and those for 2021 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 2021; 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 UK-adopted 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 for investments and derivative financial instruments that are measured at fair value. 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 2021.

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

The Group has made an operating loss of £1.48 million for the year (2020: loss £0.39 million). The Group has invested heavily on marginal costs to drive its operations on a technical and marketing standpoint. This has resulted in multiple sales opportunities which are expected to come to fruition in the short-term.

Covid-19, Brexit, climate change and the current Russian invasion of Ukraine have been considered resulting in two areas that may potentially impacting on the business, being raw material cost and foreign exchange rates. Although raw material costs could increase, and foreign exchange rates become more volatile, the Group does not see this having any critical impact on financial performance over the ensuing 12 months. The Group does not have any current direct business with Russia or Ukraine.

On the basis of current financial projections derived from this, which have been drawn out to the end of 2023, including a sensitised cash flow analysis, together with available funds and facilities, including an invoice finance facility with the Group's bankers, 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 projections include expected growth in key d2w markets, the main areas being Latin America and the Middle East, together with some of the imminent d2p prospects which are expected to commercialise. This was then revenue sensitised by 20%. The main Group costs incurred and projected are marginal and tie in to closely to respective projects and markets.

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 in conformity to IFRS 15 following the 5 step approach. This has been detailed below:

- *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 - 10 years straight line.

Judgements and estimates made by the Directors when deciding whether the recognition requirements for development costs have been met are included in note 3. 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, to administrative expenses 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, to administrative expenses 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 through profit and loss. 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. The Group considers a financial asset in default when it is unlikely to receive the outstanding contractual amounts in full. 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 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 but distributable 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:

- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance contracts and IFRS 16 Leases (Amendments): Interest Rate Benchmark Reform – Phase 2

New and revised UK-adopted international accounting 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 UK-adopted international accounting 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.

- 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 (2018-2021 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
- IAS 1 Presentation of Financial Statements: Disclosure of accounting policies. Effective 1 January 2023
- IAS 8 Accounting policies, changes in accounting estimates and errors (Amendment): Definition of accounting estimates. Effective 1 January 2023
- IAS 12 Income taxes: Deferred tax relating to assets and liabilities arising from a single transaction. 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:

- 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. The unrecognised deferred tax asset as at 31 December 2021 was approximately £4,013,000.

- 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. Changes to these estimates would not have a material impact on the Group's statement of comprehensive income. The carrying amount of share options as at 31 December 2021 was £128,000.

- Investments

Estimates and judgements are made as to the carrying value of Investments based on the status of the investment against expectations and the forward-looking prospects. The Eranova SAS project is currently on schedule with the pre-industrial plant completed during October 2021. Forward prospects are encouraging, and the Board currently consider that the fair value is consistent with cost while the project considers the next phase. The carrying value of investments as at 31 December 2021 was £123,000. See note 13.

- Inventory provisions

Estimates are made as to impairment provisions to the carrying value of inventories based whether the items are still saleable, and also the expected net value that can be achieved on sale. The impairment provision for 2021 includes a 50% reduction in certain glove carrying values due to a sharp fall in prices during the latter part of 2021. The resultant value was calculated based on net proceeds fairly achievable over the short to medium term). There is a provision of £26,000 for the impairment of inventories as at 31 December 2021. See note 14.

- 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. In addition, forward looking information has been used in the assessment and conclusion of ECLs in line with the model.

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 £35,000 (2020: £18,000) on a total trade receivables balance of £2,608,000 (2020: £2,398,000) 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.

- Development costs

Judgements by the Directors are applied when deciding whether the recognition requirements for development costs have been met. In capitalising these costs, judgements are made relating to ongoing feasibility and commerciality of products being developed. In making these judgements, cash flow forecasts are used, and these include significant estimates in respect to sales forecasts and future economic feasibility. See note 12.

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:

	2021 £’000	2020 £’000
Revenues:		
d2w additives	**7,191**	7,268
d2p additives	**447**	466
Finished products	**1,401**	1,796
Other	**122**	236
Total	**9,161**	9,766

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

Geographical area	**2021 £’000**	2020 £’000
UK	**541**	468
Europe	**1,490**	2,193
North America	**227**	203
Central and South America	**3,289**	2,820
Middle East	**2,476**	2,767
Asia	**1,138**	1,315
Total	**9,161**	9,766

Revenues attributable to the above geographical areas are made on the basis of final destination of the customer to which the goods are sold. The geographical areas above are what the Company considers to be key markets. 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 and product 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.

Products are sold based on quality criteria, and the Group warrants performance of its products after appropriate tests and trials are undertaken. Refunds are given or products are replaced if there is a failure within the product quality assured by Symphony, or its agreed performance.

Non-current assets of £14,000 are held outside of the UK (2020: £20,000).

Major customers

There were two customers that each accounted for greater than 10% of total Group revenues for 2021 (2020: one customer). In 2021 the two customers accounted for £2,477,000 or 27% (2020: £2,553,000 and one customer being 26%) of total group revenues. The Group promotes its 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:

	2021 £'000	2020 £'000
Depreciation – property, plant and equipment	**49**	58
Depreciation – right-of-use assets	**174**	127
Amortisation	**12**	18
Profit on disposal of property, plant and equipment	**-**	(67)
Research and development expenditure*	**494**	600
Fees payable to the Company's auditor:		
Audit related services:		
Audit of the annual report and accounts	**25**	19
Audit of the annual report and accounts of the Company's subsidiaries	**30**	20
Net foreign exchange loss/(gain)	**41**	(74)

* Further development expenditure of £166,000 (2020: £nil) is included in Development cost additions – see note 12.

6 Directors and employees

Staff costs (including directors) during the year comprise:

	2021 £'000	2020 £'000
Wages and salaries	**1,836**	1,660
Social security costs	**264**	284
Pension contributions	**130**	97
	2,230	2,041

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

	2021	2020
R&D, testing and technical	**10**	8
Selling	**9**	8
Administration	**13**	12
Management	**6**	6
Marketing	**3**	3
Total average headcount	**41**	37

Remuneration in respect of the Directors, who are also the key management, was as follows:

	2021 £'000	2020 £'000
Emoluments (all short term)	**567**	561

There were no Directors' pension contributions made during the year (2020: £nil).
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.

Remuneration in respect to the highest paid director was as follows:

	2021 £'000	2020 £'000
Highest paid director	**215**	213

7 Finance costs

	2021 £'000	2020 £'000
Interest expense:		
Bank and invoice finance borrowings	**25**	18
Lease interest (right-of-use assets)	**29**	27
Total and net finance costs	**54**	45

8 Taxation

	2021 £'000	2020 £'000
R&D tax credit	**127**	109
Total income tax credit	**127**	109

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% (2020: 19%).The differences are explained as follows:

	2021 £'000	2020 £'000
Loss for the year before tax	**(1,533)**	(437)
Tax calculated by rate of tax on the result		
Effective rate for year at 19% (2020: 19%)	**(291)**	(83)
Expenses not deductible for tax purposes	**15**	(23)
Expenses not taxable	**-**	3
R&D tax relief	**(89)**	(94)
Difference between capital allowances and depreciation	**208**	31
Surrender of tax losses for R&D tax credit refund	**37**	39
R&D tax credit not yet recognised	**120**	127
R&D tax credit in respect of previous periods	**(127)**	(109)
Total income tax credit	**(127)**	(109)

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 £127,000 shown above relates to a repayment made by HMRC in relation to the year ended 31 December 2021 (£109,000 relates to the year ended and 31 December 2020).

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 2021 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 £16,050,000 (2020: £14,890,000). These tax losses have no expiry date. The unrecognised deferred tax asset in respect of these losses based on latest profit projections is approximately £4,013,000 (2020: £2,531,000).

These brought forward losses are subject to the 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 UK corporation tax rate applicable for the year is 19% (2020: 19%).

On 3 March 2021, the UK government announced that it intended to increase the main rate of corporation tax to 25% for the financial years beginning 1 April 2023. This new rate was enacted by Finance Act 2021 on 10 June 2021.

The Group also has gross fixed assets of £197,000 (2020: £116,000) which give rise to a deferred tax liability of £49,000 (2020: £22,000). Other gross temporary timing differences of £177,000 (2020: £147,000) give rise to a deferred tax asset of £44,000 (2020: £28,000). The deferred tax liability of £49,000 (2020: £22,000) is sheltered by the unrecognised deferred tax asset in respect of losses and temporary timing differences.

The unrecognised deferred tax balances disclosed in the above for 2021 have been calculated at 25%.

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	**2021**	2020
Loss attributable to equity holders of the Company	**£(1,406,000)**	£(328,000)
Weighted average number of ordinary shares in issue	**172,851,825**	172,207,989
Basic earnings per share	**(0.81) pence**	(0.19) pence
Dilutive effect of weighted average options and warrants	**4,041,984**	4,962,878
Total of weighted average shares together with dilutive effect of weighted options- see below	**172,851,825**	172,207,989
Diluted earnings per share	**(0.81) pence**	(0.19) pence

No dividends were paid for the year ended 31 December 2021 (2020: £nil).

The effect of options and warrants for the years ended 31 December 2021 and 31 December 2020 are anti-dilutive.

A total of 16,441,500 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 2021	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost					
At 1 January 2021	346	304	14	133	797
Additions	41	2	-	11	54
Disposals	-	(8)	(14)	(4)	(26)
At 31 December 2021	**387**	**298**	**-**	**140**	**825**
Depreciation					
At 1 January 2021	264	267	14	86	631
Charge for the Year	18	10	-	21	49
Disposals	-	(8)	(14)	(4)	(26)
At 31 December 2021	**282**	**269**	**-**	**103**	**654**
Net Book Value					
At 31 December 2021	**105**	**29**	**-**	**37**	**171**
At 31 December 2020	82	37	-	47	166

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

11 Right-of-use assets

Year ended 31 December 2021	Land & buildings £'000	Office Equipment £'000	Total £'000

Cost			
At 1 January 2021	707	56	763
Additions	198	14	212
At 31 December 2021	**905**	**70**	**975**
Depreciation			
At 1 January 2021	225	28	253
Charge for the Year	160	14	174
At 31 December 2021	**385**	**42**	**427**
Net Book Value			
At 31 December 2021	**520**	**28**	**548**
At 31 December 2020	482	28	510

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 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

12 Intangible assets

Year ended 31 December 2021	**Development costs** £'000	**Trademarks** £'000	**Total** £'000
Cost			
At 1 January 2021	1,973	64	2,037
Additions	166	61	227
Disposals	-	(6)	(6)
At 31 December 2021	**2,139**	**119**	**2,258**
Amortisation			
At 1 January 2021	245	19	264
Charge for the Year	-	12	12
Disposals	-	(6)	(6)
At 31 December 2021	**245**	**25**	**270**
Impairment			
At 1 January 2021	1,728	-	1,728

	Development costs	Trademarks	Total
At 31 December 2021	**1,728**	**-**	**1,728**
Net Book Value			
At 31 December 2021	**166**	**94**	**260**
At 31 December 2020	-	45	45

Development costs are capitalised in accordance with the policy set out in note 2. Judgements and estimates applied in accordance with this policy are set out in note 3. Development costs include a net book value of £166,000 (2020: £nil) which have 10 years of amortisation remaining as at 31 December 2021 (2020: nil).

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

13 Investments

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

	2021 £'000
Investments held at fair value through profit and loss:	
At 1 December 2021 and 31 December 2021	123
Balance at 31 December 2021	**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 project is currently on schedule with the pre-industrial plant completed during October 2021. Forward prospects are encouraging, and the Board currently consider that the fair value is consistent with cost while the project considers the next phase. There is therefore no impairment as at 31 December 2021.

Since the year end, the Group has invested £46,500 representing 46.5% of Symphony Environmental India (Private) Limited, a company incorporated in India.

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

	2021 £'000	2020 £'000
Finished goods and goods for resale	**779**	554
Raw materials	**537**	506
	1,316	1,060

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £4,798,000 (2020: £4,815,000). There is a provision of £26,000 for the impairment of inventories (2020: £19,000). During the year, there was a write down of an inventory item by 50% to its net realisable value of £130,000.

There is no collateral on the above amounts.

15 Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	**2,608**	2,398
Other receivables	**199**	589
VAT	**82**	33
Prepayments	**257**	594
	3,146	3,614

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 such as adherence to payment terms and length of time to settle payment, in addition to forward looking information utilising management knowledge such as the anticipated condition of the market in which its customers operate. 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 2021	**2,534**	**33**	**29**	**-**	**47**	**2,643**	**(35)**	**2,608**
31 December 2020	2,284	39	-	-	93	2,416	(18)	2,398

The ECL is included within debts past 120 days overdue at 74% for 2021 and 19% for 2020.

16 Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	**881**	1,383
Invoice finance facility surplus	**-**	5
	881	1,388

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 2021	176,751,277	1,768	3,185	(865)	4,088
Issue of share capital	2,500,000	25	725	-	750
Loss for the year	-	-	-	(1,406)	(1,406)
Share based payments	-	-	-	40	40
At 31 December 2021	**179,251,277**	**1,793**	**3,910**	**(2,241)**	**3,472**
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**

During the year the Company issued 2,500,000 Ordinary Shares (2020: 6,725,000 ordinary shares) for a net consideration of £750,000 (2020: £1,176,000).

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 2021 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 2021 there were nil approved staff options outstanding. No approved staff options were issued in 2021.

The Company has an unapproved share option scheme which is open to directors and consultants. Options granted under the scheme are for £nil consideration and are exercisable at a price equal to the quoted market price of the Company's shares on the date of the grant. The vesting period is 0 to 12 months. If the options remain unexercised after a period of 2-12 years from the date of grant, the option expires. The Options are forfeited subject to Board discretion on leaving or termination of services.

During the year 2,500,000 warrants were issued as part of a placing at a price of 40p and exercisable for 6 months. In addition, 250,000 unapproved options were issued at a price of 25p exercisable for 2 years to a consultant for professional services.

The weighted average exercise price of all of the Group's options and warrants are as follows:

	Number	**2021 Weighted average exercise price £**	Number	2020 Weighted average exercise price £
Outstanding at 1 January	**18,891,500**	**0.13**	24,826,500	0.09
Granted	**2,750,000**	**0.39**	1,000,000	0.30
Exercised	**-**	**-**	(6,725,000)	0.17
Lapsed	**(5,200,000)**	**0.25**	(210,000)	0.09
Outstanding at 31 December	**16,441,000**	**0.14**	18,891,500	0.13

The weighted average exercise price of options exercised in 2021 was £nil as no options were exercised during the period (2020: 17p). The number of share options and warrants exercisable at 31 December 2021 was 16,441,000 (2020: 18,891,500). The weighted average exercise price of those options and warrants exercisable was 14p (2020: 13p). The weighted average option and warrant contractual life is nine years (2020: eight years) and the range of exercise prices is 4.5p to 40p (2020: 4.5p to 30p).

Directors

Directors' interests in shares and share incentives are contained in the Remuneration Committee Report on page 27.

IFRS2 expense

The IFRS 2 share-based payment charge for the year is £40,000 (2020: nil). The charge was calculated using the Black Scholes model with a three-year term, risk free rate of 0.48%, volatility of 68.36% and dividend yield of 0%.

18 Borrowings

	2021 £'000	2020 £'000
Non-current		
Leases	**338**	**381**
Current		
Bank overdraft	**677**	**918**
Leases	**167**	**128**
	844	**1,046**
Total	**1,182**	**1,427**

The bank 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 Group also has an invoice finance facility with its bankers. The invoice finance facility was not drawn down as at 31 December 2021 (31 December 2020: £nil).

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	2 years
Office equipment	2	2 – 5 years

The weighted average discount rate on initial application was 4.2%.

None of the above leases has a remaining option extension, option to purchase or termination option. The Head office rent was re-priced during the year with reference to current market rentals. This resulted in a further £181,000 net lease liability for the remainder of the lease term. In addition, an office equipment lease completed during the period and a new office equipment lease for £14,000 was entered into.

The maturity of lease liabilities are as follows:

Gross payments	2021 £'000	2020 £'000
No later than one year	**188**	**149**
Later than one year and no later than five years	**359**	**413**
	547	**562**

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

The following lease payments were made during the year:

Gross payments	2021 £'000	2020 £'000
Lease capital	**199**	**122**
Lease interest	**29**	**27**
Total cash outflows	**228**	**149**

Reconciliation of liabilities arising from financing activities

For the year ended 31 December 2021

	1 January 2021 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2021 £'000
Bank overdraft	918	(241)	-	677
Leases	509	(228)	224	505
Total liabilities from financing activities	**1,427**	**(469)**	**224**	**1,182**

The non-cash changes for 2021 are in respect to £195,000 new lease additions and £29,000 interest.

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

	1 January 2020 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2020 £'000
Total liabilities from financing activities	**914**	**486**	**27**	**1,427**

The non-cash changes for 2020 are in respect to lease interest.

19 Trade and other payables

Current	**2021 £'000**	2020 £'000
Financial liabilities measured at amortised cost:		
Trade payables	**1,351**	1,071
Other payables	**61**	35
Social security and other taxes	**130**	59
Accruals	**249**	226
	1,791	1,391

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 85 days (2020: 81 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 (2020: £nil).

b) Contingent liabilities

Together with its subsidiary, Symphony Environmental Limited, the Group's bankers have provided a Group composite facility of £100. (2020: £100).

21 Related party transactions

There were no related party transactions during the year (2020: 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:

	2021 £'000	2020 £'000
Financial assets:		
Trade receivables	**2,608**	2,398
Other receivables	**199**	589
Cash and cash equivalents	**881**	1,388
	3,688	4,375
Financial liabilities:		
Trade payables	**1,351**	1,071
Other payables	**61**	35
Accruals	**249**	226
Bank overdraft	**677**	918

Leases	**505**	509
	2,843	2,759

The Group's £123,000 carrying investment in Eranova SAS, see note 13, is measured at fair value. The Group has currency option derivative liabilities of £2,000 which are measured at fair value (included within other payables in note 19).

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 2021 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	1,661	3	677	2,341
Sixty one days to three months	-	44	-	44
Four months to six months	-	46	-	46
Seven months to one year	-	95	-	95
One to three years	-	358	-	358
Four to five years	-	1	-	1
	1,661	**547**	**677**	**2,885**

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**

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 2021 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	-	881	-	881
Trade receivables	-	-	2,608	2,608
Other receivables	-	-	199	199
	-	**881**	**2,807**	**3,688**
Trade payables	-	-	(1,351)	(1,351)
Other payables	-	-	(61)	(61)
Leases	(505)	-	-	(505)
Bank overdraft	-	(677)	-	(677)
	(505)	**204**	**1,395**	**1,094**
Sensitivity: increase in interest rates of 5%	-	10	-	10
Sensitivity: decrease in interest rates of 1%	-	(2)	-	(2)

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	-	-	(1,071)	(1,071)
Other payables	-	-	(35)	(35)
Leases	(509)	-	-	(509)
Bank overdraft	-	(918)	-	(918)
	(509)	**470**	**1,881**	**1,842**
Sensitivity: increase in interest rates of 5%		24		24
Sensitivity: decrease in interest rates of 1%		(5)		(5)

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 2021 £'000**	**Currency balance 2021 '000**	Sterling balance 2020 £'000	Currency balance 2020 '000
Financial assets	**Euro**	**288**	**€344**	262	€290
Financial liabilities	**Euro**	**(90)**	**€(107)**	(15)	€(16)
Net balance	**Euro**	**198**	**€237**	247	€274
Effect of 10% Sterling increase			**(18)**		(22)
Effect of 10% Sterling decrease			**22**		27
Financial assets	**USD**	**2,933**	**$3,963**	2,546	$3,437

Financial liabilities	**USD**	**(778)**	**$(1,051)**	(1,133)	$(1,509)
Net balance	**USD**	**2,155**	**$2,912**	1,413	$1,928
Effect of 10% Sterling increase			**(196)**		(128)
Effect of 10% Sterling decrease			**239**		157

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 2021 the Group had outstanding forward foreign currency contacts which all matured within three months of the year end and committed the Group to selling 1,500,000 US Dollars and to receive a fixed Sterling amount (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).

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 2021 is a loss of £2,000 (2020: profit £30,000).

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:

	2021 **£'000**	2020 £'000
Trade receivables	**2,608**	2,398
Other receivables	**199**	589
Cash and cash equivalents	**881**	1,388
	3,688	4,375

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 85% (2020: 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 2021 and 2020 were as follows:

	2021 **£'000**	2020 £'000
Total borrowings (note 18)	**1,182**	1,427
Cash and cash equivalents (note 16)	**(881)**	(1,388)
Net debt	**301**	39
Total equity (note 17)	**3,472**	4,088
Borrowings	**1,182**	1,427
Overall financing	**4,654**	5,515
Gearing ratio	**6%**	1%

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

23 Events since statement of financial position date

Since the year end, the Group has invested £46,500 representing 46.5% of Symphony Environmental India (Private) Limited, a company incorporated in India.

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Group, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy.

The directors have taken account of these potential impacts in their going concern assessments.

There have been no other 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