



1 August 2022

SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC

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

Trading Update

Symphony Environmental Technologies Plc (AIM:SYM) global specialists in technologies that make plastic and rubber products "smarter, safer and sustainable", announces a trading update for the six months ended 30 June 2022 ("H1-2022").

Highlights

- Group revenue of £3.0 million (H1-2021: £4.9 million), showing softer revenues than prior year due to short term logistics and resource issues, which have since resolved, and timing on the delivery of key contracts, temporary destocking issues and a change to our glove strategy
- d2p revenue of £345,000, representing 300% growth on H1-2021 (H1-2021 £111,000) with continued conversion of higher value d2p anti insect ("AI") opportunities and significant step change anticipated during H2
- Board remains confident that the results for the year ending 31 December 2022 will be in line with market expectations

Operational Highlights

d2p

- Supply Agreement with Grupo Bimbo for our FDA approved d2p AM bread technology
- Other bread trials, outside the exclusivity territory granted to Grupo Bimbo, are progressing well
- Recent new d2p AI orders (\$340,000) with Rivulis Irrigation Ltd with further orders anticipated during H2
- Continued progression of our d2p pipeline commercialisation with positive tests results received for d2p AM, d2p AI and d2p FR that are expected to result in orders during H2

d2w

- d2w regulatory confirmation in Peru
- Positive regulatory steps expected in other Central and South American countries
- New production agreement for d2w agreement in the Middle East during H2 will create significant new sales
- Contract wins for d2w with two US companies with orders for H2 and further orders anticipated

H1-2022 trading

As reported on 30 March 2022 our financial performance does not yet reflect the transformational effort and successes that have very recently been achieved in many of our high value development projects. The new contracts and legal win shown above and separately announced to the market, are also very recent and have not impacted our H1 sales but will lead to higher sales during H2.

In addition, H1-2022 performance has been softer than normal affected by short-term logistical and resource issues, slow and complex regulatory approvals, temporary destocking at our Middle East distributor and a change to our glove strategy. I am pleased to report that the short-term logistical and resource issues have started to dissipate as anticipated and we anticipate the destocking at our Middle East distributor to reverse during H2 as discussed further below.

Also, as a result of focusing our glove strategy on high value EU certified gloves and moving away from commodity gloves, short-term revenues have been negatively affected, which were £nil in H1-2022 compared to £1.0 million of commodity type gloves revenues for the same period last year. We are awaiting regulatory approvals for our gloves, which is anticipated later in the year as previously advised, however, once regulatory approvals are received, we will be able to start supply. Based on feedback from the market through our sales leads, we anticipate that these certified gloves will have a high demand and will benefit from greater protection from competitors as the regulatory process is time-consuming, costly and complex, creating a strong barrier to entry.

Furthermore, sales of d2w in the Middle East in H1-2022 were materially down on previous years because of a temporary destocking initiative referred to in more detail below. Group revenues for H1-2022 were therefore £3.0 million (H1-2021 - £4.9 million).

d2p growth

d2p revenues for the period were up 300% to £345,000 compared to £111,000 for the same period last year. However, growth would have been even higher but for additional material new sales for d2p technologies moved from H1 into Q3 2022. This was due to the need to complete revalidation trials and adjusting product manufacturing processing. These teething issues are anticipated to be less impactful moving forward as the roll-out process matures. In proving the continued momentum, we have achieved the following significant results: 1) d2p anti-microbial ("AM") bread technology supply contract with Grupo Bimbo; 2) Rivulis placing a record order of \$340,000 for new d2p AI orders for Q3 2022 delivery; and 3) Positive laboratory and field test results for several d2p AM, d2p flame retardant ("FR") and d2p AI initiatives in a number of our markets which we believe, following discussions with our distributors and potential customers, will lead to a number of material new orders during the second half of 2022 ("H2-2022").

d2w momentum for H2-2022

The Middle East is an important market for d2w, and we have been negotiating with local partners for some time to create a local manufacturing facility. I am pleased to report that we recently reached agreement to proceed. When operational, this facility, being financed and operated by our local partners, will reduce reliance on expensive and unreliable freight from our Far East facility, where most of these products are made. In preparation for the switch from imports to locally made products, stocks, and orders were temporarily reduced in the period which had a short-term but material negative effect on H1 performance. These sales have not been lost but delayed to H2-2022. We expect to announce the completion of the manufacturing agreement during August for a production start date during Q3, which we anticipate will restore stock levels, improve sales and sales efficiency, benefit Group cashflow and improve operating margins.

The recent regulatory clarification in Peru will help revenues in the region and we anticipate further news from other Latin American markets during the second half of the year.

Finally, we are confident that many of our markets will produce significant growth as the environmental drive for better alternatives to non biodegradable plastics have become an urgent issue for Governments and brand-owners to resolve.

Outlook

As outlined above, the Group's trading for H1-2022 was softer than anticipated due to short-term impacting events, but with the recent contract and order wins, and improving legislative environment, we are confident these will start to take effect during H2 2022. The Board expects to deliver strong revenue growth in H2-2022 and remain confident of meeting full year market expectations.

Enquiries

Symphony Environmental Technologies Plc

Michael Laurier, CEO

Ian Bristow, CFO

www.symphonyenvironmental.com

Tel: +44 (0) 20 8207 5900

Zeus Capital Limited (Nominated Adviser and Joint Broker)

David Foreman / Nick Cowles / Kieran Russell (Corporate Finance)

Dominic King / Victoria Ayton (Sales)

Tel: +44 (0) 161 831 1512

Tel: +44 (0) 203 829 5000

Hybridan LLP (Joint Broker)

Claire Louise Noyce

Tel: +44 (0) 203 764 2341

NOTES TO EDITORS:

About Symphony Environmental Technologies plc

www.symphonyenvironmental.com

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

Symphony has also developed and continues to develop and market, a biodegradable plastic technology which helps tackle the problem of litter and microplastics by turning ordinary plastic at the end of its service-life into biodegradable materials. It is then no longer a plastic and can be bioassimilated in the open environment in a similar way to a leaf. The technology is branded d2w® and appears as a droplet logo on many thousands of tonnes of plastic packaging and other plastic products around the world. In some countries, including Saudi Arabia, Jordan, Bahrain and the UAE oxo-biodegradable plastic is mandatory. See www.d2w.net

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

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

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

Symphony is a member of The BPA (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.