



9 September 2024

## **SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC**

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

### **Interim Results**

Symphony Environmental Technologies Plc (AIM: SYM), the global specialist that makes plastic products smarter, safer and sustainable, is pleased to announce its interim financial results for the six-month period ended 30 June 2024 ("H1-2024" or the "Period").

#### **Financial highlights**

- Group revenue of £3.4 million (H1-2023: £3.6 million) due to reduced non-masterbatch revenues
- Gross profit margin increased to 46% contributing to increased gross profit of £1.6 million (H1-2023: 42% and £1.5 million respectively)
- Operating loss reduced by 50% to £0.4 million (H1-2023: £0.8 million)
- Significant fall in operating loss in Q2-2024 to £50,000 with strengthening results in all main d2w markets
- Successful equity fundraise of £1.3 million in March 2024
- Extension of £1.5 million convertible loan notes to 31 December 2025

#### **Post period-end**

- Continuing to operate in line with Q2-2024
- Positive legislation and regulation changes in key markets increasing d2w demand
- d2p bread technology becomes commercial in one more country, making a total of three countries
- d2p bread technology undergoing two semi-commercial pre-evaluation trials in the USA

Michael Laurier, CEO of Symphony commented "These H1-2024 results demonstrate a material turnaround in financial performance following improved d2w core markets during Q2 and successful implementation of a cost reduction program, which has started to increase our operating margins. This process will continue through the second half of this year where we are seeing a further strengthening in our global d2w markets as well as continuing positive developments in our d2p programmes."

#### **Enquiries:**

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## Chairman's statement

Following on from my Preliminary Results statement of the 6 June, I am pleased to report that the Group continues to show improving financial performance with these results. H1-2024 reflects a significant turning point in our trading performance. We have seen improving revenues in some of our main markets, strengthening gross margins and lower operating costs to the extent that the Group recorded a small operating loss in the second quarter.

This positive trend is set to continue into H2-2024 as we work through further initiatives to reduce product and production cost as well as increasing sales in some key markets, such as the Middle East and Latin America.

With growing optimism, the Board can reconfirm that our opportunities are significant and progressing well.

## Nicolas Clavel, Chairman

### Chief Executive's review

This first half set of results for 2024 shows a material turnaround in our financial performance following strengthening of our d2w core markets during quarter two, and the successful implementation of a cost reduction programme which has started to increase our operating margins. This process continues into the second half of this year where we are also seeing a further strengthening in our d2w markets as well as continuing positive developments in our d2p programmes.

### Financial

Revenue for the six months ended 30 June 2024 was £3.4 million (H1-2023: £3.6 million). The small reduction was within non d2w or d2p masterbatch revenues.

Gross margins improved during the Period (from 42% in H1-2023 to 46% in H1-2024) due to reducing raw material and production costs together with further managed efficiencies in the supply chain. The resultant contribution after distribution costs increased from 39% to 42% of revenues.

	6 months to 30 June 2024 Unaudited £'000	6 months to 30 June 2023 Unaudited £'000	12 months to 31 December 2023 Audited £'000
d2w masterbatch revenues	2,781	2,778	5,221
d2p masterbatch revenues	402	357	512
Other revenues including finished products	254	439	618
<b>Total revenues</b>	<b>3,437</b>	<b>3,574</b>	<b>6,351</b>
<b>Gross profit</b>	<b>1,568</b>	<b>1,503</b>	<b>2,333</b>
- <i>Gross profit margin</i>	46%	42%	37%
Distribution costs	(125)	(114)	(203)
- <i>Percentage of revenues</i>	4%	3%	3%
<b>Contribution after distribution costs</b>	<b>1,444</b>	<b>1,389</b>	<b>2,130</b>
- <i>Percentage of revenues</i>	<b>42%</b>	<b>39%</b>	<b>34%</b>

Administrative expenses reduced 14% against the same period last year from £2.2 million in H1-2023 to £1.9 million in H1-2024. This was due to a 50% reduction in professional and consultancy fees, some relating to costs incurred for the EU litigation which are no longer required.

The Group's operating loss for the Period was £0.4 million, a 50% reduction compared to the loss in H1-2023 of £0.8 million. The share of this operating loss in Q2-2024 was £50,000 due to strengthening d2w revenues in all of the Group's main markets.

The Group's share of Symphony India's joint venture loss for the Period was £28,000 (H1-2023: loss £15,000).

The Group reports a loss before tax of £0.5 million (H1-2023: £0.9 million).

R&D tax credits (H1-2024: £nil) are only recognised on receipt from HMRC (H1-2023: £98,000). We expect to make an appropriate claim during H2-2024 for FY-2023. The Group reports a loss after tax of £0.5 million (H1-2023: £0.8 million).

The loss per share for the Period was 0.27 pence (H1-2023: 0.41 pence).

The Group's working capital position and outlook improved significantly during the Period with net cash (excluding convertible loans and lease liabilities) of £0.2 million at the end of the Period (31 December 2023: net borrowings (excluding convertible loans and lease liabilities) of £0.6 million). Whilst net cash of £0.3 million was used in operations (H1-2023: £0.5 million), we successfully raised £1.3 million of new equity (and at a 67% premium to the prevailing share price) during the Period. Importantly, we also agreed an extension of the convertible loan notes of £1.5 million to 31 December 2025.

The Group has an invoice-discounting facility of £1.5 million to assist in funding outstanding receivables. With the improving trading performance and use of working capital, the Board believes that the Group has sufficient working capital to support the business and its current opportunities going forward.

### **d2p “designed-to-protect”**

Sales of d2p AI were higher than H1-2023 and we continue to work on gaining regulatory clearances for new markets.

Sales of our FDA approved d2p AM formulation for bread applications continue to grow slowly, with the technology currently being used in specialised brands in India, Mexico, Peru and shortly Colombia. Semi-commercial trials are ongoing in two locations in the USA and new trials are being planned in Pakistan and Turkey. We continue to see consistent and positive performance from customer reports, which support our view of the value proposition for using d2p technology in all plastic bread packaging.

We continue with several other projects within the d2p pipeline including the technologies mentioned above, as well as for flame-retardant, ethylene control and odour adsorbant technologies.

### **d2w biodegradable technology**

Manufacturing at the Ecobatch Plastic Factory in the UAE is operating well and the Middle East market remains strong with new cost reduction initiatives improving our position in the region.

Saudi Arabia has completed its biodegradable technical evaluation process, and we await wider enforcement of Phase 1 of the legislation (which requires a range of products to be oxo-biodegradable and progressing to Phases 2 and 3 which include an even wider range of products). Sales to Yemen have now started to increase where d2w is mandatory and officials are actively enforcing the rules.

The Latin American market opportunity is mainly driven by a growing demand for ESG compliance, with concerns that changes to legislation will force customers to substitute ordinary plastics for paper, compostable plastics or another type of biodegradable alternative. Due to issues surrounding this, we are now seeing positive regulatory moves in some countries that encourage our type of d2w biodegradable technology, and we are optimistic this be demonstrable in our H2-2024 reported revenues.

### **Symphony India**

As previously advised, if the standard IS 17899 T:2022 Assessment of Biodegradability of Plastics in Varied Conditions is satisfied, the opportunities in India could be substantial. Symphony India has identified more than 500 prospective companies for which d2w could provide a material benefit. Active discussions are underway with the majority of these target customers who have already been directly corresponded with, but the Board believe the prospects of Symphony India extend far beyond the initial 500 companies.

Several d2p trials are also ongoing in India including d2p AM (antimicrobial) for bread bags, of which one has completed successful small trials and is now conducting semi commercial trials.

### **Outlook**

The Group has developed and invested into a valuable and large portfolio of d2w and d2p technologies, with our own IP, over the past 25 years. Some of these are nearing commercial adoption and some just starting pre-commercial evaluation trials. As previously reported, the sales pipeline is material in terms of potential financial value and this position is enhanced by a much lower cost base that is marketed globally through 76 distributors.

Several of our main markets for d2w, our biodegradable plastic technology, have become more active and demand is strengthening, fuelled by an urgency for change to a better type or class of plastic. This changing environment is helpful for the Group as our range of technologies are non-disruptive and can easily be dropped into an existing manufacturing and supply system. We believe, as one of the world's top biodegradable technology brands, using d2w technologies will help our customers and potential customers to respond better to consumers, government and corporates for better ESG policies for "single use plastics"

Given the improvement in our Q2-2024 performance which has since been maintained, together with further cost reduction initiatives and strengthening markets, we look forward with confidence.

**Michael Laurier, Chief Executive**

## Condensed consolidated interim statement of comprehensive income

	6 months to 30 June 2024 Unaudited £'000	6 months to 30 June 2023 Unaudited £'000	12 months to 31 December 2023 Audited £'000
<b>Revenue</b>	3,437	3,574	6,351
Cost of sales	(1,868)	(2,071)	(4,018)
<b>Gross profit</b>	1,569	1,503	2,333
Distribution costs	(125)	(114)	(203)
Administrative expenses	(1,861)	(2,154)	(4,119)
<b>Operating loss</b>	(417)	(765)	(1,989)
Finance costs	(97)	(83)	(189)
Share of results of joint ventures	(28)	(15)	(73)
<b>Loss for the Period before tax</b>	(542)	(863)	(2,251)
Tax credit	-	98	71
<b>Loss for the Period</b>	(542)	(765)	(2,180)
<b>Total comprehensive income for the Period</b>	(542)	(765)	(2,180)
<b>Earnings per share:</b>			
Basic	(0.27)p	(0.41)p	(1.18)p
Diluted	(0.27)p	(0.41)p	(1.18)p

Administrative expenses for H1-2023 include £169,000 of exceptional legal costs.

All results are attributable to the owners of the parent.

There were no discontinuing operations for any of the above periods.

## Condensed consolidated interim statement of financial position

	At 30 June 2024 Unaudited £'000	At 30 June 2023 Unaudited £'000	At 31 December 2023 Audited £'000
<b>ASSETS</b>			
<b>Non-current</b>			
Property, plant and equipment	144	172	168
Right-of-use assets	181	296	270
Intangible assets	648	573	653
Interest in joint ventures	-	86	28
Investments	130	130	130
	1,103	1,257	1,249
<b>Current</b>			
Inventories	474	966	645
Trade and other receivables	1,980	2,175	1,812
Cash and cash equivalents	754	1,162	1,123
	3,208	4,303	3,580
<b>Total assets</b>	<b>4,311</b>	<b>5,560</b>	<b>4,829</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Equity attributable to owners of Symphony Environmental Technologies plc</i>			
Share capital	2,251	1,848	1,848
Share premium account	5,767	4,854	4,854
Retained earnings	(7,630)	(5,741)	(7,102)
<b>Total equity</b>	<b>388</b>	<b>961</b>	<b>(400)</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings	1,500	-	-
Lease liabilities	35	98	47
	1,535	98	47
<b>Current</b>			
Borrowings	546	2,773	3,270
Lease liabilities	106	165	187
Trade and other payables	1,736	1,563	1,725
	2,388	4,501	5,182
<b>Total liabilities</b>	<b>3,923</b>	<b>4,599</b>	<b>5,229</b>
<b>Total equity and liabilities</b>	<b>4,311</b>	<b>5,560</b>	<b>4,829</b>

## Condensed consolidated interim statement of changes in equity

Equity attributable to the owners of Symphony Environmental Technologies plc:

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
<b>For the six months to 30 June 2024</b>				
Balance at 1 January 2024	1,848	4,854	(7,102)	(400)
Share-based payments	-	-	14	14
Shares issued	403	913	-	1,316
Transactions with owners	403	913	14	1,330
Total comprehensive income for the Period	-	-	(542)	(542)
<b>Balance at 30 June 2024</b>	<b>2,251</b>	<b>5,767</b>	<b>(7,630)</b>	<b>388</b>
<b>For the six months to 30 June 2023</b>				
Balance at 1 January 2023	1,848	4,854	(4,999)	1,703
Share-based payments	-	-	23	23
Transactions with owners	-	-	23	23
Total comprehensive income for the Period	-	-	(765)	(765)
<b>Balance at 30 June 2023</b>	<b>1,848</b>	<b>4,854</b>	<b>(5,741)</b>	<b>961</b>
<b>For the year to 31 December 2023</b>				
Balance at 1 January 2023	1,848	4,854	(4,999)	1,703
Share-based payments	-	-	77	77
Transactions with owners	-	-	77	77
Total comprehensive income for the Period	-	-	(2,180)	(2,180)
<b>Balance at 31 December 2023</b>	<b>1,848</b>	<b>4,854</b>	<b>(7,102)</b>	<b>(400)</b>

## Condensed consolidated interim cash flow statement

	6 months to 30 June 2024	6 months to 30 June 2023 Restated	12 months to 31 December 2023
	Unaudited £'000	Unaudited £'000	Audited £'000
<b>Operating activities:</b>			
Loss for the Period after tax	(542)	(765)	(2,180)
Depreciation	114	106	220
Amortisation	5	9	15
Share-based payments	14	23	77
Loss on disposal of fixed assets	-	2	3
Loss on disposal of intangible assets	-	-	28
Foreign exchange (profit)/loss	-	-	(12)
Share of loss of joint venture	28	15	73
Tax credit	-	(98)	(71)
Interest paid	100	83	189
Change in inventories	171	209	530
Change in trade and other receivables	(168)	174	594
Change in trade and other payables	(52)	(258)	(85)
<b>Net cash used in operations</b>	<b>(330)</b>	<b>(500)</b>	<b>(619)</b>
Tax received	-	98	97
<b>Net cash used in operating activities</b>	<b>(330)</b>	<b>(402)</b>	<b>(522)</b>
<b>Investing activities:</b>			
Additions to property, plant and equipment	(1)	(59)	(84)
Additions to intangible assets	-	(142)	(257)
<b>Net cash used in investing activities</b>	<b>(1)</b>	<b>(201)</b>	<b>(341)</b>
<b>Financing activities:</b>			
Drawdown cash received from invoice finance facility	1,972	3,167	5,686
Customer receipts repayment of invoice finance facility	(2,587)	(3,258)	(5,927)
Proceeds from share issues	1,316	-	-
Proceeds from convertible loan	-	1,000	1,500
Repayment of lease liability	(94)	(86)	(174)
Lease interest paid	(7)	(8)	(17)
Bank and invoice finance interest paid	(93)	(75)	(172)
<b>Net cash generated/(used) in financing activities</b>	<b>507</b>	<b>740</b>	<b>896</b>
Net change in cash and cash equivalents	176	137	33
Cash and cash equivalents, beginning of Period	32	18	18
Effect of exchange rate on cash	-	-	(19)
<b>Cash and cash equivalents, end of Period</b>	<b>208</b>	<b>155</b>	<b>32</b>
<b>Represented by:</b>			
Cash and cash equivalents	754	1,162	1,123
Bank overdraft	(546)	(1,007)	(1,091)
	<b>208</b>	<b>155</b>	<b>32</b>

Cash flows from financing activities has been restated in H1-2023 to show gross monies drawn down against customer receipts as opposed to a net movement in the facility drawn.



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## Notes to the interim financial statements

### 1 Nature of operations and general information

Principal activities of Symphony Environmental Technologies plc (the “Company”) and subsidiaries’ (together the “Group”) include the development and supply of environmental plastic masterbatches and other innovative products.

Symphony Environmental Technologies plc, a public limited company, is the Group’s ultimate parent company. It is incorporated and domiciled in England (company number 03676824). The address of its registered office is 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, WD6 1JD, England. The Company’s shares are listed on the AIM market of the London Stock Exchange.

These condensed interim consolidated financial statements (“interim financial statements” or “interim report”) are for the six months ended 30 June 2024. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2023.

The financial information set out in this interim report does not constitute statutory accounts. The Group’s statutory financial statements for the year ended 31 December 2023 have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. These interim condensed consolidated financial statements have not been audited.

These interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”, and are presented in Pounds Sterling (£), which is the functional currency of the parent company. They have been prepared under the historical cost convention. They have also been prepared on the basis of the recognition and measurement requirements of International Standards as adopted by the UK, and the policies and measurements are consistent with those stated in the financial statements for the year ended 31 December 2023.

These interim financial statements were approved by the board on 6 September 2024.

### 2 Significant accounting policies

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2023

### 3 Seasonal fluctuations

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

### 4 Segmental analysis

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

### 5 Shares issued

Shares issued are summarised as follows:

	6 months to 30 June 2024	6 months to 30 June 2023	Year to 31 December 2023
<b>Shares issued and fully paid</b>			
- beginning of the Period	184,806,833	184,806,833	184,806,833
- issued during the Period	40,292,287	-	-

<b>Total equity shares issued and fully paid at end of the Period</b>	<b>225,099,120</b>	<b>184,806,833</b>	<b>184,806,833</b>
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## 6 Earnings per share and dividends

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

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of dilutive options which were exercisable during the Period.

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

<b>Basic and diluted</b>	<b>6 months to 30 June 2024</b>	<b>6 months to 30 June 2023</b>	<b>Year to 31 December 2023</b>
Loss attributable to owners of the Company	<b>£(542,000)</b>	<b>£(765,000)</b>	<b>£(2,180,000)</b>
Weighted average number of ordinary shares in issue	203,738,715	184,806,833	184,806,833
<b>Basic earnings per share</b>	<b>(0.27) pence</b>	<b>(0.41) pence</b>	<b>(1.18) pence</b>
Dilutive effect of weighted average options	-	4,323,621	3,686,662
Total of weighted average shares together with dilutive effect of weighted options – see below	203,738,715	184,806,833	184,806,833
<b>Diluted earnings per share</b>	<b>(0.27) pence</b>	<b>(0.41) pence</b>	<b>(1.18) pence</b>

No dividends were paid for the year ended 31 December 2023.

The Group has been loss-making in all periods presented. The effect of options for the six months to 30 June 2024 and 30 June 2023, and year to 31 December 2023 are therefore anti-dilutive. Accordingly, the dilutive effect of share options has not been taken into account of in calculating diluted earnings per share, since this would decrease the loss per share for each of the period reported.

## 7 Availability of Interim Financial Statements

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

NOTES TO EDITORS:

### About Symphony Environmental Technologies plc

[www.symphonyenvironmental.com](http://www.symphonyenvironmental.com)

### d2w TECHNOLOGY

Symphony has developed a biodegradable plastic technology which addresses the problem of persistent microplastics, by turning ordinary plastic at the end of its service-life into a waxy substance which is biodegradable. It is then no longer a plastic and can be bioassimilated in the open environment in a similar

way to a leaf without leaving microplastics behind. See <https://www.symphonyenvironmental.com/why-biodegradable/>. 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, much of which has been recycled. In some countries, oxo-biodegradable plastic is mandatory for short-life plastic products.

d2w technology was studied for three years in the Oxomar project, sponsored by the French government, which concluded that plastic made with Symphony's d2w oxo-biodegradable technology will biodegrade in seawater significantly more efficiently than conventional plastic. See [www.biodeg.org/subjects-of-interest/agriculture-and-horticulture/the-marine-environment/](http://www.biodeg.org/subjects-of-interest/agriculture-and-horticulture/the-marine-environment/)

Following this report, the scientists allowed bacteria commonly found in the open environment access to d2w oxo-biodegradable plastic containing Carbon 13. They found Carbon 13 in the carbon dioxide exhaled by the bacteria, proving beyond doubt that the plastic had been bioassimilated by the bacteria.

#### d2p TECHNOLOGY

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 bacteria, viruses, fungi, algae, moulds, and insects, and against fire. See [www.d2p.net](http://www.d2p.net) d2p products also include odour, moisture and ethylene adsorbers as well as other types of food-preserving technologies. For an overview see [www.d2p.net](http://www.d2p.net) Symphony has launched d2p anti-microbial household gloves and toothbrushes and "Symfresh" food-packaging and is developing a range of other d2p finished-products for retail sale.

#### d2c TECHNOLOGY

Symphony has complemented its d2w and d2p product ranges with d2c "compostable resins and products" that have been tested to US and EU composting standards and has invested in Eranova – a French company extracting starch for making plastics out of algae.

#### d2DETECTOR

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

#### SYMPHONY'S BUSINESS

Symphony has a diverse and growing customer-base and has established itself as an international business with over 70 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 founder-member of The BPA ([www.biodeg.org](http://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](http://www.symphonyenvironmental.com) and X @SymphonyEnv. See also Symphony on Instagram.