12 June 2025

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 2024.

Financial highlights:

- Group revenues increased 4% to £6.59 million (2023: £6.35 million)
- Gross profit increased 31% to £3.06 million (2023: £2.33 million)
- Gross margins increased to 46% (2023: 37%)
- Contribution after distribution costs increased 32% to £2.82 million (2023: £2.13 million)
- Administrative expenses reduced 5% to £3.90 million (2023: £4.12 million)
- Operating loss reduced 45% to £1.09 million (2023: £1.99 million)
- Reported loss before tax reduced 40% to £1.34 million (2023: £2.25 million)
- Basic loss per share 0.63p (2023: 1.18p)
- Cash used in operations £1.40 million (2023: £0.62 million)
- Net cash raised by way of share issue £1.32 million

Post year end:

- Solid start to 2025 – Q1 2025 unaudited operating loss substantially reduced to £54,000 (Q1 2024: loss £370,000) on sales growth of 9%
- Equity subscription raising £2.25 million at 20p per Ordinary Share
- Jalisco State in Mexico legislation permits d2w type oxo-biodegradable technology
- Brazilian, Canadian, Mexican and USA scientific endorsements of Symphony's "no microplastics" position paper on d2w
- New d2p AI natural insecticide technology trials nearing completion and showing good efficacy
- NbR (Natural Biodegradable Resin) sales commence with orders in Canada, UAE and Saudi Arabia

Chairman's Statement

I am pleased to report that the Group has continued to significantly reduce its operating loss to £1.09 million (2023: loss of £1.99 million) with a slight increase in revenues and a substantial increase in gross margins to 46%. Costs continue to reduce without having any negative effects to the developing sales pipeline of opportunities.

The Group has started 2025 with a significantly improved first quarter, which was close to operating break-even due to improved gross margins and reduced costs on sales growth of 9%, and is expected to improve further driven by the following:

- Middle East markets for d2w expected to increase due to improving enforcement
- Increases in d2p AI (insecticide) sales
- Increases in d2p AM (antimicrobial) for bread and other applications as markets commercialise and expand into at least eight new countries
- Far East, North American and Latin American markets remain stable with good growth potential
- Gross margins expected to remain strong with potential for further improvement
- Administrative costs further reducing from 2024 levels and lower facility costs from Q2 2025

The Group continues its international strategy of increasing regulatory approvals for d2w and d2p products in some major markets where demand is expected to be high following premarket assessments. Some important trials are expected to complete for d2w biodegradable, NbR Natural Biodegradable Resin, d2p AI insecticide and d2pFR flame retardant technologies in H1 and should they succeed, the sales volumes will be materially valuable for the Group. Finally, Symphony India is expected to complete its lengthy certification process during Q3 with commercial sales starting by year end 2025.

As the Group is moving forward from the lengthy R&D and loss-making phases into breakeven, our strategy will be to focus on increasing sales, strengthening profitability and improving shareholder value in the short to medium term.

N Clavel
Chairman

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Chief Executive's Review

The year under review has successfully validated our cost reduction strategy in respect of raw materials and administrative expenses, resulting in substantial improvements in the operational performance of the Group. Although revenue growth has been modest, it does not accurately reflect the progress of our advancing sales pipeline. Our team and global network of distributors are diligently promoting and participating in advanced validation trials for d2w and d2p technologies and associated products.

d2w – progress and opportunities

I am pleased to report that sales of d2w products increased from £5.2 million in 2023 to £5.5 million in 2024, making the third consecutive year of growth, However, this increase could have been significantly higher were it not for delays in enforcement and the defining of standards in several key markets.

The Group's core communications strategy focuses on delivering consistent updates that highlight the benefits of d2w as an effective, low-cost, non-disruptive, and scientifically validated solution to the environmental challenges posed by plastic waste—particularly the formation of microplastics.

Our scientific position paper on microplastics continues to evolve and is supported by endorsements from several independent scientists. For further details, please refer to: https://www.biodeg.org/subjects-of-interest/microplastics/

The Group's business model targets several global markets, operating through a network of 76 distributors who provide localised distribution, technical and marketing support. Because d2w technology represents a low-cost upgrade to existing supply chains, its adoption is significantly faster than that of entirely new products. This momentum is further supported by evolving ESG compliance requirements and continual changes to legislation and enforcement which are encouraging customers to consider viable alternatives such as, non-disruptive and low-cost solutions to ordinary plastics.

The Group provides technical guidance to several governments around the world to ensure that they understand the science and evidence behind d2w type biodegradable technologies. As an example, the Saudi Arabia government standards are based on the International ASTM D 6954 which is the common global standard to measure plastics that biodegrade in the open environment. Saudi Arabia is actively enforcing Phase 1 of their legislation, and our expectations are for the final 2 phases, which will cover virtually all flexible plastic products to become effective later this year. Bahrain, Jordan and Yemen also have legislation, making it compulsory to use plastics with a government approved oxo-biodegradable technology, but enforcement is erratic due mainly to the region's political unrest. There remain issues around levels of enforcement which are holding back growth in some territories.

Other countries in the Middle East and Latin America have or are developing legislation. As an example, Colombia, Costa Rica, Ecuador and Peru now have legislation that would be favourable if they adopt the right standard, based on ASTM D 6954. As previously advised we are finding that simply banning plastics in favour of other materials can make matters worse for the environment and hence these positive steps over the last year.

In addition to the above, we have several ongoing developments with customers in the food and advertising sectors.

d2p – progress and opportunities

I am pleased to report sales of d2p products increased from £0.5 million in 2023 to £0.7 million in 2024.

- *d2p anti insecticide*

A large proportion of d2p revenues is generated from sales of d2p anti-insect technology ("d2p AI"), the majority being supplied to Rivulis. The d2p AI technology is extruded into their Eurodrip product ranges which are marketed and sold under the trade name Rivulis Defend. Application for US Environmental Protection Agency registration is progressing well and we expect to be able to provide further updates soon. New d2p AI natural insecticide technology trials are nearing completion and are showing good efficacy. This product is particularly useful for foodstuff packaging.

- *d2p and FDA approval for bread packaging and other applications*

We now have commercial visibility for our FDA-approved technology together with other applications in at least eight territories where we shortly expect completion of commercial trials.

- *d2p flame retardant*

Trials continue in respect of products for the Middle Eastern construction market, and whilst the tests are inherently challenging, if we are successful, this should lead to significant sales in a very large market. Post period, new trials have commenced in Canada and if successful, commercial orders have been offered.

- *Other technologies*

The Group has also developed other technologies including corrosion-inhibitors for various metals, ethylene and moisture adsorbers for food packaging, as well as antimicrobials for pipes and tanks.

Joint venture in India with Indorama Corporation - Symphony Environmental India Pvt Ltd ("Symphony India")

As previously advised, Symphony India is a joint venture company established in 2022 between Symphony and Indorama India Pvt. Limited, a wholly owned subsidiary of Indorama Corporation. Symphony India is owned 46.5% by Symphony Environmental Limited, 46.5% by Indorama, and 7% by Mr. Arjun Aggarwal, an Indian citizen, who is its Managing Director.

The Government of India has published guidelines to reduce plastic pollution. The d2w product offered by Symphony India, falls within the standard IS 17899 T:2022 Assessment of Biodegradability of Plastics in varied conditions. The approval process has taken more than 2 years with the final part of the mandatory test and certification process targeted to complete during 2025, with commercial sales hopefully commencing during the second half of the year.

Sales so far have been low, as large volume sales can only be achieved if a product is certified by the Central Pollution Control Board. The Indian process for certification is complex and lengthy due mainly to time needed to complete the tests and no other company as far as we know have been able to complete the process for a biodegradable certificate. Symphony India is expected to complete its lengthy certification process during Q3 with commercial sales starting by year end 2025.

***New Product -* NbR (Natural Biodegradable Resin)**

In line with the Group's innovation policy, NbR is a Natural Biodegradable Resin that was launched in October 2024 with targeted introductions to some large plastic producers and distributors. As the team gradually introduces this new product to the market, further evaluation studies are ongoing to evaluate the wider value from using the technology, such as in crop growing and food packaging.

NbR represents a significantly higher-value sales product compared to d2w, primarily due to its application rate and pricing model, and reduced use of fossil-derived material. While d2w is typically added at just 1% to the plastic formulation, NbR is incorporated at a 25% loading rate during the polymer film extrusion process—resulting in substantially greater volume demand per tonne of finished product.

Despite its higher usage rate, NbR is strategically priced below the cost of conventional polymers and is supplied in large-volume consignments exceeding 20 tonnes. This pricing approach not only reduces the overall cost of the final product but also drives strong commercial appeal. Importantly, although the pricing for NbR is lower, gross profit levels remain comparable to those of d2w, reinforcing its value proposition as both a commercially and environmentally attractive solution.
The main features:

- Reduced Fossil Content: NbR is made with natural minerals, reducing the fossil-derived content of plastic packaging by over 20%
- Environmental Impact: Using NbR helps cut CO2 emissions and reduces the environmental impact of plastic products
- Biodegradable: NbR has d2w technology inside and complies with ASTM 6954. It will biodegrade in the open environment, reducing the risk of long-term pollution or microplastics
- Recyclability: Products made with NbR can be recycled and made with recyclate - promoting a circular economy
- Improving Food Preservation: by reducing water vapour transmission and oxygen transmission

2025 has started on a promising note, with three trial orders secured in the Middle East and one in Canada. We anticipate sales momentum to follow, driven by the compelling value proposition of our product, priced below the cost of conventional plastic resin. This pricing advantage, combined with the opportunity to enhance ESG credentials at reduced cost, is likely to prove highly attractive to companies seeking sustainable yet economically viable solutions.

Trading results

Group revenue was £6.59 million (2023: £6.35 million) and is analysed in the table below. Both d2w and d2p revenues increased in 2024. Other sales reduced during the year, not being a primary focus of the Group.

	2024 £'000	**2023 £'000**
d2w masterbatch revenues	5,464	5,221
d2p masterbatch revenues	719	512
Finished products and sundry revenues	408	618
Total revenues	**6,591**	**6,351**
Gross profit	**3,057**	**2,333**
- *Gross profit margin*	*46%*	*37%*
Distribution costs	(241)	(203)
- *Percentage of revenues*	*4%*	*3%*
Contribution after distribution costs	**2,816**	**2,130**
- *Percentage of revenues*	***43%***	***34%***

Gross profit margins increased substantially to 46% (2023: 37%) with gross profit thereby also increasing substantially to £3.06 million from £2.33 million in 2023. During the year, the Group negotiated improved manufacturing costs with some of the factories used, and also improved sourcing of some of its raw materials resulting in improved gross margins. Distribution costs were generally consistent with the previous year.

Administrative expenses reduced by £0.22 million to £3.90 million (2023: £4.12 million). Staff costs reduced from £2.22 million to £1.99 million and further reductions were made in respect to professional fees and consultancy costs, as less use of these resources is required. Dilapidation costs of £155,000 were provided for at the end of the year in respect to a new office lease negotiated in March 2025 whereby less than half of our current office space will be required, significantly reducing property costs going forward. Equity-settled share-based charges of £30,000 were included in the year (2023: £77,000).

The Group expensed R&D costs of £0.43 million in 2024 (2023: £0.21 million). There were no development cost additions during the year in respect of the Group's d2p bread technology as much of the costed work was carried out by our customers with their own commercial and semi-commercial trials (2023: £0.25 million addition). An R&D tax credit has not yet been received in respect to 2023 (2023: received £0.10 million in respect to 2022). A further R&D tax credit will be receivable in 2025 with respect to 2024.

The share of loss in respect of the joint venture in India was £43,000 (2023: £73,000). This loss was incurred while Symphony India continues to work on certification for biodegradable plastic, as described above, as well as developing d2p opportunities.

The reported operating loss was £1.09 million (2023: £1.99 million) and loss after tax of £1.34 million (2023: £2.18 million) with basic loss per share of 0.63 pence (2023: loss per share 1.17 pence).

The Group self-hedges its US Dollar foreign exchange exposure by purchasing goods where possible in US Dollars and utilises, when appropriate, bank forward currency contract agreements to minimise exchange risk. As at 31 December 2024, the Group had a net balance of US Dollar assets (US Dollar cash balances and receivables less overdrafts and payables) totalling $2.23 million (2023: $1.40 million).

Convertible Loan

The Company has two Convertible Loan Agreements ("CLAs") with Sea Pearl, who are also an existing 20.7% shareholder of the Company.

On 13 March 2024, Sea Pearl and the Company announced extensions to the repayment date of the CLAs by 15 months to 31 December 2025.

The full terms are as follows:

- CLAs total drawn principal: £1.5 million (unsecured)
- If not repaid on or before 31 December 2025, conversion on that date
- Conversion price: 80% of the volume-weighted average share price for the 3 months prior to 31 December 2025
- Interest: 7% per annum, payable on repayment and/or conversion
- Repayment of the CLAs, in full or in part at Symphony's discretion

Statement of financial position and cash flow

The Group had net borrowings (excluding convertible loans and lease liabilities) of £1.02 million as at 31 December 2024 (2023: net borrowings (excluding convertible loans and lease liabilities) of £0.58 million). The Group used cash of £1.40 million from operations (2023: £0.62 million) primarily as a result of the loss incurred during the year. This was financed during the year by a net £1.32 million equity by subscription and retail offer.

Other significant movements include an increase in receivables (from £1.52 million as at 31 December 2023 to £2.10 million as at 31 December 2024) where the UAE, who pay by letter of credit at 120 days, had significantly larger sales in Q4 2024 than Q4 2023 and hence a larger outstanding balance at the end of 2024 compared to 2023.

Additionally, right of use assets, which comprise mainly the head office operating lease, reduced from £0.27 million as at 31 December 2023 to $0.09 million as at 31 December due in the main to rent paid during the year. As discussed above, a new lease has been entered into in 2025 significantly reducing property costs going forward.

Since the year end, the Group has raised £2.25 million pursuant to an equity subscription for 11,264,875 new ordinary shares.

The proceeds of the Subscription will be used for ongoing working capital purposes and Symphony's continuing market development in a range of core complementary technologies. In particular, the Group will contract with GCC Support Services a marketing and advisory organisation which has experience working at high levels with governmental and commercial organisations, to invest in the Middle East region over the next twelve months to:

(a) market and sell Symphony's d2w, d2p, and NbR (natural biodegradable resin) products;
(b) devise and execute a public relations and media campaign specifically for the Middle East;
(c) lobby for positive legislation in the region; and
(d) work with Symphony on strategic developments in the region.

Eranova

As announced in October 2020, the Group made an investment representing 1.7% of the enlarged capital of Eranova SAS (at £130,000 including costs) as part of a €6.00 million pre-industrial plant project. The pilot plant was completed on schedule during October 2021 and is operational and processing small volume commercial orders.

Eranova is in receipt of pledged government grants and loans to further expand the early-stage production facility in Marseille, France. They anticipate completing this process in 2025. They have finished products made with Eranova technology in the French retail sector and in particular listed in Casino, Carrefour, Intermarche and Franprix.

In 2023 Eranova signed its first €2.10 million pre-production licencing agreement with an international firm to build a facility in Indonesia and they are currently developing the product to optimise quality and output. Symphony, as a strategic shareholder of Eranova has an agreement to market Eranova's biobased product derived from green algae.

Current trading and outlook

The improving trading momentum has led to a solid start in 2025, with Q1 2025 unaudited operating loss substantially reduced to £54,000 (Q1 2024: loss £370,000) due to improved gross margins and reduced costs on sales growth of 9%.

As an operationally focused business, sales increases will not significantly raise operational costs. The Group has optimised its cost base by utilising specialist licensed factories for manufacturing and 76 independent distributors for sales and distribution. Each distributor manages and finances stock, debtors, sales, and distribution within their territories. This approach fixes costs and enables sales growth without additional expenses.

The sales pipeline across our product portfolio is robust and is progressing steadily towards commercial maturity, with several opportunities expected to convert within the current trading year.

Following the recent raise of equity announced earlier this month, we have initiated efforts to strengthen our sales presence in the Middle East and look forward to further updating the market as developments unfold. Additionally, Symphony will be represented by its international distributors at the K Show in Dusseldorf, Germany this October. It is widely recognised as the World's leading Trade Fair for Plastic and Rubber and held every 3 years. We are confident that our latest innovations, including NbR and d2p AI Natural Insecticides will be well received.

With a significantly improved operating performance for Q1 2025, we are optimistic about the short to medium term outlook. This confidence is further underpinned by the strength of our longer term pipeline, which we expect to materialise as key opportunities reach commercial realisation.

M Laurier
Chief Executive

Consolidated statement of comprehensive income
for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Revenue	4	**6,591**	6,351
Cost of sales		**(3,534)**	(4,018)
Gross profit		**3,057**	2,333
Distribution costs		**(241)**	(203)
Administrative expenses		**(3,903)**	(4,119)
Operating loss	5	**(1,087)**	(1,989)
Finance costs	7	**(214)**	(189)
Share of results of joint ventures	14	**(43)**	(73)
Loss for the year before tax		**(1,344)**	(2,251)
Taxation	8	**-**	71
Loss for the year		**(1,344)**	(2,180)
Total comprehensive loss for the year		**(1,344)**	(2,180)
Basic earnings per share	9	**(0.63)p**	(1.18)p
Diluted earnings per share	9	**(0.63)p**	(1.18)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 2024

Company number 03676824

	Note	**2024 £'000**	2023 £'000
ASSETS			
Non-current			
Property, plant and equipment	10	**124**	168
Right-of-use assets	11	**93**	270
Intangible assets	12	**589**	653
Investments	13	**130**	130
Interest in joint venture	14	**29**	28
		965	1,249
Current			
Inventories	15	**703**	645
Trade and other receivables	16	**2,414**	1,812
Cash and cash equivalents	17	**718**	1,123
		3,835	3,580
Total assets		**4,800**	4,829
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of Symphony Environmental Technologies plc			
Ordinary shares	18	**2,251**	1,848
Share premium	18	**5,767**	4,854
Retained earnings	18	**(8,416)**	(7,102)
Total equity		**(398)**	(400)
Liabilities			
Non-current			
Lease liabilities	19	**22**	47
Current			
Lease liabilities	19	**25**	187
Borrowings	19	**3,410**	3,270
Trade and other payables	20	**1,741**	1,725
		5,176	5,182
Total liabilities		**5,198**	5,229
Total equity and liabilities		**4,800**	4,829

Consolidated statement of changes in equity
for the year ended 31 December 2024

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 2024				
Balance at 1 January 2024	1,848	4,854	(7,102)	(400)
Issue of share capital (note 18)	403	913	-	1,316
Share based options (note 18)	-	-	30	30
Transactions with owners	403	913	30	1,346
Total comprehensive loss for the year	-	-	(1,344)	(1,344)
Balance at 31 December 2024	**2,251**	**5,767**	**(8,416)**	**(398)**
For the year to 31 December 2023				
Balance at 1 January 2023	1,848	4,854	(4,999)	1,703
Share based options (note 18)	-	-	77	77
Transactions with owners	-	-	77	77
Total comprehensive loss for the year	-	-	(2,180)	(2,180)
Balance at 31 December 2023	**1,848**	**4,854**	**(7,102)**	**(400)**

Consolidated cash flow statement
for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Loss after tax		**(1,344)**	(2,180)
Adjustments for:			
Depreciation	10-11	**224**	220
Amortisation	12	**69**	15
Loss on disposal of fixed assets	5	**2**	3
Loss on disposal intangible	5	**-**	28
Share-based charges	18	**30**	77
Share of JV loss	14	**43**	73
Interest expense	7	**214**	189
Net exchange differences		**5**	(12)
Tax credit	8	**-**	(71)
Changes in working capital:			
Movement in inventories	15	**(58)**	530
Movement in trade and other receivables	16	**(602)**	594
Movement in trade and other payables	20	**16**	(85)
Net cash used in operations		**(1,401)**	(619)
R&D tax credit	8	**-**	97
Net cash used in operating activities		**(1,401)**	(522)
Cash flows from investing activities			
Additions to property, plant and equipment	10	**(5)**	(84)
Additions to intangible assets	12	**(5)**	(257)
Equity participation in joint venture	14	**(44)**	-
Net cash used in investing activities		**(54)**	(341)
Cash flows from financing activities			
Drawdown cash received from invoice finance facility	19	**4,713**	5,686
Customer receipts repayment of invoice finance facility	19	**(4,395)**	(5,927)
Convertible loan	19	**-**	1,500
Repayment of lease capital	19	**(187)**	(174)
Proceeds from share issue	18	**1,316**	-
Lease interest paid	7	**(14)**	(17)
Bank, invoice finance and other interest paid	7	**(95)**	(172)
Net cash generated in financing activities		**1,338**	896
Net change in cash and cash equivalents		**(117)**	33
Cash and cash equivalents, beginning of year		**32**	18
Effect of exchange rates on cash		**(5)**	(19)
Cash and cash equivalents, end of year		**(90)**	32
Represented by:			
Cash and cash equivalents	**17**	**718**	1,123
Bank overdraft	**19**	**(808)**	(1,091)
		(90)	32

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 2024 or 2023 but is derived from the 2024 annual report and accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered to the Registrar of Companies following Notice of the Annual General Meeting. The auditor has reported on the financial statements for the year ended 31 December 2024; 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 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 2024.

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

During 2024 the Group significantly reduced its operating loss to £1.09 million (2023: loss £1.99 million) with a slight increase in revenues and significant increase in gross margins to 46%. The Group has also continued to materially reduce costs without impacting the Group's multiple sales opportunities. These costs are set to fall further in Q2 2025 with a planned reduction in facility costs. This has led to the Group starting in Q1 2025 close to operating break-even that should improve further (see below).

On the basis of current financial projections, which have been drawn out to the end of 2026, including a sensitised cash flow analysis (sensitised by considering reduced revenues in key growth markets being the main area of forecast risk), together with available funds and facilities, and a £2.25 million equity fundraise since the year end (see Events since statement of financial position Note 24) 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.

This is primarily underpinned by the following:

- Middle East volumes expected to increase with greater enforcement of regulations that specify a requirement to use d2w type technology

- Repeat and growing d2p AI business with regulatory approval now in the USA
- Bread d2p AM commercialising in 8 plus areas
- Steady main markets in Far East and Latin America with good growth potential
- Maintaining current strong gross margins if not improving further
- Administrative costs further reducing from 2024 levels with a reduction in facility costs

Although net current liabilities are £1.2 million at the end of the year, this includes £1.5 million in unsecured convertible loan funding for which repayment is not due until to 31 December 2025 but if not repaid can be converted to equity. As advised above, there has been a £2.25 million equity fundraise since the year end and in addition, the Group is also supported by an invoice finance facility from the Group's bankers. Systems are in place which enable monitoring of cashflow requirements of the business which identifies any need for borrowing and usage of borrowed funding. The Group is not materially affected by any political or economic uncertainty.

Revenue

- Plastic additives and finished products, and associated products

Revenue is stated at the fair value of the consideration receivable and excludes VAT.

The Group's revenue is from the sale of goods. Revenue from the sale of goods is recognised in conformity to IFRS 15 "Revenues from Contracts with Customers" 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; and
  - 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 an agent in the provision of transport rather than the principal under IFRS 15 "Revenues from Contracts with Customers".
- *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.
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 statement of financial position 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. Costs in relation to potential dilapidations at the end of the lease are accrued.

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.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

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 in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost as at the date of acquisition and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Investments

Minority investments in shares are initially held at cost. Fair value is assessed on an annual basis and any gain or loss is adjusted through profit and loss.

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 statement of financial position 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.

Financial assets

The Group classifies all of its financial assets measured at amortised cost, apart from investments. 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. Cash balances which are overdrawn are referenced in financial liabilities below.

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, convertible loans 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. Redemption of the convertible loan can be in cash or equity in accordance with note 19. Convertible loans are classified as financial liabilities unless and until they are converted into equity. The convertible loans accrue interest and can be repaid by cash at the Group's discretion up until the contracted day of conversion.

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 gains and losses arising from amounts recognised in profit or loss and the fair value of options granted under the Group's share-based payment schemes.

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:

- IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current. Effective 1 January 2024
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Amendments in relation to supplier finance arrangements. Effective 1 January 2024
- IAS 16 Leases: Amendments in relation to lease liability in a sale and leaseback. Effective 1 January 2024

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.

UK adopted (Not EU endorsed)

Annual improvements to IFRS Accounting Standards – Volume 11 (effective 1 January 2026)

IFRS 7 – Financial Instruments: Disclosures
IFRS 7 – Financial Instruments
IFRS 10 – Consolidated Financial Statements
IAS7 – Statement of Cash Flows

Subject to UK adoption and EU endorsement

IFRS 9 *Financial Instruments and IFRS 7 Financial Instruments: Disclosures (Amendment):* Classification and Measurement of Financial Instruments (effective 1 January 2026)

IFRS18 *Presentation and Disclosure in Financial Statements* (effective 1 January 2027)

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 2024 was approximately £5,421,000. A deferred tax asset of £250,000 would be created for every £1,000,000 of future profit if recognised. Recognition would become applicable based primarily on profitable historical performance which would underpin future profit projections in this instance.

- 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. In order to calculate fair value, judgements and estimates have been made as to the financing and operating risk of the invested company, together with the marketability of the investment. The carrying value of investments as at 31 December 2024 was £130,000. See note 13.

- Inventory provisions

Estimates are made as to impairment provisions to the carrying value of inventories based whether the items are still sellable and also the expected net value that can be achieved on sale. The resultant value was calculated based on net proceeds fairly achievable over the short to medium term and were based on specific items where saleability is in doubt, and the dates of the last movements of each stock item as an indicator to future value except for certain raw material items which are known to be required in the short term. There is a provision of £188,000 for the impairment of inventories as at 31 December 2024. See note 15. Shortening the period of last movements by six months has an effect of increasing the provision by £6,000 as at 31 December 2024.

- 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 16 for further information. At the year end, the Group has provisions of £65,000 (2023: £75,000) on a total trade receivables balance of £2,174,000 (2023: £1,586,000) calculated using this method. An increase of 10% on the ECL as at 31 December 2024 would increase the provision by £8,000.

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 operating segment. The Board assesses the commercial performance of the business based upon the revenues of the main products items within its single operating segment as follows:

	2024	2023
	£'000	£'000
Revenues:		
d2w masterbatches	**5,464**	5,221
d2p masterbatches	**719**	512
Finished products	**283**	424
Other	**125**	194
Total	**6,591**	6,351

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

Geographical area	**2024**	2023
	£'000	£'000
UK	**270**	428
Europe	**879**	878
North America	**238**	161
Central and South America	**2,576**	2,066

Middle East	**1,808**	2,073
Asia	**820**	745
Total	**6,591**	6,351

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.
Within the above, revenues are attributed to the following countries which are represented by over 5% of total revenues:

Country	**2024** **£'000**	2023 £'000
UAE	**1,772**	1,985
Mexico	**1,650**	1,455
France	**490**	354
UK	**270**	428
China	**246**	375
Other countries	**2,163**	1,754
Total	**6,591**	6,351

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 specifications. Refunds are given or products are replaced if there is a failure with the product quality, or its agreed performance.

Non-current assets of £9,000 are held outside of the UK (2023: £9,000).

Major customers

There was one customer that accounted for greater than 10% of total Group revenues for 2024 (2023: one customer). In 2024 the one customer accounted for £1,741,000 or 26% (2023: £1,863,000 and one customer being 29%) 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:

	2024 **£'000**	2023 £'000
Depreciation – property, plant and equipment	**47**	51
Depreciation – right-of-use assets	**177**	169
Loss on disposal of property, plant and equipment	**2**	3
Amortisation	**69**	15
Loss on disposable of intangible assets	**-**	28
Research and development expenditure*	**430**	210
Fees payable to the Company's auditor:		
Audit related services:		
Audit of the annual report and accounts	**35**	35
Audit of the annual report and accounts of the Company's subsidiaries	**55**	50
Net foreign exchange loss	**11**	26

* Further development expenditure of £nil (2023: £250,000) is included in Development cost additions – see note 12.

6 Directors and employees

Staff costs (including directors) during the year comprise:

	2024 £'000	2023 £'000
Wages and salaries	**1,739**	1,874
Social security costs	**134**	216
Pension contributions	**113**	127
	1,986	2,217

*Average monthly number of people (including directors) by a***ctivity:**

	2024	2023
R&D, testing and technical	**5**	6
Selling	**7**	9
Administration	**10**	11
Management	**5**	6
Marketing	**1**	1
Total average headcount	**28**	33

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

	2024 £'000	2023 £'000
Emoluments (all short term)	**623**	629

There were no Directors' pension contributions made during the year (2023: £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:

	2024 £'000	2023 £'000
Highest paid director	**260**	260

7 Finance costs

	2024 £'000	2023 £'000
Interest expense:		
Bank, invoice finance borrowings, and other	**95**	109
Convertible loan	**105**	63
Lease interest (right-of-use assets)	**14**	17
Total finance costs	**214**	189

8 Taxation

	2024 £'000	2023 £'000
R&D tax credit	**-**	71
Total income tax credit	**-**	71

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 25% (2023: 23.5% being 19% up to 31 March 2023 and 25% from 1 April 2023. The differences are explained as follows:

	2024 £'000	2023 £'000
Loss for the year before tax	**(1,334)**	(2,251)
Tax calculated by rate of tax on the result		
Effective rate for year at 25% (2023: 23.5%)	**(334)**	(529)
Fixed asset differences	**31**	1
Expenses not deductible for tax purposes	**1**	38
R&D tax relief	**-**	(38)
Movement in deferred tax not recognised	**302**	451
Surrender of tax losses for R&D tax credit refund	**-**	40
R&D tax credit not yet recognised	**-**	37
R&D tax credit in respect of previous periods	**-**	(71)
Total income tax credit	**-**	(71)

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 £nil shown above relates to a repayment made by HMRC in relation to the year ended 31 December 2023 (£71,000 relates to the year ended 31 December 2021).

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 2024 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 £21,700,000 (2023: £20,600,000). These tax losses have no expiry date. The unrecognised deferred tax asset in respect of these losses based on latest profit projections is approximately £5,421,000 (2023: £5,178,000).

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 25% (2023: 23.5% being 19% up to 31 March 2023 and 25% from 1 April 2023).

The Group also has gross fixed assets of £305,000 (2023: £254,000) which give rise to a deferred tax liability of £76,000 (2023: £63,500). Other gross temporary differences of £7,000 (2023: £75,000) give rise to a deferred tax asset of £2,000 (2023: £18,750). The deferred tax liability of £76,000 (2023: £63,500) is sheltered by the unrecognised deferred tax asset in respect of losses and temporary differences.

The unrecognised deferred tax balances disclosed in the above for 2024 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	**2024**	2023
Loss attributable to equity holders of the Company	**£(1,164,000)**	£(2,180,000)
Weighted average number of ordinary shares in issue	**214,448,178**	184,806,833
Basic earnings per share	**(0.63) pence**	(1.18) pence
Dilutive effect of weighted average options and warrants	**-**	3,686,662
Total of weighted average shares together with dilutive effect of weighted options- see below	**214,448,178**	184,806,833
Diluted earnings per share	**(0.63) pence**	(1.18) pence

No dividends were paid for the year ended 31 December 2024 (2023: £nil).

The effect of options for the years ended 31 December 2024 and 31 December 2023 are anti-dilutive.

A total of 16,416,500,500 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 2024	Plant & Machinery £'000	Fixtures & Fittings £'000	Office Equipment £'000	Total £'000
Cost				
At 1 January 2024	385	293	146	824
Additions	-	-	5	5
Disposals	(50)	-	(5)	(55)
At 31 December 2024	**335**	**293**	**146**	**774**
Depreciation				
At 1 January 2024	311	280	65	656
Charge for the Year	15	4	28	47
Disposals	(48)	-	(5)	(53)
At 31 December 2024	**278**	**284**	**88**	**650**
Net Book Value				
At 31 December 2024	**57**	**9**	**58**	**124**
At 31 December 2023	74	13	81	168

Year ended 31 December 2023	Plant & Machinery £'000	Fixtures & Fittings £'000	Office Equipment £'000	Total £'000
Cost				
At 1 January 2023	397	293	138	828
Additions	2	-	82	84
Disposals	(14)	-	(74)	(88)
At 31 December 2023	**385**	**293**	**146**	**824**
Depreciation	305	272	113	690
At 1 January 2023	19	8	24	51
Charge for the Year	(13)	-	(72)	(85)
Disposals				
	311	**280**	**65**	**656**
At 31 December 2023				
Net Book Value				
At 31 December 2023	**74**	**13**	**81**	**168**
At 31 December 2022	92	21	25	138

11 Right-of-use assets

Year ended 31 December 2024	Land & buildings £'000	Plant & Machinery £'000	Office Equipment £'000	Total £'000
Cost				
At 1 January 2024	905	60	78	1,043
Disposals	-	-	(43)	(43)
At 31 December 2024	**905**	**60**	**35**	**1,000**
Depreciation				
At 1 January 2024	705	4	64	773
Charge for the Year	160	11	6	177
Disposals	-	-	(43)	(43)
At 31 December 2024	**865**	**15**	**27**	**907**
Net Book Value				
At 31 December 2024	**40**	**45**	**8**	**93**
At 31 December 2023	200	56	14	270

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 19.

Year ended 31 December 2023	Land & buildings £'000	Plant & Machinery £'000	Office Equipment £'000	Total £'000
Cost				
At 1 January 2023	905	-	78	983
Additions	-	60	-	60
At 31 December 2023	**905**	**60**	**78**	**1,043**
Depreciation				
At 1 January 2023	545	-	59	604
Charge for the Year	160	4	5	169
At 31 December 2023	**705**	**4**	**64**	**773**
Net Book Value At 31 December 2023	**200**	**56**	**14**	**270**
At 31 December 2022	360	-	19	379

12 Intangible assets

Year ended 31 December 2024	Development costs	Trademarks	Total
	£'000	£'000	£'000
Cost			
At 1 January 2024	2,557	108	2,665
Additions	-	5	5
At 31 December 2024	**2,557**	**113**	**2,670**
Amortisation			
At 1 January 2024	245	39	284
Charge for the Year	58	11	69
At 31 December 2024	**303**	**50**	**353**
Impairment			
At 1 January 2024	1,728	-	1,728
At 31 December 2024	**1,728**	**-**	**1,728**
Net Book Value			
At 31 December 2024	**526**	**63**	**589**
At 31 December 2023	584	69	653

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 £526,000 (2023: £584,000).

Year ended 31 December 2023	Development costs	Trademarks	Total
	£'000	£'000	£'000
Cost			
At 1 January 2023	2,307	142	2,449
Additions	250	7	257
Disposals	-	(41)	(41)
At 31 December 2023	**2,557**	**108**	**2,665**
Amortisation			
At 1 January 2023	245	37	282
Charge for the Year	-	15	15
Disposals		(13)	(13)
At 31 December 2023	245	39	284
Impairment			
At 1 January 2023	1,728	-	1,728
At 31 December 2023	**1,728**	**-**	**1,728**
Net Book Value			
At 31 December 2023	**584**	**69**	**653**
At 31 December 2022	334	105	439

13 Investments

The Group holds an investment interest in the following minority unlisted share.

	Total £'000
Investment held at fair value:	
At 1 January 2024	130
Net change in fair value (unrealised)	-
At 31 December 2024	**130**
At 31 December 2023	130

The Group has invested £130,000 (1.7%) into Eranova SAS, a French company developing products from green algae.

The fair value for this investment, as shown above, is categorised as Level 2 because the shares were not listed on the exchange but there are inputs that are directly or indirectly observable.

Sensitivity analysis
For the fair value of this equity security as a whole, reasonably possible changes at the reporting date of one of the significant unobservable inputs, holding other inputs constant, would have the following effect.

	Increase £'000	Decrease £'000
Adjusted total company value (5% movement)	**7**	**(7)**

The valuation process relied on the following factors:

- Equity valuation based on a recent fund raising creating an arms-length valuation
- Recent fund-raising initiatives by Eranova
- The current non-marketability of the shares
- Inherent risks surrounding a developing company not at a fully commercial stage

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 Interest in joint ventures

	Total £'000
At 1 January 2024	28
Equity participation during the year	44
Share of joint venture total comprehensive income (see below)	**(43)**
At 31 December 2024	**29**

The Group has a 46.5% share of Symphony Environmental India (Private) Limited, a company incorporated in India.

The primary activity of Symphony Environmental India (Private) Limited is the marketing and sale of the Groups d2w and d2p product range in India. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Symphony Environmental India (Private) Limited. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised material financial information in relation to the joint venture in accordance with IFRS 12 is shown below.

	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Revenue	**92**	114
Loss from continuing operations (before and after tax)	**(93)**	(156)
Total comprehensive income	**(93)**	(156)
Group's share of total comprehensive income (46.5%)	**(43)**	(73)
Current assets	**94**	117
Non-current assets	**1**	2
Current liabilities	**(146)**	(171)
Net assets	**(51)**	(52)
Group's share of net assets (46.5%)	**-**	-

Within current liabilities are cash borrowings of £83,000 (2023: £141,000). There was no material cash and cash equivalents at the end of the year (2023: £nil).

The joint venture's reporting date is 31 March. The above is based on management information. There are no unrecognised losses, material capital commitments or contingent liabilities as at 31 December 2024. There were no dividends received during the year (2023: £nil).

15 Inventories

	2024 £'000	**2023 £'000**
Finished goods and goods for resale	**298**	364
Raw materials	**405**	281
	703	645

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £3,223,000 (2023: £3,035,000). There is a provision of £188,000 for the impairment of inventories (2023: £235,000). There is no collateral on the above amounts.

16 Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	**2,109**	1,511
Other receivables	**85**	90
VAT	**29**	18
Prepayments	**191**	193
	2,414	1,812

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 statement of financial position date equates to the carrying value of trade receivables. Further disclosures are set out in note 23.

Trade receivables are secured against the facilities provided by the Group's bankers. As at 31 December 2024, £1,454,000 (2023: £1,027,000) of trade receivables had been sold to the Group's bankers who are a provider of invoice discounting services. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. Since the trade receivables continue to be recognised, the business model of the Group is not affected. The proceeds from transferring the debts of £934,000 (2023: £616,000) are included in borrowings (note 19 - invoice finance facility) until the debts are collected or the Group makes good any losses incurred 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	Specific and ECL £'000	Total Net £'000
31 December 2024	**2,011**	**34**	**36**	**9**	**84**	**2,174**	**(65)**	**2,109**
31 December 2023	1,272	0	100	0	214	1,586	(75)	1,511

The ECL is included within debts past 120 days overdue at 10% for 2024 and 10% for 2023.

17 Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	**718**	1,123
	718	1,123

The carrying amount of cash equivalents approximates to their fair values.

18 Equity

	Group and Company			Group	
	Ordinary shares Number	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2024	184,806,833	1,848	4,854	(7,102)	(400)
Issue of share capital	40,292,287	403	913	-	1,316
Loss for the year	-	-	-	(1,344)	(1,344)
Share based payments	-	-	-	30	30
At 31 December 2024	**225,099,120**	**2,251**	**5,767**	**(8,416)**	**(398)**
At 1 January 2023	184,806,833	1,848	4,854	(4,999)	1,703
Loss for the year	-	-	-	(2,180)	(2,180)
Share based payments	-	-	-	77	77
At 31 December 2023	**184,806,833**	**1,848**	**4,854**	**(7,102)**	**(400)**

During the year the Company issued 40,292,287 Ordinary Shares (2023: nil ordinary shares) for a net consideration of £1,316,000 (2023: £nil).

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
As at 31 December 2024 the Group maintained an approved share-based payment scheme for employee compensation. All share-based employee compensation will be settled in equity. There were 3,050,000 new approved staff options issued in the year (2023: nil). As at 31 December 2024 there were 4,825,000 approved staff options outstanding (2023: 2,975,000).

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 2-15 years from the date of grant, the option expires. There were 1,400,000 (2023: nil) unapproved options issued during the year.

The weighted average fair value of options granted during the period was 1.04 pence and the weighted average share price at grant was 3.78 pence.

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

	Number	**2024 Weighted average exercise price £**	Number	2023 Weighted average exercise price £
Outstanding 1 January	**12,866,500**	**0.04**	21,666,500	0.15
Granted	**4,450,000**	**0.06**	-	-
Lapsed	**(900,000)**	**0.15**	(8,800,000)	0.22
Outstanding 31 December	**16,416,500**	**0.08**	12,866,500	0.04

There were no options exercised during the year (2023: none).The number of share options exercisable at 31 December 2024 was 16,416,500 (2023: 12,866,500). The weighted average exercise price of those options exercisable was 8p (2023: 4p). The weighted average option contractual life is fifteen years (2023: fifteen years) and the range of exercise prices is 4.5p to 25p (2023: 4.5p to 25p).

Directors

Directors' interests in shares and share incentives are contained in the Remuneration Committee Report within the annual report and accounts for the year ended 31 December 2024.

IFRS2 expense

The IFRS 2 share-based payment charge for the year is £30,000 (2023: £77,000). This relates to two schemes as follows:

£26,000 of the charge was calculated using the Black Scholes model with a two-year term, risk free rate of 3.96%, volatility of 60% (based on 12 months share price month prior to grant) and dividend yield of 0%.
£4,000 of the charge was calculated using the Black Scholes model with a two-year term, risk free rate of 3.80%, volatility of 61% (based on 12 months share price movement prior to grant) and dividend yield of 0%.

19 Borrowings

	2024 £'000	2023 £'000
Non-current		
Leases	**22**	47
Current		
Bank overdraft	**808**	1,091
Invoice finance facility	**934**	616
Convertible loans	**1,668**	1,563
Borrowings	**3,410**	3,270
Leases	**25**	187
Total current	**3,435**	3,457
Total borrowings	**3,457**	3,504

The bank overdraft relates to US Dollars and kept for hedging purposes as at the year end. Interest is charged on overdrafts at 2.4% above the host countries currency base rate. The Group also has an invoice finance facility with its bankers. The bank overdraft and invoice finance facility are secured by a fixed and floating charge over the Group's assets.

Convertible loans include capital plus accrued interest (see below). The main terms of the convertible loans with Sea Pearl Ventures Limited (who is a 20.7% shareholder in the Group) are:

- Conversion if not repaid, on 31 December 2025 (On 13 March 2024 the conversion dates of the convertible loans were extended 15 months from 20 September 2024 to 31 December 2025)
- Conversion price: 80% of the volume weighted average share price for the 3 months prior to conversion
- Interest: 7% per annum, payable as accrued on repayment and/or conversion
- Symphony able to repay the loans in full or in part before conversion at its discretion

The Group's leasing activities are detailed in the table below:

Right-of-use asset	Number of assets leased	Remaining term
Head office	1	Within 1 year
Plant & Machinery	1	2 years
Office equipment	1	3 years

The weighted average discount rate on initial application was 4.5%. The head office and office equipment leases do not have a remaining option extension, option to purchase or termination option. The plant and machinery lease has an option to purchase.

The maturity of lease liabilities are as follows:

Gross payments	**2024 £'000**	2023 £'000
No later than one year	**-**	201
Later than one year and no later than five years	**55**	55
	55	256

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	**2024 £'000**	2023 £'000
Lease capital	**187**	174
Lease interest	**14**	17
Total cash outflows	**201**	191

Reconciliation of liabilities arising from financing activities

For the year ended 31 December 2024

	1 January 2024 £'000	**Cash flows £'000**	**Non-cash changes £'000**	**31 December 2024 £'000**
Bank overdraft	1,091	(283)	-	808
Invoice finance facility	616	4,713	(4,395)	934
Convertible loan	1,563	-	105	1,668
Leases	234	(201)	14	47
Total liabilities from financing activities	**3,504**	**4,229**	**(4,276)**	**3,457**

The non-cash changes for the invoice finance facility reflects customer receipts repaid directly to the bank.
The non-cash changes for the leases is interest of £14,000.
The non-cash changes for the convertible loan is an interest amount of £105,000.

For the year ended 31 December 2023

	1 January 2023 £'000	**Cash flows £'000**	**Non-cash changes £'000**	**31 December 2023 £'000**
Bank overdraft	1,134	(43)	-	1,091
Invoice finance facility	857	5,686	(5,927)	616
Convertible loan	-	1,500	63	1,563
Leases	348	(191)	77	234
Total liabilities from financing activities	**2,339**	**6,952**	**(5,787)**	**3,504**

The non-cash changes for the invoice finance facility reflects customer receipts repaid directly to the bank.
The non-cash changes for the leases pertain to a new lease addition of £60,000 and interest of £17,000.
The non-cash changes for the convertible loan is an interest amount of £63,000.

20 Trade and other payables

Current	2024 £'000	2023 £'000
Financial liabilities measured at amortised cost:		
Trade payables	**1,082**	1,158
Other payables	**33**	35
Social security and other taxes	**119**	136
Accruals	**507**	396
	1,741	1,725

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 103 days (2023: 99 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.

21 Commitments and contingencies

a) Capital commitments

The Group had capital commitments totalling £nil at the end of the year (2023: £nil).

b) Contingent liabilities

Together with its subsidiary, Symphony Environmental Limited, the Group's bankers have provided a Group composite facility of £10,000 and invoice finance facility of £1.5million (2023: £10,000 and £1.5 million).

22 Related party transactions

Alexander Brennan was a member of the Board as an executive director until 11 August 2023. The Group was employing the services of a company which he is a shareholder and director, Brennan and Partners Limited. While Alexander Brennan was a member of the Board, the Group has paid £84,600 to Brennan and Partners Limited in 2023 while he was a member of the Board for advocacy and other advisory services in relation to the Group's d2w products in the UK, Spain and Latin America.

The table below shows the inter company management charge and interest charge made by Symphony Environmental Technologies plc to Symphony Environmental Limited together with the end of year balance due from Symphony Environmental Limited to Symphony Environmental Technologies plc.

	2024 £'000	2023 £'000
Management charge for the year	**410**	380
Interest charge for the year	**824**	686
Intercompany balance at the end of the year	**16,594**	13,806

There were no other related party transactions during the year (2023: none).

23 Financial Instruments

Classification and measurement

The Group's financial assets and liabilities, which are all held at amortised cost, are summarised as follows:

	2024 £'000	2023 £'000
Financial assets:		
Trade receivables	**2,109**	1,511
Other receivables	**85**	90
Cash and cash equivalents	**718**	1,123
	2,912	2,724
Financial liabilities:		
Trade payables	**1,082**	1,158
Other payables	**33**	35
Accruals	**507**	396
Bank overdraft	**808**	1,091
Leases	**47**	234
	2,477	2,914

The Group's £130,000 carrying investment in Eranova SAS see note 13, is held at fair value.

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 2024 is summarised as follows:

Gross cash flows:	**Trade and other payables and accruals £'000**	**Leases £'000**	**Bank overdraft £'000**	**Total £'000**
Zero to sixty days	1,620	6	808	2,434
Sixty one days to three months	-	5	-	5
Four months to six months	-	4	-	4
Seven months to one year	-	15	-	15
One to three years	-	25	-	25
Four to five years	-	-	-	-
	1,620	**55**	**808**	**2,483**

The maturity of financial liabilities as at 31 December 2023 is summarised as follows:

Gross cash flows:	**Trade and other payables and accruals £'000**	**Leases £'000**	**Bank overdraft £'000**	**Total £'000**
Zero to sixty days	1,589	5	1,091	2,685
Sixty one days to three months	-	48	-	48
Four months to six months	-	47	-	47
Seven months to one year	-	101	-	101
One to three years	-	52	-	52
Four to five years	-	3	-	3
	1,589	**256**	**1,091**	**2,936**

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 2024 is summarised as follows:

	Fixed £'000	**Variable £'000**	**Zero £'000**	**Total £'000**
Cash and cash equivalents	-	718	-	718
Trade receivables	-	-	2,109	2,109
Other receivables	-		85	85
	-	718	2,194	2,912
Trade payables		-	(1,082)	(1,082)
Other payables	-	-	(33)	(33)
Leases	(47)	-	-	(47)
Bank overdraft	-	(808)	-	(808)
	(47)	**(90)**	**1,079**	**942**
Sensitivity: increase in interest rates of 5%	-	(5)	-	(5)
Sensitivity: decrease in interest rates of 1%	-	1	-	1

The Group's exposure to interest rate risk as at 31 December 2023 is summarised as follows:

	Fixed £'000	**Variable £'000**	**Zero £'000**	**Total £'000**
Cash and cash equivalents	-	1,123	-	1,123
Trade receivables	-	-	1,511	1,511
Other receivables	-		90	90
	-	1,123	1,601	2,724
Trade payables		-	(1,158)	(1,158)
Other payables	-	-	(35)	(35)
Leases	(234)	-	-	(234)
Bank overdraft	-	(1,091)	-	(1,091)
	(234)	32	408	206
Sensitivity: increase in interest rates of 5%	-	2	-	2
Sensitivity: decrease in interest rates of 1%	-	-	-	-

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 2024 £'000**	**Currency balance 2024 C'000**	Sterling balance 2023 £'000	Currency balance 2023 C'000
Financial assets	**Euro**	**43**	**€52**	39	€45
Financial liabilities	**Euro**	**(20)**	**€(25)**	(21)	€(24)
Net balance	**Euro**	**23**	**€27**	18	€21
Effect of 10% Sterling increase			**(2)**		(2)
Effect of 10% Sterling decrease			**3**		2
Financial assets	**USD**	**2,775**	**$3,481**	1,968	$2,506
Financial liabilities	**USD**	**(1,001)**	**$(1,256)**	(879)	$(1,104)
Net balance	**USD**	**1,774**	**$2,225**	1,089	$1,402
Effect of 10% Sterling increase			**(161)**		(88)
Effect of 10% Sterling decrease			**197**		134

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.

Credit risk

The Group's exposure to credit risk is limited to the carrying value of financial assets at the statement of financial position date, summarised as follows:

	2024 £'000	2023 £'000
Trade receivables	**2,109**	1,511
Other receivables	**85**	90
Cash and cash equivalents	**718**	1,123
	2,912	2,724

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 82% (2023: 81%) 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 16.

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 18 and interest bearing loans and borrowings as detailed in note 19. 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 18.

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 2024 and 2023 were as follows:

	2024 £'000	2023 £'000
Total borrowings (note 19)	**3,457**	3,504
Cash and cash equivalents (note 17)	**(718)**	(1,123)
Net debt	**2,739**	2,381
Total equity (note 18)	**(398)**	(400)
Net debt	**2,739**	2,381
Overall financing	**2,341**	1,982
Gearing ratio	**117%**	120%

The gearing ratio for 2024 is high due to the low balance sheet total. Within net debt is £1,668,000 representing convertible loans which can be repaid in equity in accordance with the terms. See Note 19. If converted this would reduce the gearing ratio to 46% which is in line with management's working capital financing strategy.

24 Events since statement of financial position date

Since the year end, the Group has raised £2.25 million pursuant to an equity subscription for 11,264,871 new ordinary shares.

25 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