Annual Report and Accounts

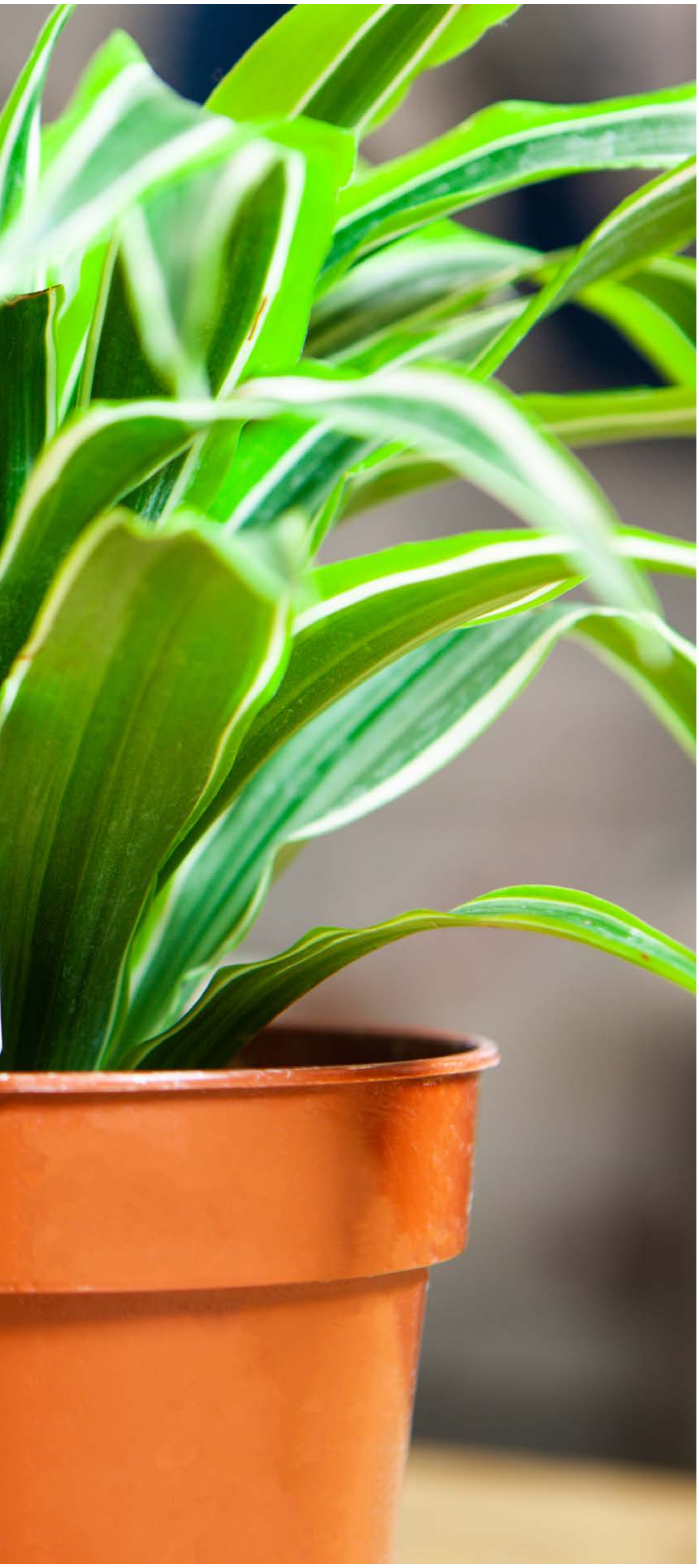
Symphony Environmental Technologies plc

2020

Making Plastic Smarter

Symphony environmental

Symphony develops and produces a wide range of technologies, to make plastic smarter, safer and more sustainable



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2020 Highlights

Financial Highlights

	2020	2019
Group revenues	£9.77 million	£8.22 million
Gross profit	£4.11 million	£3.78 million
Reported loss before tax	£0.44 million	£0.70 million
Basic loss per share	0.19p	0.41p
Cash used in operations	£1.44 million	£0.73 million
Net current assets	£3.63 million	£2.85 million

Increases were seen across all main product areas:

	2020	2019	
d2w Masterbatch	£7.27 million	£7.14 million	2% increase
d2p Masterbatch	£0.47 million	£0.25 million	88% increase
Finished Products	£1.80 million	£0.60 million	200% increase
Other	£0.23 million	£0.23 million	-

Buisness Highlights

Products

- d_2p antibacterial technology approved by US FDA for bread packaging
- d_2p antimicrobial proven by an independent laboratory to kill coronavirus within one hour of contact
- d_2p SYMFresh (food preservation technology) product launch with major South African retailer

Legal Action

- Commenced legal action against European Union for substantial damages

Commercial Developments

- New Head of Sales and new Head of Procurement appointed during the second half of 2020 to accelerate revenues
- Enhanced spending to improve sales in key territories in Latin America

Post period-end

- Reflecting further confidence in the Company's products, investment has been made in the appointment of three new sales professionals at the start of 2021
- European Scientific study - Biodegradation proved beyond doubt in the marine environment and non-toxic to marine creatures

AGS Airports – First UK company to trial OBP 100ml security bag

Symphony at a Glance

d_2w a scientifically proven biodegradable technology – d2w.net

The addition of d_2w converts ordinary polymer into a material that is biodegradable in the open environment. On land and in the oceans.

September 2020 saw the successful conclusion of a five-year study into oxo-biodegradable plastic in the marine environment. Called the Oxomar Project, this ground-breaking scientific study, was sponsored by the French Agence National de Recherche and took a multidisciplinary approach including physics, chemistry, and biology. Finally proving beyond doubt that oxo-biodegradable plastic, containing Symphony's d_2w prodegradant catalyst, is non-toxic and biodegrades in the marine environment with significantly higher efficiency than conventional plastics.

d_2w is a masterbatch that is added to the polymer during manufacture.

- Added at only 1% - it costs little or no extra to produce.
- Same characteristics as conventional polymer i.e. it is just as waterproof, lightweight, strong and flexible.
- No need to switch supplier – d_2w can be made with existing workforce and machinery.
- d2w meets all relevant standards including ASTM D6954, BS 8472, UAE 5009:2009, Saudi 2879 and Afnor Accord T51-808
- It is safe for food contact according to US and EU food contact regulations.
- Can be recycled with conventional plastics.

d_2p scientifically proven technologies – d2p.net

d_2p is the brand name for a suite of masterbatches offering extra protection for plastic producs, offering extra protection from bacteria, insects, fungi, algae, odour, fouling and fire.

SYM Fresh – sym-fresh.net

SYM Fresh bags were developed to keep climacteric fruit and vegetables fresher for longer, and launched in November 2020. The bags have been made using our d_2p ethylene-adsorber technology, which traps ethylene inside the film to delay ripening.

Symphony at a Glance Continued

d_2p scientifically proven technologies – d2p.net

Antibacterial Plastic

Fights healthcare and food industry infections. Tested against dangerous organisms including MRSA, E-coli, Listeria, Salmonella, Pseudomonas and Aspergillus Niger.

Natural

Antibacterial plastic suitable for use in food and non-food applications. In compliance with FDA Food and Drug Administration, USA and EFSA (European Food Safety Authority) requirements.

Antimicrobial Protection

The primary purpose is to prevent bacterial and fungal contamination whilst preserving the aesthetic and functional properties of the plastic article.

Anti-fouling Paint

A specialised coating applied to the hull of a ship or boat to reduce the growth of aquatic organisms.

Insecticide

Insecticidal plastic masterbatches are used to control pests. Typically used in mosquito nets and in agriculture, horticulture, forestry and home applications.

Pest Control

Rodents can cause dangerous damage to plastic products such as cable insulation, warehouse pallets, non-food packaging and boxes etc. Symphony has developed additive masterbatches with products that repel these pests.

Oxygen Scavenger

d_2p OS is a powerful inorganic chemical compound, produced from a natural ore and manufactured to a high purity. It removes oxygen from inside packaging and helps preserve the food.

Flame Retardant

Flame retardants decrease the ignitability of materials and inhibit the combustion process – limiting the amount of heat and smoke released.

Vapour Corrosion Inhibitor

d_2p VCI additives are a range of products used against the corrosion of ferrous and non-ferrous metals.

Ethylene Adsorber

Highly active adsorbent masterbatch for the removal of undesirable odours, volatile organic compounds (VOC) and water vapour from plastic packaging to reduce spoilage of fruit and vegetables.

Odour adsorber

Inorganic masterbatches and additives designed to inhibit odours in plastic products.

Release Agent

A modern synthetic product produced from one of the most common of the earth's elements. It plays a key role in the improvement of the flow and processing of polymer resins as well an enhancing the slip and lubricity of plastic products.

Chairman's Statement

In what was an extremely challenging year for the global economy, I am pleased to report a 19% increase in Group revenue for the year ended 31 December 2020 to £9.77 million (2019: £8.22 million). Further revenues of £0.70 million missed the year end cut-off due to Far East shipping congestion. Otherwise, Group revenue would have exceeded £10.5 million, an increase of 28% on 2019.

As advised in February 2021, revenue growth was led by our strategic decision to grow finished products (primarily PPE gloves) with year-on-year growth of 200%, and d_2p masterbatch, with year-on-year growth of 88%. d_2w growth was limited to 2% as some of Symphony's distributors experienced continued severe COVID-19 lockdowns. To accelerate this strategy, a new Head of Sales and new Head of Procurement were appointed during the second half of 2020. Three further new sales professionals have so far been employed at the start of 2021.

For d_2w, the Americas, as a whole, represent the largest revenue generating area for the Group (in excess of 30% of Group revenues in 2020 - the majority currently generated in Latin America). Spending was enhanced during the year with market and regulatory specialists in a number of pivotal Latin American countries in order to articulate the environmental and health benefits of d_2w and d_2p that have led to an improved sales landscape in key Latin American markets. In the Middle East, which is the next largest revenue generating area for the Group, support for oxo-BIOdegradable technologies to combat the plastic problem remains strong and we are also seeing a strengthening climate in China and the Far East.

"Designed to Protect" (d_2p) technologies, which lead to better product and financial outcomes for users started to gain commercial traction. Sales in 2020 included a range of d_2p antimicrobial, odour adsorbing and insecticidal technologies. In addition, we continue to advance customer-led trials for our FDA-approved d_2p masterbatch for use in bread packaging. This has been an 8-year R&D program which we believe will result in commercial sales this year. This FDA approved d_2p technology is proven to keep the inner surface of the packaging free of bacteria that would otherwise contaminate the bread and affect its quality and shelf-life even if the bread contains preservatives. We believe the market opportunity for this value-added product will add significantly to current sales. It is important to add, that our antimicrobial products were confirmed to be effective against coronavirus within one hour of contact.

As announced on 21 December 2020, Symphony commenced a legal action against the Commission, Parliament and Council of the European Union ("EU"), having been advised by three specialists in EU law that Article 5 of the Directive 2019/904 ("Directive") is unconstitutional. The Directive has also created confusion between oxo-degradable and oxo-BIOdegradable technologies. The Directive understandably bans oxo-degradable which is harmful to the environment as it leaves plastic residue as it breaks down. However, Symphony's d_2w is oxo-BIOdegradable, which turns into organic material that is eventually consumed by bacteria and fungi. The Oxomar study released in March 2021 (sponsored by the French Agence National de Recherche) provides further comprehensive and reliable scientific data on the performance of d_2w in the oceans.

We believe that the EU's unsubstantiated ban on what they call "oxo-degradable" plastic has caused unwarranted confusion about the proven efficacy of our d_2w oxo-BIOdegradable masterbatch. More importantly this confusion has denied the opportunity for European consumers and businesses to utilise one of the most effective and economic technologies to address the problem of plastic pollution on land and at sea. The EU institutions have until 14 April 2021 to serve their defences.

I would like to thank the Board, our staff, and our distributors for all their hard work in a difficult year caused by the global uncertainty of COVID-19.

With our exciting and relevant product range, and developing commercial opportunities, the Board remains optimistic about the future performance of the Group.

N Clavel
Interim Chairman
30 March 2021

Chief Executive's Review

The year under review saw good growth in revenues with continued investment in market development, regulatory and R&D.

It was a year of many global changes caused by the effects of COVID 19, and this created both positive and negative drivers. There have been many new opportunities that have arisen against lockdown delays experienced in some of our markets at different times throughout the year.

Operational

As advised in February 2021, a new Head of Sales and new Head of Procurement were appointed during the second half of 2020. Also, as a continuing enhancement of the commercial structure, three new sales professionals have so far been appointed in 2021 bringing in specific sales expertise in PPE, large account specialities, and experience in plastic masterbatch markets in South East Asia.
The Group is actively looking to further complement the current team with additional specialist resources.
The number of distributors increased during the year from 72 to 77 including a new UK distributor with relationships with many large retail organisations.

d_2p – designed to protect

We are making good progress with our FDA-approved formulation for antibacterial bread packaging and a number of potential customers for this technology have commenced their own commercial trials. This is an exciting technology that helps to better protect the bread from packaging that can become contaminated by bacteria. We believe this will provide good commercial benefits to bread producers and further progress updates are expected to be made during the second half of 2021.

As advised in February 2021, Symphony's commercial suite of d_2p additives include antimicrobial and antiviral, odour/ethylene adsorbers and insecticidal technologies. Applications for these are set to grow in 2021 to include, water pipes/tanks, irrigation pipes, car components, electric cables, shopping bags, produce packs, containers, mats, and face masks, with some of these more advanced applications are already in our sales pipeline.

Historically, many of the Group's product opportunities have taken 6 months to several years to progress to product launch and then to achieve commercial traction. Following receipt of antiviral laboratory results in July 2020, our potential customers started their own trials, and we anticipate that the lead-time for these to go commercial should now be relatively short. More than 70% of the Group's current commercial opportunities (by value) are for antimicrobial and antiviral technologies.

The 88% increase in d_2p revenues from 2019 to 2020 demonstrate that several of the initial projects are now

FDA Approves Symphony's antimicrobial film for wrapping bread

live, and we anticipate a continuing commercialisation of the pipeline during this year following completion of customer trials and contract negotiations.

The Group continues to invest significantly in R&D. In 2020, R&D investment equated to 6% of revenues in order to enhance and improve the current range of products where demonstrable commercial opportunities exist.

Finished Products – PPE

As advised in February 2021, throughout 2020 the main issue with PPE was supply and as such we have improved our procurement function. The strategy is to focus on UK and European opportunities for PPE incorporating d_2p in the first instance, while working with our active distributors globally where opportunities arise.

Products will initially be delivered and sold without d_2p whilst customer and manufacturer structures are being developed. This may take at least the first half of 2021 due to factory constraints caused by current high global demands, with sales growth in the meantime still targeted from quarter two of 2021.

Interest in SYMFresh, our food preservation consumer product, show encouraging signs after the South African retailer commenced initial promotion.

d_2w – biodegradable plastics

A number of territories faced severe COVID-19 lockdowns during the year. Despite this, we have invested strongly in our Latin American market, being our largest, and we believe that this market, together with the Middle East and parts of the Far East, including China, should strengthen in favour of our environmentally friendly technology.

Scientific evidence supports our belief that the world would make significant progress in resolving the problem of flexible plastic pollution if d_2w oxo-BIOdegradable technology was integrated with all flexible plastics globally. We are pleased to see some governments are moving in this direction.

The Oxomar study released in March 2021 (sponsored by the French Agence National de Recherche) provides further comprehensive and reliable scientific data on the performance of d_2w in the oceans that showed:

- Biodegradation proved beyond doubt in the marine environment
- Direct correlation of lab results to real-world conditions
- Proof of transformation into more than 3,000 non-plastic biodegradable oligomers found in nature
- Non-toxic to marine creatures

Our marketing and communication activities have focussed on many government and regulatory agencies around the world. In the UK, there has been increased engagement with The Secretary of State for the Environment and DEFRA officials, the UK Treasury, and other UK government departments. We have also communicated with all MP's explaining the importance of our d_2w oxo-biodegradable technology as part of an overall solution to the problem of plastic pollution.

EU action

As announced on 21 December 2020 and 12 March 2021, Symphony commenced a legal action against the Commission, Parliament and Council of the EU. While we have been advised by three specialists in EU law that Article 5 of the Directive 2019/904 is unconstitutional, and we think that the EU's unsubstantiated and confusing ban is counterproductive. All the costs of preparing the case have been paid, and any substantial further costs would be incurred only if the action went to trial.

Defences to our action must be filed by 7 April 2021 for the Council and Commission and 14 April 2021 for the Parliament.

The Company will provide an update after 14 April 2021 when the Company's legal team has evaluated the defences.

Trading results

Group revenue increased by 19% to £9.77 million from £8.22 million in 2019. Gross profit margins decreased slightly to 42.1% (2019: 45.9%). As a result, the contribution from gross profit increased to £4.11 million from £3.78 million in 2019. As shown in the table below, the growth in revenues was due to increases in d_2p Masterbatch and Finished Product sales. Finished Product gross margins are lower than those for Masterbatches, and as such, with an increased mix towards Finished Products, overall, Group gross margins reduced for the year.

	2020	2019	
d_2w Masterbatch	£7.27 million	£7.14 million	2% increase
d_2p Masterbatch	£0.47 million	£0.25 million	88% increase
Finished Products	£1.80 million	£0.60 million	200% increase
Other	£0.23 million	£0.23 million	-

Administrative expenses increased to £4.14 million (2019: £4.08 million) with £0.25 million spent on advisory costs associated with legislative and regulatory situations in the EU and Latin America as described above. These short-term discretionary costs will continue into 2021, with market advisory costs expected to fall away during the second half of the year. Staff costs increased during the period within the sales and procurements departments. Some of this extra expenditure was mitigated by a reduction in travel costs.

The Group expensed R&D costs of £0.60 million in 2020 (2019: £0.63 million). An R&D tax credit of £109,000 (2019: £37,000) was received during the year relating to the previous period. A further R&D tax credit will be receivable with respect to 2020.

The reported operating loss was £0.39 million (2019: £0.62 million) and loss after tax of £0.33 million (2019: £0.66 million) with basic loss per share of 0.19 pence (2019: loss per share 0.41 pence).

Chief Executive's Review Continued

The Group's primary selling currency is the US Dollar and therefore a strong dollar against sterling, our reporting currency, is beneficial for the Group. The Group self-hedges its foreign exchange exposure by purchasing goods where possible in US Dollars and utilises bank forward currency contract agreements to minimise exchange risk. As at 31 December 2020, the Group had a net balance of US Dollar assets (US Dollar cash balances and receivables less overdrafts and payables) totalling $1.93 million (2019: $1.90 million). To part offset this, the Group had bank forward currency contracts to sell 0.75 million US Dollars and receive a fixed amount of sterling as at 31 December 2020 (31 December 2019: 1.25 million US Dollars).

Balance sheet and cash flow

The Group had net cash of £0.47 million at 31 December 2020 (2019: £0.88 million). The Group used cash of £1.44 million from operations (2019: £0.73million) primarily as a result of the increase in receivables at the end of the period.

During the year, the Group raised net £1.18 million by way of share subscriptions via the exercise of options and warrants. The Group also has a £1.5 million invoice finance facility with HSBC Bank which was not drawn down as at 31 December 2020 (2019: £1.5 million).

As a result of the share subscription, net current assets increased to £3.63 million as at 31 December 2020 (2019: £2.85 million).

Eranova

As announced in October 2020, The Group made an investment representing 1.6% of the enlarged capital of Eranova SAS (£123,000 including costs) as part of a €6 million pre-industrial plant project. We can advise that building work of the plant is well underway, and we look forward to providing updates during 2021.

Brexit

At the current time, Brexit is not having a material impact on the operations or financial performance of the Group. The principal reasons for this are the Group's global operations, and the fact that 78% of the Group's revenues were generated outside the EU mainland in 2020 (2019: 88.7%). However, the Board continues to monitor the Group's operations in the UK and Europe in light of challenges arising from Brexit. It is our belief that UK regulatory independence from the EU and the focus of all major political parties on advancing environmental technologies, we are hopeful that Brexit will create significant opportunities for Symphony.

COVID-19

COVID-19 caused effects in some markets in which Symphony operates. So far, the negative effects to Group operations and finances have been minimal, while the focus on hygiene has enhanced reception of our d_2p range. There is still the possibility of potential disruption to operations (customer or supplier disruption) or finances (customer bad debt or ability of customer or suppliers to carry on trading). The Group uses multiple supply sources and continues in the main to credit insure receivables or do business on a letter of credit or proforma basis.

Current trading and outlook

January and February are traditionally low volume months. The year has started well with revenues, excluding the £0.70 million which missed the 2020 year-end cut-off due to Far East shipping congestion, up by 16% compared to the start of 2020.

Customer-led trials for our FDA-approved d_2p masterbatch for use in bread packaging are expected to complete in the coming months and we believe this will result in long term material commercial sales later this year.

We are encouraged by the potential for increasingly positive regulatory environments for our d_2w oxo-BIOdegradable technology and also by the commercial framework that is being created for our d_2p "designed-to-protect" technologies and finished goods (PPE).

The commercial team is extremely busy and due to strong interest in our technologies, they are focusing on a number of major markets, where sales visibility, potentially high sales volumes, and short-term delivery prospects are strong.

With our strong pipeline, and targeted investment levels in commercialising all of our main product areas, we look forward with confidence to continued growth in 2021.

M Laurier
Chief Executive
30 March 2021


PYREX
250ml
200
150
100
50
APPROX

2020 Round Up

2020 was certainly a challenging year for the UK and the world, which saw a big change in attitudes to plastic. Not quite hero status, but certainly a new appreciation of the material that had previously been vilified. The Coronavirus saw every country in the world looking for single-use plastic protective equipment, because it is cheap to produce and very effective. Even better, it can be made antimicrobial, using Symphony's d_2p technology which has been proved to kill viruses within one hour. This technology goes beyond the short-term protection provided by washing or wiping surfaces, as the d_2p is embedded in the plastic and provides protection for the lifetime of the product.

The fact remains that, useful as plastic is, it can lie or float around for decades if it gets into the open environment, but Symphony can solve this problem too, with its d_2w oxo-biodegradable technology, which makes plastic biodegrade much more quickly.

The year started well with good news in February that the U.S. Food & Drugs Administration (FDA) had approved Symphony's d_2p antibacterial technology for use in polyethylene film for wrapping bread.This technology inhibits the growth of bacteria on the surface of the packaging film. The FDA approval was for Symphony's technology only.

Also in February the credentials for d_2w oxo-biodegradable plastic were further strengthened by the report from Queen Mary University, London (QMUL) which adds further weight to the four decades of scientific research. It proved that the biodegradation of plastic with d_2w was 90-fold faster than ordinary plastic. The residues are then recycled back into nature by bacteria commonly found in soil and in the marine environment.

In July Bahrain joined several other countries around the world to make it mandatory to use oxo-biodegradable plastic. The legislation which came into effect on 25th July 2020 after the government had conducted their own due-diligence shows the Bahrain government's determination to reduce the negative impact of plastic on their environment.

In September the interim results were published from the Oxomar project at l'Observatoire Oceanologique (Lomic) at Banyuls-sur-mer. This study is supported by the French Government, and is designed to assess the biodegradability and non-toxicity of oxo-biodegradable plastics in the marine environment. The interim report said "We have obtained congruent results from our multidisciplinary approach that clearly show that Oxo-biodegradable plastics biodegrade in seawater, and do so with a significantly higher efficiency than conventional plastics. The oxidation level obtained due to the d_2w prodegradant catalyst was found to be of crucial importance in the degradation process." The final report confirmed these findings and was published in March 2021.

Symphony now has 13 different products marketed under its d_2p "designed to protect" brand, to provide protection against bacteria, fungi, viruses, insects, rodents, corrosion and fire, and to reduce the wastage of food. See www.d2p.net Successful trials have been held by companies now moving to commercial use with:

- Antimicrobial packaging for bread, meat, and cheese
- Anti-viral facemasks
- Antimicrobial & odour adsorbing footware
- Antimicrobial water pipes and tanks

Fouling on the bottom of a boat

• Irrigation pipes which resist puncturing by insects

• Odour adsorption for the automotive industry.

On 14th September our d_2p antimicrobial technology a received an important boost with the results of tests by the Institute of Biology at UNICAMP University in Brazil on plastic film made with d_2p. The tests showed a virus-reduction of 99.9% within one hour against the coronavirus strain MHV, genus betacoronavirus (the same genus and family as SARS-Cov-2/Covid 19 and Mers).

At the end of September AGS Airports became the first UK company to trial a new oxo-biodegradable 100ml security bag. We think it's a great idea and hopefully passengers will feel the same. It allows them to keep the best product for the job without the environmental consequences associated with plastic.

In October we were pleased to announce that Uno, the largest bakery in Turkey had launched their d_2w biodegradable packaging programme. d_2w has been used successfully for more than ten years by Grupo Bimbo – the largest bakery company in the world, and we are very pleased that the technology has now been adopted in Turkey. We are also pleased that the first drinking straws to contain both d_2w biodegradable and d_2p antimicrobial technology were launched by the Colombian company Promociones Fantasticas, who are the leaders in the Latin American market.

Mid November saw the launch of SymFresh fruit and vegetable bags. SymFresh bags were developed using our ethylene adsorber technology to keep climacteric fruit and vegetables fresher for longer. Food waste is a worldwide problem with approximately one third of all food produced going to waste. According to WRAP, the UK alone wastes approximately 6.6 million tonnes of food annually with households accounting for 70% of this figure and 34% of this wastage consisting of fruit and vegetables. We are confident that Symfresh will help to reduce this appalling waste.

At the end of November, we were pleased to receive successful anti-viral test reports from UNICAMP University on gloves and polypropylene fabric facemasks made with d_2p technology. They were tested in accordance with ISO 21702-2019 against the Coronavirus strain MHV, genus Betacoronavirus (the same genus and family as SARS-CoV-1, SARS-CoV-2/ COVID19 and MERS). The gloves showed a 99.99% virus-reduction after only one hour of contact. The facemasks showed a 99% virus-reduction after one hour of contact, and 99.9% after two hours.

We look forward to continuing to expand our range of products and applications in the coming year.

Right at the end of 2020, on 21st December, Symphony commenced a legal action against the European Union relating to the ban imposed by Art. 5 of the Single-use Plastics Directive on "oxo-degradable" plastics which the company's lawyers advise is unconstitutional.

"Tests showed a virus-reduction of 99.9% within one hour against the coronavirus strain MHV"

Corporate Social Responsibility

As a company, we are committed to reducing our energy requirements and waste year on year and we carefully monitor the energy we consume and the waste we generate.

We are actively working towards reducing waste and avoiding pollution either by design or intention and embedding these principles into our business models and activities. Our d_2w oxo-biodegradable technology has been specifically designed to be consistent with these principles.

Our offices and laboratories use low energy lighting, and all products and equipment are responsibly sourced. We are committed to recycling and have a dedicated member of staff to monitor our recycling activities, as well as following the principles of reduce, reuse, and recycle wherever practical.

We work as much as we can with paperless administration and use best practice document management systems, utilising electronic communications and video conferencing as much as possible to reduce postal costs and the need for business travel.

We have production facilities in several locations around the world to minimise the transport of supplies and help reduce our carbon footprint.

As an organisation we are committed to the wider community and regularly support students in our office and laboratory as they complete their professional training in industry (an essential part of their science degree courses).

Due to the exceptional circumstances this year, we were unable to offer placements to overseas students. It also caused a hiatus in our school's programme. At the beginning of the year, we visited three local primary schools to present to an assembly and give talks to individual classes about the environment in general and litter, plastics and recycling in particular. We very much hope to get back on track with this in the coming months.

In the meantime, we are revising the Symphony website and adding a 'Kid's Corner' information page, which will host downloadable resources and presentations about some of our technologies.

"As an organisation we are committed to the wider community"

Volunteers helping at Beach clean-up in Egypt

Strategic Report

Principal activities, business review and future developments

The primary business activities of the Group are the development and supply of environmental plastic additives and masterbatches, together with the development and supply of environmental plastic and rubber finished products to a global market.

A review of the business is given in the Chairman's Statement on page 7 together with the Chief Executive's Review on pages 8-10. Future developments are summarised in the Current Trading and Outlook section of the Chief Executive's Review on page 10.

Key performance indicators

The Directors have monitored the progress of the overall Group strategy by reference to certain financial and non-financial key performance indicators.

Key performance indicator	2020	2019	Method of calculation
Revenue (£'000)	**9,766**	8,225	Revenues for the Group.
Gross profit margin (%)	**42.1%**	45.9%	The ratio of gross profit to sales.
Number of distributors	**77**	72	Number of distribution agreements

Adjusted EBITDA, being EBITDA before research and development ('R&D') and additional communication and marketing costs, is no longer used by the Board as a key performance indicator. This is due to d_2p becoming more commercial, so R&D may apply to current year revenues, and, marketing, communication and brand protection costs may apply to different operating areas from year to year rendering different commercial outcomes.

These are discussed within the Chairman's Statement and Chief Executive's Review.

Section 172 report

The Section 172 Report is shown on page 17.

Principal risks and uncertainties

The Principal Risks and Uncertainties of the Group are shown on page 18.

Approval

The Strategic Report was approved on behalf of the Board on 30 March 2021.

M Laurier
Chief Executive
30 March 2021

Section 172 Report

This report describes how the Directors have regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties. This report should be read in conjunction with the Chairman's Statement on page 7 and Chief Executive's Review on pages 8-10.

Shareholders

The Board's main duty is to promote the Company and Group for the benefit of shareholders and does this by developing products which it believes will be commercially successful, and by implementing routes and channels in order to maximise revenues generated by these products. The Board considers this in the long-term and has over many years developed its networks of customers, distributors and extensive product offerings.

Communities and the environment

Symphony is built around sustainability and commitment to the environment and is constantly searching for ways to further protect the natural and human world. The Group's suite of d_2w and d_2p products have been developed with human health and the environment in mind. The Board believes that the Group's technologies enable end users to fulfil many of their own community and environmental criteria. The Group also uses factories located as close to its customers as possible reducing the transport carbon footprint.

The Group and its associates are constantly engaged with governmental decision makers and associated organisations around the world in order to add input to developing key packaging regulations. The Group is on the approved lists of many governmental regulatory authorities including SASO (Saudi Arabia) and ESMA (UAE).

Employees

The Board is committed to a culture of openness and integrity. There is an open-door policy for all staff, and the executives make themselves available to all members of staff at all times. Training is actively encouraged.

The Group is certified to ISO 9001 and ISO 14001.

Distributors, customers and suppliers

The Group operates an extensive distributor network with a number of distributors selling Symphony's products for ten years or more. The Group works alongside its distributors in helping end-customers with their packaging solutions. Every three years the Group holds distributor conferences and works alongside them at exhibitions held globally. The Group uses a small number of dedicated suppliers and works with them on many areas of product development.

Key decisions made during the year

During the year the Board made certain decisions relating to the operations of the Group and developments of its products. Three key decisions were:

- A strategy was started to accelerate the commercial prospects of the Group's product portfolio. A new Head of Sales and new Head of Procurement were employed during the second half of the year to begin execution of this strategy.
- In order to maximise opportunities in one of the Group's key regions, the Americas, the Group employed a number of consultants and specialist firms in order to liaise with regulators and related bodies to improve the regulatory climate for the Group's product range.
- The European Union ("EU") adopted the Single Use Plastics Directive 2019/94 (the "Directive") in 2019. The Group has been advised that the Directive is unconstitutional and created confusion in a way that it limited the Group's prospects for its d_2w technology. It was therefore decided to commence legal action against the EU for damages.

Principal Risks and Uncertainties

The Board is responsible for developing a comprehensive risk framework and a system of internal controls. We have identified the following as the principal risks and uncertainties the Group faces.

Principal Activity	Principal Risk	Impact	Mitigation
Political and Regulatory Risk	Negative government policy	The Group may not be able to market or sell products in areas where there are regulations in place which favour other technologies or are explicitly negative towards the Group's technologies.	The Group mitigates this risk by having a large and well-established global footprint and by being active in international standards committees, as well as liaising with appropriate governmental departments.
Publicity Risk	Negative media comments	The Group's products are in a high-profile area with a number of organisations competing for mainstream technological acceptance. This may lead to negative comments in the media who may prefer these other technologies over the Group's.	The Group mitigates this risk with active public relations activities both in house and with external resources.
Market Risk	Market competition	The Group faces competition from suppliers of similar products which could affect revenues and/or gross margins.	The Group mitigates this risk by having a large number of distributors globally who can concentrate on any competition issues within their market, and also by differentiating the Group and its products by branding and marketing activities.
Operational Risk	Commodity pricing and availability	The Group uses commodity and speciality materials in the make-up of its products. There is a risk of price volatility and material availability.	The Group mitigates this risk by using more than one supplier of its raw materials and continually researching separate supply alternatives for the materials used.
Financial Risk	Foreign exchange rate fluctuation	The Group sells products in many countries and generates revenues mainly in US Dollars and Euros. Foreign exchange rates fluctuate and, assets created in foreign currencies are liable to constant revaluations into their Sterling equivalent. The Group is experiencing higher fluctuations from the recent volatility in the US Dollar versus the Pound due to the uncertainties currently surrounding Brexit.	The Group mitigates this risk by purchasing, where practicable, in currencies to match revenues. The Group also has foreign exchange forward contracts and other facilities with its bank to use as and when appropriate.
Various Risks	COVID-19	COVID-19 is causing general uncertainty which may affect one or a number of markets which Symphony is in. These may affect operations (customer or supplier disruption) and financial (customer bad debt or ability of customer or suppliers to carry on trading).	The Group's products and markets are not negatively affected by the crises and on the contrary, most technology offerings have strengthened as plastics are integral to food and human protection. The Group uses multiple supply sources and continues in the main to insure receivables or to trade on a letter of credit or proforma basis.

Board of Directors

Michael Laurier

Chief Executive Officer

Appointed to the Board: 4th December 1998

Committee Membership: None

Background and Experience:

Michael Laurier is the Chief Executive of the Company. Michael's career began with his long-established family packaging business, Brentwood Sack and Bag Co Limited. He took over responsibility for sales and production in the mid-seventies and changed the emphasis of the company's business from jute products to polythene packaging, introducing the then innovative high density and medium density polythene bags into the UK market in 1975. He co-founded Symphony Plastics in 1995.

Ian Bristow

Chief Financial Officer

Appointed to the Board: 4th December 1998

Committee Membership: None

Background and Experience:

Ian Bristow was in private practice for seven years, qualifying as a Chartered Certified Accountant in 1992. In 1994, he joined Brentapac UK Plc until it was sold in 1994. He went on to co-found Symphony in 1995 and has been Finance Director/Chief Financial Officer and Company Secretary of the Group since inception.

Michael Stephen

Commercial Director & Deputy Chairman

Appointed to the Board: 3rd August 2007

Committee Membership: None

Background and Experience:

Michael Stephen was a member of the UK Parliament from 1992 to 1997 and was a member of the Trade and Industry Select Committee and the Environment Select Committee of the House of Commons. He is Commercial Director and Deputy Chairman of the plc, and Chairman of its subsidiary companies since 2007. He qualified as a Solicitor with Distinction in Company Law. He was called to the Bar, and practised from chambers in London for many years, dealing with civil cases in the High Court and Court of Appeal.

Nicolas Clavel

Independent Non-Executive Director & Interim Chairman

Appointed to the Board: 16th October 2008

Committee Membership: Audit (Chairman), Remuneration

Background and Experience:

Nicolas Clavel started his career in international banking in the mid-seventies and his area of expertise has been structured trade finance and equity investments with a particular focus on Emerging Markets. He is Chief Investment Officer of Scipion Capital Ltd, (the Investment Manager of Scipion African Opportunities Fund SPC). Nicolas is Swiss, and is based in London and Geneva.

Board of Directors Continued

Robert (Bob) Wigley

Independent Non-Executive Director

Appointed to the Board: 6th April 2018

Committee Membership: None

Background and Experience:

Bob is Chairman of UK Finance, Secure Broadcast Ltd, Vesta Global Holdings Ltd and Bink Ltd. He is Non-Executive Director of the Qatar Finance Centre Authority. From 2004-2009 he was Chairman of Merrill Lynch EMEA. He is a former member of the Court of the Bank of England and a former NED of Royal Mail Group. In 2009 he chaired the Green Investment Bank Commission for the then Chancellor of the Exchequer. He is an Honorary Fellow of Judge Business School, Cambridge University and a Visiting Fellow of Oxford University's Saïd Business School.

Shaun Robinson

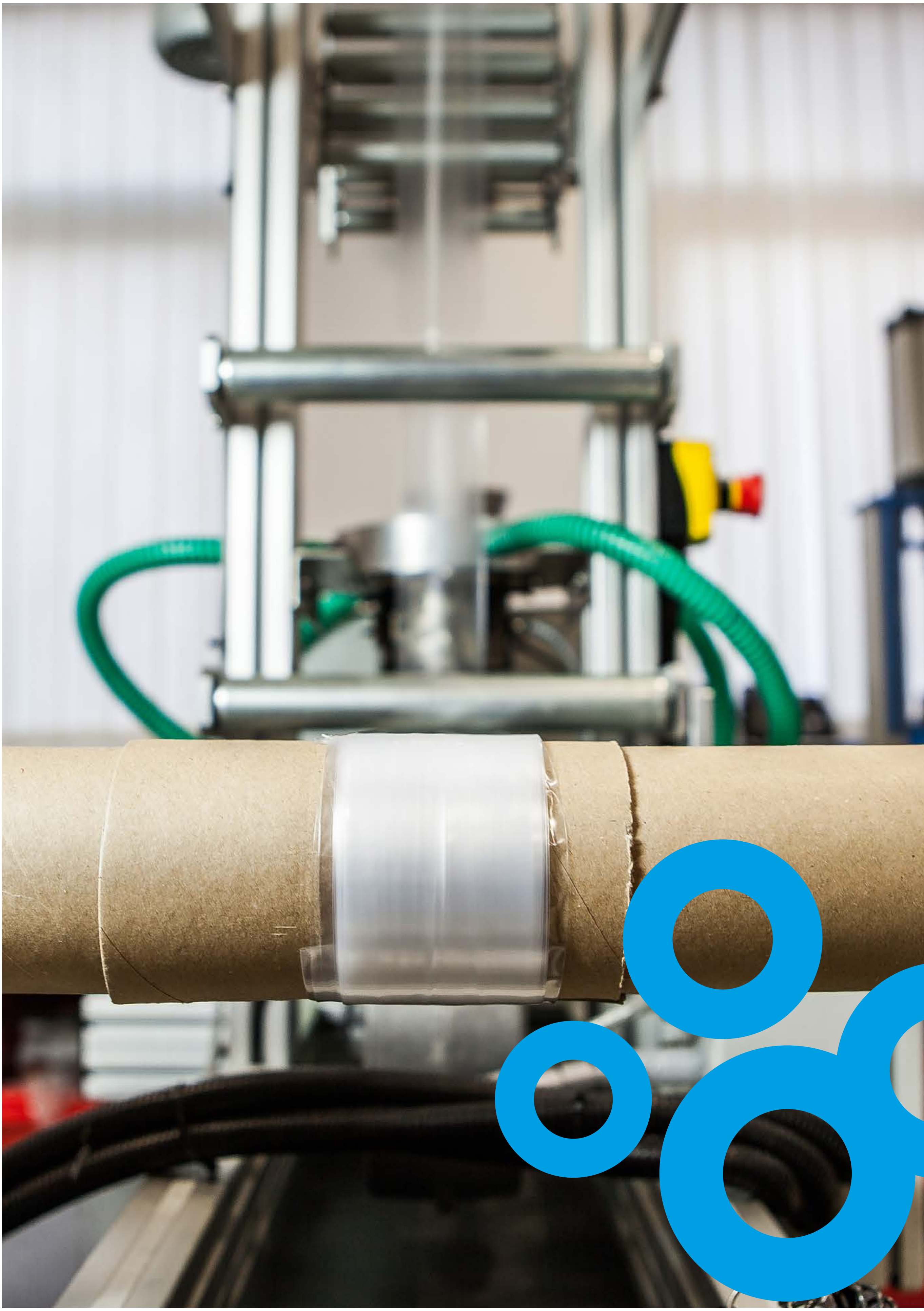
Non-Executive Director

Appointed to the Board: 19th December 2014

Committee Membership: Audit, Remuneration (Chairman)

Background and Experience:

Shaun Robinson has over 25 years' corporate finance, restructuring and active asset management experience and is a Chartered Certified Accountant. Shaun specialises in business development, M&A and tax/corporate structuring and management oversight.



Chairman's Corporate Governance Statement

Dear Shareholder,

As Interim Chairman of the Board of Directors of Symphony Environmental Technologies plc ("Symphony", the "Company", or, together with the subsidiary companies, the "Group"), it is my responsibility to ensure that Symphony has both sound corporate governance and an effective Board. As Chairman, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that information flows freely between Executives and Non-Executives in a timely manner.

It is the Board's job to ensure that Symphony is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that role, reducing risk and adding value to our business. Our role as a Board is to create the conditions in which a resilient and successful business can continue to grow. Annually we review and determine our strategy and business model and then continuously monitor how management is implementing those plans. We review performance to ensure those plans remain on track or else are modified to take account of unforeseen circumstances.

The Directors of Symphony recognise the value of good corporate governance in every part of its business. As Symphony is an AIM listed company, it is required to have adopted a recognised corporate governance code and disclose how it complies with that code and, to the extent Symphony departs from the corporate governance provisions outlined by that code, it must explain its reasons for doing so. The Directors continue to adopt the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), which we believe is the most appropriate for a company of the size and stage of development of Symphony. The Board considers that compliance with the QCA Code enables us to serve the interests of all our key stakeholders, including our shareholders, and will promote the maintenance and creation of long-term value in the Company. This report describes our approach to governance, including information on relevant policies, practices and the operation of the Board and its Committees. Additional detail is also provided in the corporate governance statement on our website.

The Board considers that Symphony complies with the QCA Code so far as is practicable, having regard to the Group's current stage of evolution. A statement detailing both how the Company complies with the QCA Code, and areas of non-compliance, is outlined below.

QCA Principles:

1. Establish a strategy and business model which promotes long-term value for shareholders

The primary business activity of Symphony is the development and supply of environmental plastic additives and products to a global market. The Board has concluded that the Group's strategy of driving sales of its d_2w range of products through its network of distributors will deliver the highest medium and long-term value to its shareholders. In addition, the Board is focused on increasing revenues generated by its d_2p (designed to protect) range of products and technologies.

The Board intends to deliver shareholder returns through capital appreciation. Challenges to delivering strategy and long-term goals are governmental policy (both preventative and adoptive), market competition, foreign exchange risks and raw material price volatility and availability, all of which are outlined in Principle Risks and Uncertainties on page 18, as well as steps the Board takes to protect the Group, mitigate these risks and secure a long-term future for the Group.

2. Seek to understand and meet shareholder needs and expectations

Symphony places a great deal of importance on communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders. Beyond the Annual General Meeting, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and, where appropriate, other members of the senior management team meet regularly with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

The Group's investor relations activities encompass dialogue with both institutional and private investors. In addition, the Company communicates with its shareholders through its website, RNS and RNS Reach announcements, investor relations web interviews, investor shows, and the Company's Annual Report and Accounts.

The Annual General Meeting of the Company, normally attended by all the Directors, provides the Directors the opportunity to report to shareholders on current and proposed operations, and enables the shareholders to express their views of the Group's business activities. Shareholders are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have ended. The CEO is considered the key contact for shareholder liaison.

Information on the Corporate Information section of the Group's Information on the website, www.symphonyenvironmental.com/corporate-information, is kept updated and contains details of relevant financial reports, presentations and other key information.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Symphony recognises that the Group's long-term future depends on environmental and social performance. Excellence in operational performance generates financial returns, however, enduring sustainable growth depends on being a responsible global citizen and earning the continued support of our customers, shareholders, communities and staff.

All of Symphony's stakeholders are encouraged to provide feedback to the Company by emailing info@d2w.net. The Company is open to receiving feedback from key stakeholders, and will take action where appropriate.

The Board recognises its responsibility to manage a business whilst acknowledging the Group's responsibility for the environment and helping its customers make the most environmentally-beneficial purchasing decisions. As the whole concept of Symphony is built around sustainability and commitment to the environment, we are constantly searching for ways to continue to protect the natural and human world. The Group's strategy is focused on providing environmentally-friendly plastic solutions, as well as plastic solutions which augment healthcare, food preservation and other human protection requirements, demonstrating the Group's commitment to Corporate Social Responsibility. Furthermore, Symphony Environmental Limited (the Company's trading subsidiary) is BSI certified to ISO 9001 and 14001. The Group also has an Environmental Policy in place.

All employees within the Group are valued members of the team, and the Board seeks to implement provisions to retain and incentivise its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Company's Executive Directors regularly meet managers to discuss staff comments, progress and well-being, and employees are also encouraged to engage directly with Directors. This allows the Board to obtain feedback from employees. Symphony has Anti-Corruption and Health and Safety policies in place.

Further information in relation to the Company's corporate social responsibility and copies of the above-stated policies can be found on the Company's website www.symphonyenvironmental.com/corporate-information.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms. The Company's key risks can be found in Principal Risks and Uncertainties on page 18.

The Board has overall responsibility for identifying, monitoring and reviewing the Company's risks, and assessing the systems of external control for effectiveness. They are also responsible for updating and maintaining the Company's risk register, which evaluates the impact of identified risks, as well as their mitigations. The Executive Directors report any new or changed risks, and any changes in risk management/control to the Board. The Board discusses all business matters having regard to the risk for the Group and to the extent that risks inherent in a particular activity are considered significant, appropriate action is taken and steps taken to mitigate the issue.

The Board is satisfied that the procedures in place meet the particular needs of the Group in managing the risks to which it is exposed. The Board is satisfied with the effectiveness of the system of internal controls, but by their very nature, these procedures can provide reasonable, not absolute, assurance against material misstatement or loss. The Board has delegated responsibility to the Audit Committee for ensuring that the Company's management has designed and implemented an effective system of internal financial controls and for reviewing, monitoring and reporting on the integrity of the consolidated financial statements of the Company and related financial information. The Audit Committee will maintain effective working relationships with the Board of Directors, executive management, and the external auditors and will monitor the independence and effectiveness of the auditors and the audit.

The Board has reviewed the need for an internal audit function and has decided that, given the nature of the Group's business and assets and the overall size of the Group, the systems and procedures currently employed provide sufficient assurance that a sound system of internal controls are in place, which safeguards the shareholders' investment and the Group's assets. An internal audit function is therefore considered unnecessary. However, the Board will continue to monitor the need for this function.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises three Executive Directors, Michael Laurier, Ian Bristow and Michael Stephen, and three Non-Executive Directors, Shaun Robinson, Nicolas Clavel and Robert Wigley. Nicolas Clavel is currently the Company's Interim Chairman. Nicolas Clavel and Robert Wigley are each regarded as Independent Directors by the Board notwithstanding that they hold a small number of shares and also hold options over Ordinary Shares. The Board considers that both Nicolas Clavel and Robert Wigley have demonstrated the utmost regard for independence, appropriately challenging the Board and maintaining high standards of corporate governance on the Board. Neither Nicolas nor Robert represent any shareholder on the Board and both have a background in finance within regulated industries. Accordingly, the Board believes that both Nicolas and Robert exercise independent judgement in all matters relating to the Group.

Shaun Robinson has an interest in Somerston Environmental Technologies Limited, which has a holding of 19% in the Group. For this reason he is not considered independent as required by the QCA Code. Shaun Robinson adds value with extensive knowledge of corporate, finance and public affairs. The Board is satisfied it has a suitable balance between independence on the one hand, and knowledge of the Company on the other. Biographies for each of the Directors are outlined on pages 20-22.

Board meetings are open and constructive, with every Director participating fully. Senior management are also invited to meetings when required, providing the Board with a thorough overview of the Group. The Board aims to meet at least four times in the year and, together with the Audit and Remuneration Committees, deals with all important aspects of the Group's affairs. The Committees have the necessary skills and knowledge to discharge their duties effectively. The Group considers that, at this stage of its development and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. Instead, appointments to the Board are made by the Board as a whole. This position, however, is reviewed on a regular basis by the Board.

Attendance at Board and Committee Meetings for 2020 is shown below.

Director	Position	Board Meetings attended in 2020	Audit Committee meetings	Remuneration Committee meetings
Michael Laurier	Chief Executive Officer	6/6	-	-
Ian Bristow	Chief Financial Officer	6/6	-	-
Michael Stephen	Commercial Director & Deputy Chairman	6/6	-	-
Nicholas Clavel	Non-Executive Director & Interim Chairman	6/6	2/2	1/1
Shaun Robinson	Non-Executive Director	6/6	2/2	1/1
Robert Wigley	Non-Executive Director	6/6	-	-

In order to be efficient, the Directors meet formally and informally both in person or where this is not possible, by internet conference, and by telephone. The Board receives timely information in a form and of a quality appropriate to enable it to discharge its duties. Board papers are circulated by email with sufficient time before meetings, allowing time for full consideration and necessary clarifications before the meetings. Board papers are compiled into a board pack for the meetings themselves.

All Directors of the Board have sufficient time, availability, skills and expertise to perform their roles and this is regularly reviewed by the Board. The Non-Executive Directors devote such time as is necessary for the proper performance of their duties and attend all Board meetings, unless prior good reason is provided in advance.

The Company has two Committees, an Audit Committee and a Remuneration Committee. The Committees have the necessary skills and knowledge to discharge their duties effectively. As with Board papers, Committee papers are drafted and circulated to members of the Committee with sufficient time before the meeting.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills. The Directors' varied backgrounds and experience give Symphony a good mix of the knowledge and expertise necessary to manage the business effectively.

Ian Bristow is Symphony's Company Secretary and is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain standards of corporate governance.

There are processes in place enabling Directors to take independent advice at the Company's expense in the furtherance of their duties, and to have access to the advice and services of the Company Secretary.

In order to keep Director skillsets up to date, the Board uses third parties to advise the Directors of their responsibilities as a Director of an AIM company, which includes receiving advice from the Company's nominated adviser and external lawyers. The Board encourages Directors to receive training on relevant developments if required. The Board reviews the appropriateness and opportunity for continuing professional development in order to keep each Director's skillset up-to-date.

The Board will seek to take into account any Board imbalances for future nominations. The Company is committed to a culture of equal opportunities for all employees regardless of gender. The Board aims to be diverse in terms of its range of culture, nationality and international experience. All six Board members are currently male. If it is agreed to expand the Board, the Board will, subject to identifying suitable candidates, look to fill at least one of the vacancies with a female Director. The current position as Chairman is an interim measure and the Board will seek a suitable permanent Chairman when appropriate.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company. In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The structure of the Board is subject to continual review to ensure that it is appropriate for the Company. The Board currently runs a self-evaluation process on Board effectiveness. It is intended that the Board will create a more formal Board evaluation process in the future, which will focus more closely on defined objectives and targets for improving performance.

In Board meetings/calls, the Directors discuss areas where they feel a change would be beneficial for the Group taking appropriate advice when required.

The Company has not yet adopted a policy on succession planning, in particular with regard to the Company's Chief Executive, Michael Laurier. The Chief Executive is however required to give one months' notice under his contract of employment if he wishes to leave the Company. The Board is considering succession planning as part of its regular review of

Board effectiveness and will implement a policy at the appropriate time.

The Board is committed to undertaking reviews of Board and Committee performance and of individual Board members which will be carried out regularly as part of a board performance evaluation and in particular that:

- their contribution is relevant and effective;
- that they are committed; and
- where relevant, they have maintained their independence.

8. Promote a corporate culture that is based on ethical values and behaviour

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact performance. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board. A large part of the Group's activities are centred upon an open and respectful dialogue with employees, customers and other community and environmental stakeholders. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Group to successfully achieve its corporate objectives and successfully promote its eco-friendly products. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does.

The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Executive Directors regularly meet managers and discuss staff well-being, development and staff feedback. Employees are encouraged to engage directly with Directors, and the Group seeks to promote Group values and behaviour through a top-down approach. Symphony also has an employee handbook.

Furthermore, Symphony has a number of policies in place aimed to protect its staff, such as Anti-corruption and Health and Safety, as well as an Environmental Policy. The Environmental Policy is focused on supplying the most environmentally beneficial products to its customers, and to purchase and sell products which can be re-used, recycled and will biodegrade, demonstrating the Company's commitment to its corporate social responsibility. As stated above, Symphony's trading subsidiary is also BSI certified to ISO 9001 and 14001.

The Company has adopted a Share Dealing Policy which is intended to assist the Company and its staff in complying with their obligations under the Market Abuse Regulation ("MAR") which came into effect in 2016. The Policy addresses the securities dealing restrictions set out in MAR and reflects the requirements set out in the AIM Rules.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. The Board reviews its corporate governance arrangements regularly and expects them to evolve these over time, in line with the growth of the Group. The Board delegates responsibilities to certain Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders, and leadership of the Board is undertaken in a manner which ensures that the Board retains its integrity and effectiveness, with the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The CEO has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's corporate strategies and for the day-to-day management of the business. The CEO can be assisted in his duties by the other Executive Directors. The CEO for Symphony is also the principle contact for liaison with shareholders and, together with the CFO, all other stakeholders.

The Non-Executives Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust. The Executive Directors seek regular counsel from the Non-Executive Directors outside of Board meetings.

Whilst the Board has not formally adopted appropriate delegations of authority setting out matters reserved to the Board, there is effectively no decision of any consequence made other than by the Directors. All

Directors participate in the key areas of decision-making, including the following matters:

- oversee the Group's strategic objectives and policies;
- review of performance and controls;
- oversee all aspects of the Company's finances;
- decide on key business transactions;
- manage risk; and
- manage the interests of all stakeholder groups.

The Board delegates authority to two Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings. The committees are currently being reviewed in relation to the number of independent members.

Audit Committee

The Audit Committee Report is on page 37.

Committee members and attendance

The Audit Committee currently comprises Nicolas Clavel (Chair) and Shaun Robinson. The Board is in the process of reviewing the members as Nicolas Clavel is currently also Interim Chairman of the Board.

The Board considers that Nicolas Clavel has sufficient relevant financial experience to chair the Audit Committee given that he has over 30 years' experience in financial services and is Chief Investment Officer of Scipion Capital Limited. Shaun Robinson is a Chartered Certified Accountant. The Committee is required by its terms of reference to meet at least twice a year. The Committee Chairman may invite other Directors or executives of the Company and any external advisors to attend all or part of any meetings as and when deemed appropriate.

Objectives and responsibilities

The Committee is responsible for monitoring the integrity of the Group's financial statements, including its Annual and Interim Reports, preliminary results announcements and any other formal announcements relating to its financial performance prior to release.

The Committee's main responsibilities can be summarised as follows:

- to review the Group's internal financial controls and risk management systems;
- to monitor the integrity of the financial statements and any formal announcements relating to the Group's financial performance, reviewing significant judgements contained in them;
- to make recommendations to the Board in relation to the appointment of the external auditors and to recommend to the Board the approval of the remuneration and terms of engagement of the external auditors;
- to review and monitor the external auditors' independence and objectivity, taking into consideration relevant UK professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors; and
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and to make recommendations as to steps to be taken.

Remuneration Committee

The Remuneration Committee Report starts on page 38.

Committee members and attendance

Symphony's Remuneration Committee currently comprises Shaun Robinson (chair) and Nicolas Clavel. The Board considers that Shaun Robinson has sufficient relevant experience to chair the Remuneration Committee, given that he is a Chartered Certified Accountant, with over 25 years' experience in the financial operation and management oversight of a number of businesses. The Board is in the process of reviewing the members as Nicolas Clavel is currently also Interim Chairman of the Board.

The Committee is required by its terms of reference to meet at least once a year. The Committee Chairman may invite other Directors or executives of the Company and any external advisors to attend all or part of any meetings as and when deemed appropriate.

Objectives and responsibilities

The Remuneration Committee's main responsibilities can be summarised as follows:

- To determine the framework or broad policy for the remuneration of the Executive Directors, and such other senior executives as it is requested by the Board to consider. The remuneration of the Non-Executive Directors shall be a matter for the executive members of the Board. No Director shall be involved in any decisions as to their own remuneration;

Chairman's Corporate Governance Statement Continued

- To determine such remuneration policy, taking into account all factors which it deems necessary (including relevant legal and regulatory requirements);
- To review the ongoing appropriateness and relevance of the remuneration policy, including policy comparisons with market competitors;
- To design and determine targets for any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes;
- To review the design of, and any changes to, all share incentive plans;
- To advise on any major changes in employee benefits structures throughout the Company or Group; and
- To consider any matter specifically referred to the Committee by the Board.

Terms of reference for the Audit and Remuneration Committees are available at: https://www.symphonyenvironmental.com/corporate-information/corporate-governance

Nomination Committee

The Group considers that, at this stage of its development and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. Instead, appointments to the Board are made by the Board as a whole. This position however, is reviewed on a regular basis by the Board.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having a constructive dialogue with its shareholders, other relevant stakeholders and prospective investors. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well with analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Directors.

In addition, all shareholders are encouraged to attend the Company's Annual General Meetings. All 2020 AGM resolutions were passed comfortably. The Board already discloses the result of general meetings by way of an announcement, which discloses the proxy voting numbers to those attending the meetings. The Company has not historically announced the detailed results of shareholder voting to the market but it intends to do so for future General Meetings. The Board intends that, if there is a resolution passed at a General Meeting with 20% or more votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The Corporate Information section of the Group's website, www.symphonyenvironmental.com/corporate-information is kept updated and contains details of relevant financial reports, corporate videos/presentations and other key information.

N Clavel
Interim Chairman
30 March 2021


Symphony
environmental
technologies plc
6
Elstree
Gate
Symphony
environmental
technologies plc

Directors' Report

The Directors present their report and the audited annual report and accounts of the Group for the year ended 31 December 2020.

Principal activity

Symphony Environmental Technologies plc is a public limited company incorporated in England and Wales, registered number 03676824, with registered office at 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, WD6 1JD. The Company is quoted on the AIM market of the London Stock Exchange.

The principal activity of the Group is the development and supply of environmental plastic additives and masterbatches, together with the development and supply of environmental plastic and rubber finished products to a global market.

Review of business and future developments

The Strategic Report on page 16 provides a review of the business, the Group's trading for the year ended 31 December 2020, key performance indicators, and an indication of future prospects and developments. The principal risks and uncertainties facing the business and on page 18. The Directors as referred to in these annual report and accounts are the directors of Symphony Environmental Technologies plc only.

Results and dividends

The trading results for the year and the Group's financial position at the end of the year are shown in the attached annual report and accounts.

The loss for the year after taxation amounted to £328,000 (2019: loss £660,000).

The Directors do not recommend the payment of a dividend (2019: £nil).

The results for the year ended 31 December 2020 are set out in the consolidated statement of comprehensive income on page 45.

Directors

The Directors who served during the year ended 31 December 2020 and up to the date of signing the financial statements were as follows:

N Clavel – Non-Executive Director & Interim Chairman
M Laurier – Chief Executive Officer
I Bristow FCCA – Chief Financial Officer
M Stephen – Commercial Director & Deputy Chairman
S Robinson – Non-Executive Director
R Wigley – Non-Executive Director

In accordance with the Articles of Association, one third of the Directors must retire by rotation from office at each AGM.

Directors' interests

The Directors in office at the end of the year, together with their beneficial interests in the shares of the Company, were as follows:

Ordinary Shares of £0.01 each	At 31 December 2020	At 1 January 2020
M Laurier	23,424,316	23,424,510
I Bristow	1,163,731	1,163,925
M Stephen	1,352,176	1,352,176
N Clavel	550,000	550,000
S Robinson	11,518,248	11,513,546
R Wigley	200,000	200,000

Details of the Directors' interests in options granted under the Group's share scheme are set out in the Remuneration Committee Report on page 38.

Financial risk management policies and objectives

The Group's financial risk management policies are detailed in note 22 to the annual report and accounts.

A summary of the Group's key operating risks is set out on page 18. The Group's risk management policies and objectives including exposure to liquidity risk, interest rate risk, currency risk, and credit risk, are contained in note 22 to the annual report and accounts.

Streamlined Energy and Carbon Reporting (SECR)

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires disclosure of annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, natural gas, and business travel in company-owned or grey-fleet vehicles. The table below details the regulated SECR energy and GHG emission sources for the current reporting period 1 January 2020 to 31 December 2020 which is the first period being reported.

2020 (100% UK)	Energy mWh	Emissions tCO2e
Natural gas	14.5	2.7
Electricity	186.3	43.4
Total	**200.8**	**46.1**
Intensity ratio		
£million revenue	-	9,766
tCO2e per £million of revenue	**-**	**4.7**

Metered kWh consumption is taken from supplier invoices where possible or calculated using manual meter readings. Transport emissions were significantly below 1 tonne and so have not been reported. Conversions to tCO2e were made using DEFRAs "UK Government GHG Conversion Factors for Company Reporting" Conversion Factors 2020 publication.

The Group is committed to reducing its environmental impact and contribution to climate change. The Group is certified to ISO 14001, monitors its energy impact on a regular basis and undertakes to minimise energy consumption where practicable.

Share capital

Full details of changes in the Company's share capital during the year and after the year end are set out in note 17 to the annual report and accounts. Details of employee share options and warrants are also set out in note 17.

Significant shareholdings

The significant shareholders in the Company (holding shares in excess of 3%) as at 31 December 2020 are as follows:

Shareholder	% total shareholding
Somerston Capital	19.07%
M Laurier	13.25%
Vincel Investments	11.57%
S Robinson*	6.52%

* Including S Robinson's interests in Somerston Environmental Technologies Limited shareholding

Political donations

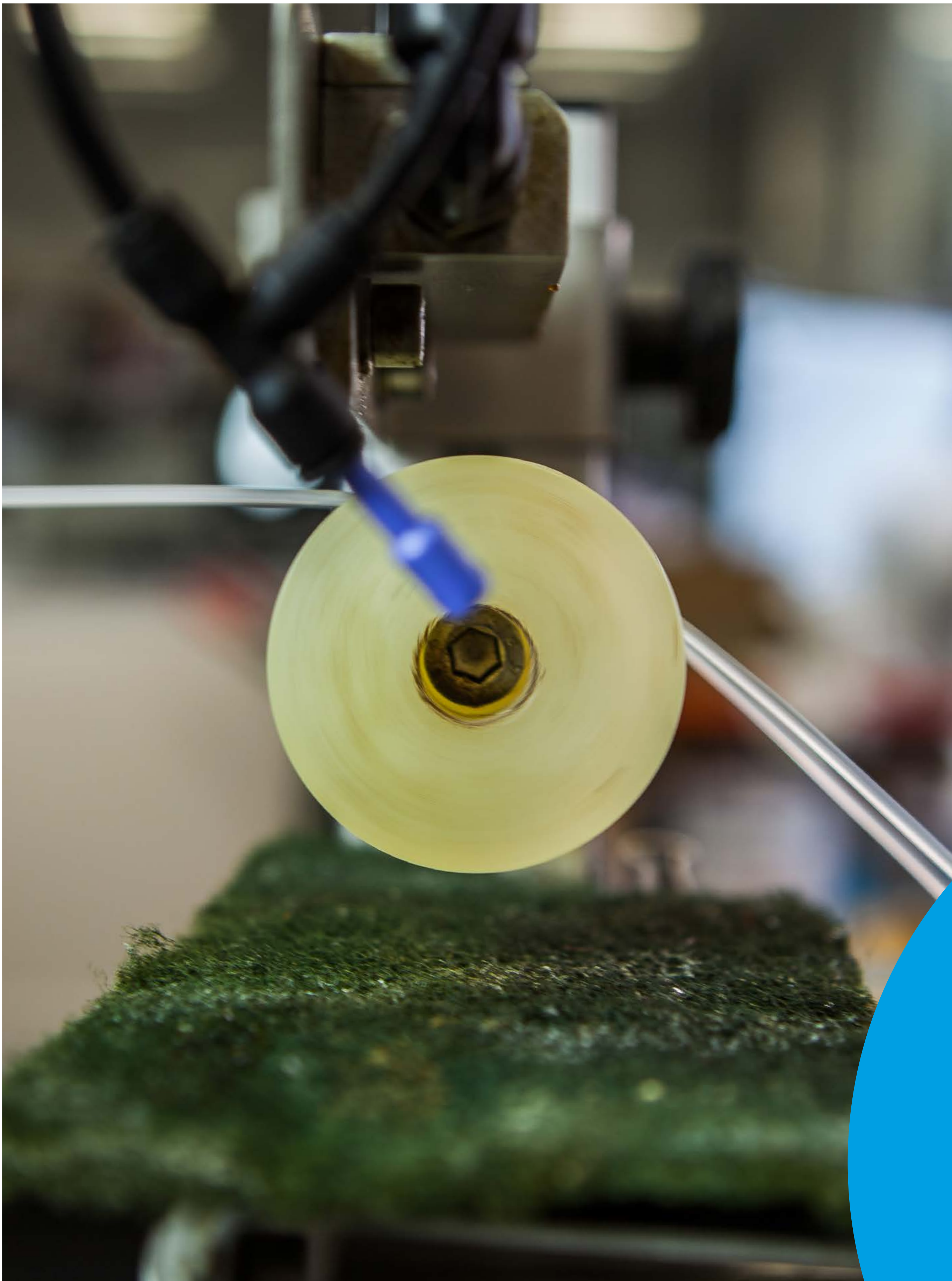
During the year ended 31 December 2020 the Group made no political donations (2019: £nil).

Going concern

On the basis of current financial projections, including a sensitised cash flow analysis, together with available funds and facilities, the Directors are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and accordingly, continue to adopt the going concern basis in preparing the Group and Company financial statements.

The operating loss for the year of £0.39 million was more than mitigated by the £1.0 million warrant exercise during the year. The net current assets of the business therefore increased to £3.63 million from £2.85 million in 2019. Cash of £1.44 million was absorbed in operations during the year due to working capital required for a large proportion of 2020 Q4 revenue weighted in December 2020. Notwithstanding this, there was a net cash balance of £0.47 million as at 31 December 2020 (2019: £0.88 million).

Brexit has had no material impact on the Group, and the COVID-19 crises has so far had little impact with some minor cashflow and order delays in certain territories with the main markets continuing generally as expected. The Group's products and markets are not negatively affected by the crises and could strengthen as plastics are integral in food and human protection and this is further augmented by the Group's product range of plastic enhancing additives which showed revenue growth of 19% in 2020.



Events since statement of financial position date

There have been no material events since the statement of financial position date.

Information received by the Board

The Board receives information on a regular basis enabling it to review operational and financial performance (including sales activity and working capital management); forecasts (including comparison with market expectations); potentially significant transactions and strategy.

Website

Our corporate website at www.symphonyenvironmental.com/corporate-information/company-reports-and-general-meetings provides access to Company information, public announcements, published financial reports and contact details.

Directors' indemnification and insurance

The Company's articles of association provide for the directors and officers of the Company to be appropriately indemnified, subject to the provisions of the Companies Act 2006. The Company purchases and maintains insurance for the directors and officers of the Company in performing their duties, as permitted by section 233 of the Companies Act 2006.

Auditor

Mazars LLP has expressed its willingness to continue in office as auditor to the Company. A resolution to reappoint Mazars LLP will be proposed at the forthcoming AGM.

Provision of information to the auditors

Each of the Directors who held office at the date of approval of this Directors' Report confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's and Group's auditor is unaware; and
- he has taken all the steps he ought to have taken as a Director in order to make himself aware of any information needed by the Company and the Group's auditors in connection with their report and to establish that the auditors are aware of that information.

AGM

The 2021 AGM date is still to be set. The notice of AGM and the ordinary and special resolutions to be put to the meeting will be notified to shareholders separately from these accounts.

Approval

The Directors' report was approved on behalf of the Board on 30 March 2021.

M Laurier
Chief Executive
30 March 2021

Directors’ Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable UK law and those IFRSs as adopted by the European Union.

Under Company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they present fairly the financial position, financial performance, and cash flows of the Group and Company for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies for the Group’s financial statements and apply them consistently;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IRFSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s financial position and financial performance;
- State that the Group and the Company have complied with IFRSs subject to any material departures disclosed and explained in the financial statements; and
- Make judgements and estimates that are reasonable and prudent.

Anti-insect technology used in irrigation pipes

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the UK may differ from legislation in other jurisdictions.

Each of the active Directors, whose names are listed in the Directors’ Report above, confirms that, to the best of his knowledge:

- The Group financial statements which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.
- The Directors consider that the Annual Report and Accounts, taken as a whole is fair, balanced and understandable.

This responsibility statement was approved by the Board on 30 March 2021.

N Clavel
Interim Chairman
30 March 2021

Audit Committee Report

Dear Shareholder,

As the Chairman of Symphony's Audit Committee, I present my Audit Committee Report for the year ended 31 December 2020, which has been prepared by the Committee and approved by the Board.

The Committee is responsible for reviewing and reporting to the Board on financial reporting, internal control and risk management, and for reviewing the performance, independence and effectiveness of the external auditors in carrying out the statutory audit. The Committee advises the Board on the statement by the Directors that the Annual Report and Accounts when read as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

During the year, the Committee's primary activity involved meeting with the external auditors, considering material issues and areas of judgement, and reviewing and approving the interim and year end results and accounts.

Accordingly, the Committee recommended to the Board that Mazars LLP be re-appointed for the next financial year.

During 2020, the Committee:

- met with the external auditors to review and approve the annual audit plan and receive their findings and report on the annual audit;
- considered significant issues and areas of judgement with the potential to have a material impact on the financial statements;
- considered the integrity of the published financial information and whether the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Group's position and performance, business model and strategy; and
- reviewed and approved the interim and year end results.

In addition to the Committee's ongoing duties, the Committee has and will continue to:

- consider significant issues and areas of judgement with the potential to have a material impact on the financial statements; and
- keep the need for an internal audit function under review, having regard to the Company's strategy and resources.

Significant issues considered for the year ending 31 December 2020

Revenue recognition and cut-off

The Committee considered revenue recognition and in particular the revenue cut-off over the year-end and was satisfied that IFRS 15 was correctly applied.

Audit Committee effectiveness

The Committee reviews its effectiveness on an ongoing basis.

Nicolas Clavel
Chairman of the Audit Committee
30 March 2021

Remuneration Committee Report

Dear Shareholder

As the Chairman of Symphony's Remuneration Committee, I present my Remuneration Committee Report for the year ended 31 December 2020, which has been prepared by the Committee and approved by the Board.

The Committee is responsible for determining the remuneration policy for the Executive Directors, and for overseeing the Company's long-term incentive plans. The Board as a whole is responsible for determining Non-executive Directors' remuneration.

As an AIM company, the Directors' Remuneration Report Regulations do not apply to Symphony and so this report is disclosed voluntarily and has not been subject to audit.

Remuneration policy for 2020 and future years

The Remuneration Committee determines the Company's policy on the structure of Executive Directors' and if required, senior management's remuneration. The objectives of this policy are to:

- Reward Executive Directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders.
- Provide a level of remuneration required to attract and motivate high-calibre Executive Directors and senior management of appropriate calibre.
- Encourage value creation through consistent and transparent alignment of incentive arrangements with the agreed company strategy over the long term.
- Ensure the total remuneration packages awarded to Executive Directors, comprising both performance-related and non-performance-related remuneration, are designed to motivate the individual, align interests with shareholders, and comply with corporate governance best practice.

The Committee will continue to monitor market trends and developments in order to assess those relevant for the Group's future remuneration policy.

Remuneration Policy for Non-Executive Directors

N Clavel, S Robinson and R Wigley each receive a fee for their services as a Director, which is approved by the Board, mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments.

Remuneration decisions for 2020

No annual bonuses are payable for the year ended 31 December 2020 (2019: £nil).

As announced by RNS on 9 October 2020, extensions were granted to the exercise period of options held by Michael Stephen. This was done to align the executive directors option packages, and in particular the exercise periods. The options affected are indicated in the share options and warrants table on the following page.

Remuneration Committee effectiveness

The Committee reviews its effectiveness on an ongoing basis.

d2w is now used globally in mulch and agricultural films

Directors' emoluments

The table below sets out the total emoluments received by each Director who served during the year ended 31 December 2020.

	Basic Salary £'000	Benifits £'000	**2020 Total Emoluments £'000**	2019 Total Emoluments £'000
M Laurier	201	12	**213**	211
I Bristow	137	4	**141**	141
M Stephen	137	22	**159**	149
N Clavel	16	-	**16**	16
S Robinson	16	-	**16**	16
R Wigley	16	-	**16**	16
N Deva*	-	-	**-**	14
	523	38	**561**	563

* Resigned 7 November 2019

The Company has taken out insurance for its officers against liabilities in relation to the Company under Section 233 of the Companies Act 2006. There were no directors pension contributions made during the year (2019: £nil).

Share options and warrants

The Directors have share options and warrants, or interests in share options and warrants as follows:

	Number of share options or warrants	**Exercise price (pence per share)**	**Exercisable from**	**Exercisable to**
M Laurier	1,851,500	4.500	26th November 2008	26th November 2021
M Laurier	350,000	12.500	31st March 2010	30th March 2022
I Bristow	3,000,000	4.500	26th November 2008	26th November 2021
I Bristow	280,000	12.500	31st March 2010	30th March 2022
M Stephen*	2,000,000	4.500	26th November 2008	26th November 2021
M Stephen*	210,000	12.500	31st March 2010	30th March 2022
N Clavel	500,000	4.500	16th October 2009	26th November 2021
N Clavel	250,000	12.500	18th December 2010	18th December 2021
S Robinson	1,500,000	12.500	19th November 2019	19th November 2021
R Wigley	750,000	12.500	15th May 2018	6th April 2023
R Wigley	250,000	12.500	19th November 2019	19th November 2021

The above share options and warrants are HM Revenue and Customs unapproved. *Options extended by one year.

S Robinson
Chairman of the Remuneration Committee
30 March 2021

Independent Auditor's Report

to the members of Symphony Environmental Technologies plc

Opinion

We have audited the financial statements of Symphony Environmental Technologies plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which compromise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of group's ad the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Revenue Recognition The Group's accounting policy in respect of revenue recognition is set out in the accounting policies on pages 50-51. For Symphony Environmental Technologies plc, we identify the risk around revenue recognition as being principally in relation to cut off, due to the potential to inappropriately shift the timing and basis of revenue recognition. Due to revenue being a key benchmark in a user's assessment of the performance of the Group, we consider revenue recognition to be a key audit matter.	We addressed this risk by performing audit procedures which included, but were not limited to: • Reviewing the design and implementation of the controls in place surrounding revenue recognition, in particular cut off; • Obtaining and reviewing the revenue recognition policy to ensure they comply with IFRS 15 requirements; and • Substantive sampling of revenue reported one month pre and post year end. We assessed the right to and timing of revenue by reference to shipment or delivery documentation depending on the specific contractual terms. Our observations Based on the results of our procedures performed above, we consider revenue recognition is appropriate, and in line with the accounting policy described on pages 50-51.

Independent Auditor's Report

to the members of Symphony Environmental Technologies plc Continued

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	Group financial statements: £195,300 Parent company financial statements: £97,700
How we determined it	Group materiality has been calculated by reference to total revenue, of which it represents 2%. Materiality for the Parent company was set with reference to net assets, of which is represents 5% (capped to the above balance due to group audit limits).
Rationale for benchmark applied	Revenue has been identified as the principal benchmark within the Group financial statements as it is considered to be the focus of shareholders at this time due to the Group being historically loss making. Net assets has been identified as the principal benchmark within the Parent company financial statements as it is considered to be the focus of shareholders due to being a holding company with no trade.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.The level of performance materiality applied is as follows: Group financial statements: £156,300 Parent company financial statements: £78,100
Reporting threshold	The reporting threshold is the materiality level below which audit differences would not be communicated to those charged with governance. We agreed with the Board that we would report to them misstatements identified during our audit above the clearly trivial threshold as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. The clearly trivial levels for the group are as follows: Group financial statements: £5,900 Parent company financial statements: £2,900

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the group and parent company, their environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and parent company financial statements of Symphony Environmental Technologies plc. Based on our risk assessment, all active entities within the group were subject to full scope audit and this was performed by the group audit team.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 2020, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, international accounting standards, and the AIM rules.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions, and revenue recognition in relation to the cut off assertion.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parentcompany which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Brown (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 30 March 2021

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	9,766	8,225
Cost of sales	-	(5,658)	(4,450)
Gross profit	-	4,108	3,775
Distribution costs	-	(364)	(321)
Administrative expenses	-	(4,136)	(4,076)
Operating loss	5	(392)	(622)
Finance costs	7	(45)	(75)
Loss for the year before tax	-	(437)	(697)
Taxation	8	109	37
Loss for the year	-	(328)	(660)
Total comprehensive loss for the year	-	(328)	(660)
Basic earnings per share	9	(0.19)p	(0.41)p
Diluted earnings per share	9	(0.19)p	(0.41)p

All results are attributable to the parent company equity holders. There were no discontinued operations for either of the above periods.

The accompanying notes form an integral part of these annual report and accounts.

Consolidated Statement of Financial Position
as at 31 December 2020

Company number 03676824

	Note	2020 £'000	2019 £'000
ASSETS			
Non-current			
Property, plant and equipment	10	**166**	218
Right-of-use assets	11	**510**	637
Intangible assets	12	**45**	42
Investments	13	**123**	-
		844	897
Current			
Inventories	14	**1,060**	882
Trade and other receivables	15	**3,614**	2,335
Cash and cash equivalents	16	**1,388**	1,161
		6,062	4,378
Total assets		**6,906**	5,275
EQUITY AND LIABILITIES			
Equity - *Equity attributable to shareholders of Symphony Environmental Technologies plc*			
Ordinary shares	17	**1,768**	1,700
Share premium	17	**3,185**	2,077
Retained earnings	17	**(865)**	(537)
Total equity		**4,088**	3,240
Liabilities			
Non-current			
Lease liabilities	18	**381**	509
Current			
Lease liabilities	18	**128**	122
Borrowings	18	**918**	283
Trade and other payables	19	**1,391**	1,121
		2,437	1,526
Total liabilities		**2,818**	2,035
Total equity and liabilities		**6,906**	5,275

These annual report and accounts were approved by the Board of Directors on 30 March 2021 and authorised for issue on 30 March 2021. They were signed on its behalf by:

I Bristow FCCA
Chief Financial Officer

The accompanying notes form an integral part of these annual report and accounts.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

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 2020				
Balance at 1 January 2020	1,700	2,077	(537)	3,240
Issue of share capital	68	1,108	-	1176
Transactions with owners	68	1,108	-	1176
Total comprehensive loss for the year	-	-	(328)	(328)
Balance at 31 December 2020	**1,768**	**3,185**	**(865)**	**4,088**
For the year to 31 December 2019				
Balance at 1 January 2019	1,543	333	123	1,999
Issue of share capital	157	1,744	-	1,901
Transactions with owners	157	1,744	-	1,901
Total comprehensive loss for the year	-	-	(660)	(660)
Balance at 31 December 2019	**1,700**	**2,077**	**(537)**	**3,240**

The accompanying notes form an integral part of these annual report and accounts.

Consolidated Cash Flow Statement

for the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss after tax	**(328)**	(660)
Adjustments for:		
Depreciation	**185**	202
Amortisation	**18**	17
Profit on disposal of tangible assets	**(67)**	(17)
Share-based payments	**-**	-
Foreign exchange	**37**	42
Interest expense	**45**	75
Tax credit	**(109)**	(37)
Changes in working capital:		
Movement in inventories	**(178)**	(259)
Movement in trade and other receivables	**(1,346)**	(164)
Movement in trade and other payables	**301**	76
Net cash used in operations	**(1,442)**	(725)
R&D tax credit	**109**	37
Net cash used in operating activities	**(1,333)**	(688)
Cash flows from investing activities		
Additions to property, plant and equipment	**(36)**	(50)
Additions to intangible assets	**(21)**	(25)
Additions to investments	**(123)**	-
Proceeds from sale of property, plant and equipment	**97**	27
Net cash used in investing activities	**(83)**	(48)
Cash flows from financing activities		
Movement in working capital facility	**-**	(454)
Repayment of lease capital	**(123)**	(132)
Proceeds from share issue	**1,176**	1,901
Lease interest paid	**(27)**	(32)
Bank and invoice finance interest paid	**(18)**	(43)
Net cash generated in financing activities	**1,008**	1,240
Net change in cash and cash equivalents	**(408)**	504
Cash and cash equivalents, beginning of year	**878**	374
Cash and cash equivalents, end of year	**470**	878
Represented by:		
Cash and cash equivalents (note 16)	**1,388**	1,161
Bank overdraft (note 18)	**(918)**	(283)
	470	878

The accompanying notes form an integral part of these annual report and accounts.


Symphony
Tray - 3
Combined
Symphony
Tray - 5
Combined
Symphony
Tray - 12
Combined

Notes to the Annual Report and Accounts

1 General information

Symphony Environmental Technologies plc ('the Company') and subsidiaries (together 'the Group') develop and supply environmental plastic additives and 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

This consolidated annual report and accounts has been prepared in accordance with 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 as stated in the accounting policies. 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 2020.

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

On the basis of current financial projections, including a sensitised cash flow analysis, together with available funds and facilities, the Directors are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and accordingly, continue to adopt the going concern basis in preparing the Group and Company financial statements.

The operating loss for the year of £0.39 million was more than mitigated by the £1.0 million warrant exercise during the year. The net current assets of the business therefore increased to £3.63 million from £2.85 million in 2019. Cash of £1.44 million was absorbed in operations during the year due to working capital required for a large proportion of 2020 Q4 revenue weighted in December 2020. Notwithstanding this, there was a net cash balance of £0.47 million as at 31 December 2020 (2019: £0.88 million).

Brexit has had no material impact on the Group, and the COVID-19 crises has so far had little impact with some minor cashflow and order delays in certain territories with the main markets continuing generally as expected. The Group's products and markets are not negatively affected by the crises and could strengthen as plastics are integral in food and human protection and this is further augmented by the Group's product range of plastic enhancing additives which showed revenue growth of 19% in 2020.

Revenue

- Plastic additives and finished products, and associated products

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

The Group's revenue is from the sale of goods. Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- Identification of the contract – Due to the nature of the goods sold, the Group effectively approves an implied contract with a customer when it accepts a purchase order from the customer.
- Identification of the separate performance obligations in the contract – The Group must fulfil the following obligations, which are agreed on acceptance of the purchase order:
  - To make the goods available for dispatch on the required date;
  - To organise freight in accordance with agreed INCOTERMs (a series of pre-defined commercial terms published by the International Chamber of Commerce).
- Determine the transaction price of the contract – The t ransaction price is determined as the fair value of the

consideration the Group expects to receive on transfer of the goods. The price of the sale includes the goods price and the cost of the transport, if applicable.

- Allocation of the transaction price to the performance obligations identified – Sales prices are agreed with each customer and are not generally a fixed price per unit. The transport price will also vary across sales as it is based on quotes received from the Group's freight agents, as transport is charged at cost. Although the Group is effectively an agent in the provision of transport rather than the principal under IFRS 15, the transport cost is insignificant in the context of the overall sale price and therefore it is not netted out of revenue and cost;
- Recognition of revenue when each performance obligation is satisfied – Provided that the goods have been made available for dispatch on the required date, this performance obligation has been fulfilled and the revenue for this performance obligation is therefore recognised at this date. In respect to the freight element, the agreed INCOTERMs need to be satisfied. At this point, the Group recognises the revenue for this separate performance obligation.

Intangible assets

- Research and development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset; and
- the intangible asset will generate probable future economic benefits.

Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits:

- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. The nature of the Group's activities in the field of development work renders some internally generated intangible assets unable to meet the above criteria at present.

Amortisation commences upon completion of the asset and is shown within administrative expenses and is included at the following rate:

Plastic masterbatches and other additives - 15 years straight line.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each statement of financial position date. 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, 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, over the useful economic life of that asset as follows:

Plant and machinery - 20% reducing balance.
Fixtures and fittings - 10% straight line.
Motor vehicles - 25% reducing balance.
Office equipment - 25% straight line.

The residual value and useful economic lives are reconsidered annually.

Impairment testing of intangible assets and property, plant and equipment

All individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Any impairment is recognised within expenses in the statement of comprehensive income.

Leased assets

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition three key evaluations are assessed:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- whether the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- whether the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

A right-of-use asset and a lease liability is recognised on the balance sheet at the lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment is assessed when such indicators exist.

The lease liability is measured on commencement of the lease at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments included in the lease agreement and together with any in-substance fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Investments

Minority investments in shares are held at fair value using level 3 inputs per the IFRS 13 fair value hierarchy.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on the basis of purchase value plus all directly attributable costs of bringing the inventory to the current location and condition, on a first-in first-out basis.

Employee costs

- Employee compensation

Employee benefits are recognised as an expense.

- Post employment obligations

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets, insofar as Group companies are entitled to UK tax credits on qualifying research and development expenditure, such amounts are presented in the income tax line within the statement of comprehensive income.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they either relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or where they relate to items charged or credited in other comprehensive income the deferred tax change is recognised in other comprehensive income.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result. The Group uses derivatives such as forward rate agreements to mitigate its current or future positions against foreign exchange rate risks. These derivatives are measured at fair value, determined by reference to observable market prices at the reporting date.

Financial assets

The Group classifies all of its financial assets measured at amortised cost, apart from investments and derivatives which are measured at fair value. 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. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

The Group has an invoice financing facility whereby it transfers the rights to the cash flows from the related receivables to a third party but retains the credit risk by providing a guarantee. As the Group does not transfer substantially all the risks and rewards of the receivables, no derecognition of financial assets is required.

- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other short-term, highly liquid deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Group classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost include:

- Trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Notes to the Annual Report and Accounts Continued

- Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

Equity settled share-based payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2007 are recognised in the annual report and accounts.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees and third parties are rewarded using share-based payments, the fair values of the instrument granted are determined using the Black-Scholes model. This fair value is appraised at the grant date. For employees, the fair value is charged to the statement of comprehensive income between the date of issue and the date the share options vest with a corresponding credit taken to equity. For third parties the fair value is charged over the length of services received.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue and after capital reduction; and
- "Retained earnings" represents non-distributed reserves.

Standards and interpretations adopted during the year

At the date of authorisation of these annual report and accounts, certain new standards, amendments and interpretations to existing standards became effective, as they had not been previously adopted by the Group.

Information on new standards, amendments and interpretations that are relevant to the Group's annual report and accounts is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's annual report and accounts.

Other new effective Standards and interpretations with no material impact to the Group

The following new and amended standards became effective during the current year and have not had a material impact on the Group's/Company's financial statements:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendments in relation to the definition of material
- Conceptual Framework: Amendments to references to the conceptual framework in IFRS standards
- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures: Amendments arising from the Interest Rate Benchmark Reform – Phase 1
- IFRS 3 Business Combinations: Amendments in relation to the definition of a business
- IFRS 16 Leases: Amendments in relation to Covid-19 related rent concessions
- IFRS 4 Insurance Contracts: Amendments in relation to the temporary exemption from applying IFRS 9

New and revised IFRS 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 IFRS 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.

- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases: Amendments arising from the Interest Rate Benchmark Reform – Phase 2. Effective 1 January 2021
- IAS 16 Property, Plant and Equipment: Amendments in relation to proceeds before intended use. Effective 1 January 2022
- IAS 37 Provisions, Contingent Liabilities and

Contingent Assets: Amendments in relation to the cost of fulfilling a contract when assessing onerous contracts. Effective 1 January 2022

- IFRS 3 Business Combinations: Amendments to update references to the Conceptual Framework. Effective 1 January 2022
- Annual Improvements to IFRSs (2018-2020 cycle). Effective 1 January 2022
- IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current. Effective 1 January 2023
- IFRS 17 Insurance Contracts. Effective 1 January 2023

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:

- Share-based payments

Estimates and related judgements in respect to share-based payment charges are detailed in note 17. Estimates are made on the fair value of the option using the Black-Scholes model.

- 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. Higher percentages are applied the longer the term with the customer and the older the debt with the customer, with the view that there is a greater risk of unforeseen circumstances arising the further away the settlement date. See note 15 for further information. At the year end, the Group has provisions of £18,000 (2019: £21,000) on a total trade receivables balance of £2,398,000 (2019: £2,041,000) calculated using this method.

Judgements:

In preparing these accounts the following areas were considered to involve significant judgements:

- Functional currency

A significant proportion of the revenues generated by entities within the group are denominated in United States Dollars (USD). The functional currency of the Company and of all individual entities within the Group has been determined to be Sterling. Identification of functional currencies requires a judgement as to the currency of the primary economic environment in which the companies of the Group operate. This is based on analysis of the economic environment and cash flows of the subsidiaries of the Group, which has determined, based upon the currency of funding and operating costs, that the functional currency continues to be Sterling.

- 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.

4 Segmental information and revenue analysis

The Board has reviewed the requirements of IFRS 8 "Operating Segments", including consideration of what results and information the Board reviews regularly to assess performance and allocate resources, and concluded that all revenue falls under a single business segment. The Board assesses the commercial performance of the business based upon the revenues of the main products items within its single business segment as follows:

Revenues	2020 £'000	2019 £'000
d_2w additives	7,268	7,143
d_2p additives	466	254
Finished products	1,796	598
Other	236	230
Total	9,766	8,225

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

Geographical area	2020 £'000	2019 £'000
UK	468	315
Europe	2,193	930
Americas	3,023	3,254
Middle East and Africa	2,767	2,480
Asia	1,315	1,246
Total	9,766	8,225

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

Non-current assets of £20,000 are held outside of the UK (2019: £20,000).

Major customers

There was one customer that accounted for greater than 10% of total Group revenues for 2020 (2019: one customer). In 2020 one customer accounted for £2,553,000 or 26% (2019: £2,222,000 or 27%) of total group revenues. The Group promotes it 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:

	2020 £'000	2019 £'000
Depreciation – property, plant and equipment	58	76
Depreciation – right-of-use assets	127	126
Amortisation	18	17
Profit on disposal of property, plant and equipment	(67)	(17)
Research and development expenditure	600	627
Fees payable to the Company's auditor:		
Audit related services:		
Audit of the annual report and accounts	19	11
Audit of the annual report and accounts of the Company's subsidiaries	20	15
Non-audit related services:		
Other assurance related services	-	5
Tax compliance services	-	6
Net foreign exchange (gain)/loss	(74)	67

6 Directors and employees

Staff costs (including directors) during the year comprise:

	2020 £'000	2019 £'000
Wages and salaries	1,606	1,660
Social security costs	284	178
Share-based payments	-	-
Pension contributions	97	69
Total	2,041	1,853

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

	2020	2019
R&D, testing and technical	8	9
Selling	8	6
Administration	12	10
Management	6	7
Marketing	3	3
Total average headcount	37	35

Remuneration in respect of the Directors was as follows:

	2020 £'000	2019 £'000
Emoluments	561	563

There were no Directors' pension contributions made during the year (2019: £nil).

Key management remuneration:

	2020 £'000	2019 £'000
Short-term employee benefits	561	563

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.

7 Finance costs

	2020 £'000	2019 £'000
Interest expense:		
Bank and invoice finance borrowings	18	43
Lease interest (right-of-use assets)	27	32
Total finance costs	45	75
Net finance costs	45	75

8 Taxation

	2020 £'000	2019 £'000
R&D tax credit	109	37
Total income tax credit	109	37

No tax arises on the loss for the year.

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2019: 19%).The differences are explained as follows:

	2020 £'000	2019 £'000
Loss for the year before tax	(437)	(697)
Tax calculated by rate of tax on the result		
Effective rate for year at 19% (2019: 19%)	(83)	(132)
Expenses not deductible for tax purposes	(23)	3
Expenses not taxable	3	(24)
Fixed asset related timing differences	-	24
R&D tax relief	(94)	(49)
Short term timing differences	31	69
Surrender of tax losses for R&D tax credit refund	39	-
R&D tax credit not yet recognised	127	109
R&D tax credit in respect of previous periods	(109)	(37)
Total income tax credit	(109)	(37)

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 £109,000 shown above relates to a repayment made by HMRC in relation to the year ended 31 December 2019 (£37,000 relates to the year ended and 31 December 2018).

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 2020 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 £14,890,000 (2019: £16,515,000). These tax losses have no expiry date. The unrecognised deferred tax asset in respect of these losses based on latest profit projections is approximately £2,531,000 (2019: £2,807,000).

These brought forward losses are subject to the new 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 main rate of corporation tax was reduced from 20% to 19% from 1 April 2017, and remains unchanged. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

The Group also has gross fixed assets of £116,000 (2019: £177,000) which give rise to a deferred tax liability of £22,000 (2019: £30,000). Other gross temporary timing differences of £147,000 (2019: £27,000) give rise to a deferred tax asset of £28,000 (2019: £5,000). The deferred tax liability of £22,000 (2019: £30,000) is sheltered by the unrecognised deferred tax asset in respect of losses and temporary timing differences.

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	**2020**	2019
Loss attributable to equity holders of the Company	**£(328,000)**	£(660,000)
Weighted average number of ordinary shares in issue	**172,207,989**	160,085,762
Basic earnings per share	**(0.19) pence**	(0.41) pence
Dilutive effect of weighted average options and warrants	**4,962,878**	5,338,811
Total of weighted average shares together with dilutive effect of weighted options- see below	**172,207,989**	160,085,762
Diluted earnings per share	**(0.19) pence**	(0.41) pence

No dividends were paid for the year ended 31 December 2020 (2019: £nil).

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

A total of 18,891,500 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 2020	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost					
At 1 January 2020	444	296	31	114	885
Additions	-	8	-	28	36
Disposals	(98)	-	(17)	(9)	(124)
At 31 December 2020	**346**	**304**	**14**	**133**	**797**
Depreciation					
At 1 January 2020	313	253	26	75	667
Charge for the Year	23	14	2	19	58
Disposals	(72)	-	(14)	(8)	(94)
At 31 December 2020	**264**	**267**	**14**	**86**	**631**
Net Book Value					
At 31 December 2020	**82**	**37**	**-**	**47**	**166**
At 31 December 2019	131	43	5	39	218

Year ended 31 December 2019	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost					
At 1 January 2019	430	296	31	91	848
Additions	27	-	-	23	50
Disposals	(13)	-	-	-	(13)
At 31 December 2019	**444**	**296**	**31**	**114**	**885**
Depreciation					
At 1 January 2019	285	223	24	62	594
Charge for the Year	31	30	2	13	76
Disposals	(3)	-	-	-	(3)
At 31 December 2019	**313**	**253**	**26**	**75**	**667**
Net Book Value					
At 31 December 2019	**131**	**43**	**5**	**39**	**218**
At 31 December 2018	145	73	7	29	254

Notes to the Annual Report and Accounts Continued

11 Right-of-use assets

Year ended 31 December 2020	Land & buildings £'000	Office Equipment £'000	Total £'000
Cost			
At 1 January 2020	707	56	763
At 31 December 2020	**707**	**56**	**763**
Depreciation			
At 1 January 2020	112	14	126
Charge for the Year	113	14	127
At 31 December 2020	**225**	**28**	**253**
Net Book Value			
At 31 December 2020	**482**	**28**	**510**
At 31 December 2019	595	42	637

Right-of-use assets are assets used by the business under operating lease agreements and accounted for under IFRS 16. The resultant lease liability is included in borrowings. See note 18.

Year ended 31 December 2019	Land & buildings £'000	Office Equipment £'000	Total £'000
Cost			
At 1 January 2019	-	-	-
Additions	707	56	763
At 31 December 2019	**707**	**56**	**763**
Depreciation			
At 1 January 2019	-	-	-
Charge for the Year	112	14	126
At 31 December 2019	**112**	**14**	**126**
Net Book Value			
At 31 December 2019	**595**	**42**	**637**
At 31 December 2018	-	-	-

12 Intangible assets

Year ended 31 December 2020	Development costs £'000	Trademarks £'000	Total £'000
Cost			
At 1 January 2020	1,973	101	2,074
Additions	-	21	21
Disposals	-	(58)	(58)
At 31 December 2020	**1,973**	**64**	**2,037**
Amortisation			
At 1 January 2020	234	25	259
Charge for the Year	11	7	18
Disposals	-	(13)	(13)
At 31 December 2020	**245**	**19**	**264**
Impairment			
At 1 January 2020	1,728	45	1,773
Disposals	-	(45)	(45)
At 31 December 2020	**1,728**	**-**	**1,728**
Net Book Value			
At 31 December 2020	**-**	**45**	**45**
At 31 December 2019	11	31	42

Development costs are capitalised in accordance with the policy set out in note 2. In capitalising these costs, judgements are made relating to ongoing feasibility and commerciality of products and systems being developed. In making these judgements, cash flow forecasts are used and these include significant estimates in respect to sales forecasts and future foreign exchange rates. The amortisation charge is included within administrative expenses in the statement of comprehensive income. Development costs include a net book value of £nil (2019: £11,000) which have nil years of amortisation remaining as at 31 December 2020 (2019: one year).

Year ended 31 December 2019	Development costs £'000	Trademarks £'000	Total £'000
Cost			
At 1 January 2019	1,973	76	2,049
Additions	-	25	25
At 31 December 2019	**1,973**	**101**	**2,074**
Amortisation			
At 1 January 2019	222	20	242
Charge for the Year	12	5	17
At 31 December 2019	**234**	**25**	**259**
Impairment			
At 1 January 2019	1,728	45	1,773
At 31 December 2019	**1,728**	**45**	**1,773**
Net Book Value			
At 31 December 2019	**11**	**31**	**42**
At 31 December 2018	23	11	34

Notes to the Annual Report and Accounts Continued

13 Investments

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

	2020 £'000
Cost:	
Additions	123
Balance at 31 December 2020	123

In October 2020, the Group invested £123,000 (1.6%) into Eranova SAS, a French company developing products from green algae, as part of a total €6,000,000 financing to build a pre-industrial plant.

The Company is parent to the following subsidiary undertakings

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by the Group
Symphony Environmental Limited	England and Wales	Development and supply of environmental plastic additives and products	100%	100%
D2W Limited	England and Wales	Dormant	0%	100%
Symphony Recycling Technologies Limited	England and Wales	Dormant	100%	100%
Symphony Energy Limited	England and Wales	Dormant	100%	100%

All of the above subsidiaries are consolidated in the Group annual report and accounts. The above companies have their registered offices at 6 Elstree Gate, Elstree Way, Borehamwood, WD6 1JD.

14 Inventories

	2020 £'000	2019 £'000
Finished goods and goods for resale	554	539
Stock in transit	-	42
Raw materials	506	301
	1,060	882

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £4,815,000 (2019: £3,869,000). There is a provision of £19,000 for the impairment of inventories (2019: £15,000).

There is no collateral on the above amounts.

15 Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	2,398	2,041
Other receivables	589	111
VAT	33	37
Prepayments	594	146
	3,614	2,335

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 in addition to forward looking information utilising management knowledge. Based on the analyses performed, management expect that all balances will be recovered.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 120 days and therefore are all classified as current. The majority of trade and other receivables are non-interest bearing. Where the effect is material, trade and other receivables are discounted using discount rates which reflect the relevant costs of financing.

The maximum credit risk exposure at the balance sheet date equates to the carrying value of trade receivables. Further disclosures are set out in note 22.

Trade receivables are secured against the facilities provided by the Group's bankers.

Included in trade receivables are debtors which are past due but where no provision has been made as there has not been a change in the credit worthiness of these debtors and the amounts are considered recoverable. The ageing analysis of debt taking into account credit terms is shown below.

Days past due	0 - 30 £'000	31-60 £'000	61-90 £'000	91-120 £'000	>120 £'000	Total Gross £'000	ECL £'000	Total Net £'000
31 December 2020	2,284	39	-	-	93	2,416	(18)	2,398
31 December 2019	1,713	252	72	-	25	2,062	(21)	2,041

16 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	1,383	1,114
Invoice finance facility surplus	5	47
	1,388	1,161

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

Notes to the Annual Report and Accounts Continued

17 Equity

	Group and Company			Group	
	Ordinary shares Number	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2020	170,026,277	1,700	2,077	(537)	3,240
Issue of share capital	6,725,000	68	1,108	-	1,176
Loss for the year	-	-	-	(328)	(328)
At 31 December 2020	**176,751,277**	**1,768**	**3,185**	**(865)**	**4,088**
At 1 January 2019	154,344,377	1,543	333	123	1,999
Issue of share capital	15,681,900	157	1,744	-	1,901
Loss for the year	-	-	-	(660)	(660)
At 31 December 2019	**170,026,277**	**1,700**	**2,077**	**(537)**	**3,240**

During the year the Company issued 6,725,000 Ordinary Shares (2019: 15,681,900 ordinary shares) for a net consideration of £1,176,000 (2019: £1,901,000).

Ordinary shares in the Company carry one vote per share and each share gives equal rights to dividends and to the distribution of the Company's assets in the event of liquidation.

Share options and warrants

As at 31 December 2020 the Group maintained an approved share-based payment scheme for employee compensation. All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options. As at 31 December 2020 there were nil approved staff options outstanding. No approved staff options were issued in 2020.

The Group has also issued unapproved share options and warrants. The weighted average exercise price of all of the Group's options and warrants are as follows:

	Number	**2020 Weighted average exercise price £**	Number	2019 Weighted average exercise price £
Outstanding at 1 January	**24,826,500**	**0.09**	14,351,500	0.07
Granted	**1,000,000**	**0.30**	11,750,000	0.21
Exercised	**(6,725,000)**	**0.17**	(225,000)	0.02
Lapsed	**(210,000)**	**0.09**	(1,050,000)	0.14
Outstanding at 31 December	**18,891,500**	**0.13**	24,826,500	0.09

The weighted average exercise price of options exercised in 2020 was 17p (2019: 2p).

The number of share options and warrants exercisable at 31 December 2020 was 18,891,500 (2019: 24,826,500). The weighted average exercise price of those shares exercisable was 13p (2019: 9p).

The weighted average option and warrant contractual life is eight years (2019: six years) and the range of exercise prices is 4.5p to 30p (2019: 4.5p to 25p).

Directors

Directors' interests in shares and share incentives are contained in the Remuneration Committee Report on page 39.

IFRS2 expense

The IFRS 2 share-based payment charge for the year is £nil (2019: nil).

18 Borrowings

	2020 £'000	2019 £'000
Non-current		
Leases	381	509
Current		
Bank overdraft	918	283
Leases	128	122
	1,046	405
Total	1,427	914

Bank overdrafts are offset against cash surplus with the net position having to remain above zero. The above overdraft relates to US Dollars and kept for hedging purposes as at the year end. Interest is charged on overdrafts at 5% above the host countries currency base rate.

The bank overdraft and invoice finance facility are secured by a fixed and floating charge over the Group's assets.

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

Right-of-use asset	Number of assets leased	Remaining term
Head office	1	3 – 4 years
Office equipment	2	0 – 3 years

None of the above leases has a remaining option extension, option to purchase or termination option. Under the terms of the lease, the Head office rent is currently being re-negotiated with reference to current market rentals.

The maturity of lease liabilities are as follows:

	2020 £'000	2019 £'000
No later than one year	149	122
Later than one year and no later than five years	413	509
	562	631

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

The following lease payments were made during the year:

	2020 £'000	2019 £'000
Lease capital	122	132
Lease interest	27	32
Total cash outflows	149	164

Notes to the Annual Report and Accounts Continued

Reconciliation of liabilities arising from financing activities

For the year ended 31 December 2020

	1 January 2020 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2020 £'000
Bank overdraft	283	635	-	918
Leases	631	(149)	27	509
Total liabilities from financing activities	**914**	**486**	**27**	**1,427**

For the year ended 31 December 2019

	1 January 2019 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2019 £'000
Working capital facility	454	(454)	-	-
Bank overdraft	-	283	-	283
Leases	-	(117)	748	631
Total liabilities from financing activities	**454**	**(288)**	**748**	**914**

19 Trade and other payables

Current	2020 £'000	2019 £'000
Financial liabilities measured at amortised cost:		
Trade payables	**1,071**	880
Other payables	**35**	14
Social security and other taxes	**59**	55
Accruals	**226**	172
	1,391	1,121

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 81 days (2019: 69 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying value of trade and other payables approximate to their fair value.

20 Commitments and contingencies

a) Capital commitments

The Group had capital commitments totalling £nil at the end of the year (2019: £nil).

b) Contingent liabilities

Together with its subsidiary, Symphony Environmental Limited, the Group's bankers have provided a Group composite facility of £100. (2019: £100).

21 Related party transactions

There were no related party transactions during the year (2019: none).

22 Financial Instruments

Classification and measurement

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

	2020 £'000	2019 £'000
Financial assets:		
Trade receivables	**2,398**	2,041
Other receivables	**589**	111
Cash and cash equivalents	**1,388**	1,161
	4,375	3,313
Financial liabilities:		
Trade payables	**1,071**	880
Other payables	**35**	14
Accruals	**226**	172
Bank overdraft	**918**	283
Leases	**509**	631
	2,759	1,980

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.

Notes to the Annual Report and Accounts Continued

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 2020 is summarised as follows:

Gross cash flows:	Trade and other payables and accruals £'000	Leases £'000	Bank overdraft & other loans £'000	Total £'000
Zero to sixty days	1,332	24	918	2,274
Sixty one days to three months	-	12	-	12
Four months to six months	-	38	-	38
Seven months to one year	-	75	-	75
One to three years	-	281	-	281
Four to five years	-	132	-	132
	1,332	**562**	**918**	**2,812**

The maturity of financial liabilities as at 31 December 2019 is summarised as follows:

Gross cash flows:	Trade and other payables and accruals £'000	Leases £'000	Bank overdraft & other loans £'000	Total £'000
Zero to sixty days	1,066	20	283	1,369
Sixty one days to three months	-	10	-	10
Four months to six months	-	30	-	30
Seven months to one year	-	61	-	61
One to three years	-	240	-	240
Four to five years	-	270	-	270
	1,066	**631**	**283**	**283**

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 2020 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	-	1,388	-	1,388
Trade receivables	-	-	2,398	2,398
Other receivables	-	-	589	589
	-	**1,388**	**2,987**	**4,375**
Trade payables	-	-	(1,074)	(1,074)
Other payables	-	-	(35)	(35)
Leases	(509)	-	-	(509)
Bank overdraft	-	(918)	-	(918)
	(509)	**470**	**1,878**	**1,839**
Sensitivity: increase in interest rates of 5%		24		24
Sensitivity: decrease in interest rates of 1%		(5)		(5)

The Group's exposure to interest rate risk as at 31 December 2019 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	-	1,161	-	1,161
Trade receivables	-	-	2,041	2,041
Other receivables	-	-	111	111
	-	**1,161**	**2,152**	**3,313**
Trade payables	-	-	(879)	(879)
Other payables	-	-	(14)	(14)
Leases	(631)	-	-	(631)
Bank overdraft	-	(283)	-	(283)
	(631)	**878**	**1,259**	**1,506**
Sensitivity: increase in interest rates of 5%		44		44
Sensitivity: decrease in interest rates of 1%		(8)		(8)

Sensitivity shows the effect on equity and statement of comprehensive income.

Notes to the Annual Report and Accounts Continued

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 2020 £'000**	**Currency balance 2020 '000**	Sterling balance 2019 £'000	Currency balance 2019 '000
Financial assets	**Euro**	**262**	**€290**	214	€241
Financial liabilities	**Euro**	**(15)**	**€(16)**	(75)	€ (87)
Net balance	**Euro**	**247**	**€274**	139	€154
Effect of 10% Sterling increase			**(22)**		(16)
Effect of 10% Sterling decrease			**27**		21
Financial assets	**USD**	**2,546**	**$3,437**	1,783	$2,304
Financial liabilities	**USD**	**(1,133)**	**$(1,509)**	(311)	$(401)
Net balance	**USD**	**1,413**	**$1,928**	1,472	$1,903
Effect of 10% Sterling increase			**(128)**		(133)
Effect of 10% Sterling decrease			**157**		163

Sensitivity shows the effect on equity and statement of comprehensive income. A 10% change is shown to enable an objective calculation to be made on exchange rates which may be assumed for the future.

As at 31 December 2020 the Group had outstanding forward foreign currency contacts which all matured within five months of the year end and committed the Group to selling US Dollars 750,000 and to receive a fixed Sterling amount (2019: the Group had outstanding forward foreign currency contacts which all matured within five months of the year end and committed the Group to selling US Dollars 1,250,000 and to receive a fixed Sterling amount).

The forward currency contracts are measured at fair value, which is determined using the valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD:GBP. The fair value of the forward-foreign currency contracts at 31 December 2020 is profit £30,000 (2019: £45,000).

Credit risk

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

	2020 £'000	2019 £'000
Trade receivables	**2,398**	2,041
Other receivables	**589**	111
Cash and cash equivalents	**1,388**	1,161
	4,375	3,313

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 74% (2019: 74%) of the above trade receivables.

In order to manage credit risk, the Directors set limits for customers based on a combination of payment history, third party credit references and use of credit insurance. These limits are reviewed regularly. The maturity of overdue debts and details of impairments and amounts written off are set out in note 15.

Capital requirements and management

Interest bearing loans and borrowings are monitored regularly to ensure the Group has sufficient liquidity and its exposure to interest rate risk is mitigated. Management consider the capital of the Group comprises the share capital as detailed in note 17 and interest bearing loans and borrowings as detailed in note 18. The Company satisfies the Companies Act 2006 requirement to hold £50,000 issued share capital of which at least 25% is paid up. See note 17.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

The Group's goal in capital management is to maintain an optimal gearing ratio (the ratio of net debt over debt plus equity).

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	2020 £'000	2019 £'000
Total borrowings	**1,427**	914
Cash and cash equivalents	**(1,388)**	(1,161)
Net debt/(cash surplus)	**39**	(247)
Total equity	**4,088**	3,240
Borrowings	**1,427**	914
Overall financing	**5,515**	4,154
Gearing ratio	**1%**	nil%

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

23 Events since statement of financial position date

There have been no material events since the statement of financial position date.

The following pages contain the financial statements for the parent company, prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101')

Company Statement of Financial Position
at 31 December 2020

Company number 03676824

	Note	2020 £'000	2019 £'000
Fixed assets			
Property, plant and equipment	25	-	-
Investments	26	1,150	1,150
		1,150	1,150
Current assets			
Trade and other receivables	27	5,236	3,801
Cash and cash equivalents		882	738
		6,118	4,539
Trade and other payables: amounts falling due within one year	28	92	66
Net current assets		6,026	4,473
Net assets		7,176	5,623
Equity			
Share capital	30	1,768	1,700
Share premium account		3,185	2,077
Retained earnings		2,223	1,846
		7,176	5,623

The Company has applied the exemption under section 408 of the Companies Act 2006 not to present a statement of comprehensive income for the year ended 31 December 2020.

The profit after tax for the financial year 2020 within the annual report and accounts of the Company was £377,000 (2019: £325,000).

These annual report and accounts were approved by the Directors on 30 March 2021 and are signed on their behalf by:

I Bristow FCCA
Chief Financial Officer

The accompanying notes form an integral part of these annual report and accounts.

Company Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital equity £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
For the year to 31 December 2020				
Balance at 1 January 2020	1,700	2,077	1,846	5,623
Issue of share capital	68	1,108	-	1,176
Transactions with owners	68	1,108	-	1,176
Total comprehensive income for the year	-	-	377	377
Balance at 31 December 2020	**1,768**	**3,185**	**2,223**	**7,176**
For the year to 31 December 2019				
Balance at 1 January 2019	1,543	333	1,521	3,397
Issue of share capital	157	1,744	-	1,901
Transactions with owners	157	1,744	-	1,901
Total comprehensive income for the year	-	-	325	325
Balance at 31 December 2019	**1,700**	**2,077**	**1,846**	**5,623**

The accompanying notes form an integral part of these annual report and accounts.

Notes to the Company Statement of Financial Position

24 Basis of preparation and significant accounting policies

Basis of preparation

Symphony Environmental Technologies plc ("The Company"), is a public limited 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.

The principal activity of the Company is to hold investments in subsidiaries which develop and supply environmental plastic additives and products.

The individual annual report and accounts have been prepared in accordance with United Kingdom accounting standards, including Financial Reporting Standard 101 – 'Reduced Disclosure Framework: Disclosure exemptions from international accounting standards in conformity with the requirements of the Companies Act 2006 for qualifying entities' ('FRS 101'), and with the Companies Act 2006. This separate annual report and accounts have been prepared on a going concern basis, under the historical cost basis, as modified by the recognition of certain financial assets and liabilities measured at fair value.

Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these annual report and accounts.

The annual report and accounts are presented in Sterling, the functional and presentational currency of the Company and are expressed in round thousands unless otherwise stated (£'000s).

New standards and interpretations have been issued but are not expected to have a material impact on the Company's annual report and accounts.

Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor vehicles - 25% reducing balance.

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 Company are assessed for recognition as deferred tax assets, insofar as the Company is entitled to UK tax credits on qualifying research and development expenditure, such amounts are presented in the income tax line within statement of comprehensive income.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they either relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or where they relate to items charged or credited in other comprehensive income the deferred tax change is recognised in other comprehensive income.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet 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 profit.

Investments - Company

Investments in subsidiaries are accounted for at cost less impairment in the individual annual report and accounts.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is charged immediately to statement of comprehensive income.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue and after capital reduction; and
- "Retained earnings" represents non-distributed reserves.

Equity-settled share-based payments

Warrants and options granted to employees which relate to salary sacrifices of employees employed by this company are attributed a fair value by reference to the services provided. This fair value is charged to statement of comprehensive income over the vesting period when the service is provided with a corresponding credit taken to shareholders' funds.

Significant judgements and estimates

Preparation of the annual report and accounts requires management to make significant judgements and estimates. The items in the parent company annual report and accounts where these estimates have been made include:

Estimates - impairment of investments

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating

Notes to the Company Statement of Financial Position
Continued

unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. No impairment has been recognised during the period. See note 26 for the carrying value.

There are no items in the parent company annual report and accounts where judgements have been made.

25 Property, plant and equipment

	Motor vehicles £'000	Total £'000
Cost		
At 1 January 2020	14	14
At 31 December 2020	**14**	**14**
Depreciation		
At 1 January 2020	14	14
Charge for the year	-	-
At 31 December 2020	**14**	**14**
Net book value		
At 31 December 2020	**-**	**-**
At 31 December 2019	-	-

26 Investments

	Shares in Group Undertaking £'000	Total £'000
Cost		
At 1 January 2020	2,150	2,150
At 31 December 2020	**2,150**	**2,150**
Impairment		
At 1 January 2020	1,000	1,000
At 31 December 2020	**1,000**	**1,000**
Net book value		
At 31 December 2020	**1,150**	**1,150**
At 31 December 2019	1,150	1,150

Group undertakings are detailed in note 13.

27 Trade and other receivables

	2020 £'000	2019 £'000
Amounts owed by Group undertakings	**5,222**	3,785
VAT	**4**	6
Prepayments	**10**	10
	5,236	3,801

The Directors consider that the carrying value of amounts owed by Group undertakings approximate to their fair values. Included in the amounts owed by Group undertakings is an adjustment for expected credit losses of £3,394,000 (2019: £3,394,000). The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance in respect to amounts owed by Group undertakings. The ECL balance has been determined based on historical data available to management in addition to forward looking information utilising management knowledge.

28 Trade and other payables: amounts falling due within one year

	2020 £'000	2019 £'000
Trade payables	**28**	21
Accruals	**64**	45
	92	66

29 Contingent liabilities

The Company has guaranteed all monies due to its bankers by Symphony Environmental Limited. At 31 December 2020 the net indebtedness of this company amounted to £918,000 (2019: £283,000). The Company has guaranteed the lease rental payable by Symphony Environmental Limited in respect to the Group's head office in Borehamwood amounting to £509,000 as at 31 December 2020 (2019: £26,000).

30 Share capital

The Company's share capital is detailed in note 17 of the Group consolidated accounts.

31 Directors and employees

All employees of Symphony Environmental Technologies plc are Directors. See note 6 of the Group consolidated accounts. The average number of staff employed by the Company during the financial year amounted to:

	2020 No.	2019 No.
Management	**3**	4
The aggregate payroll costs of the above were:	**2020 £'000**	2019 £'000
Wages and salaries	**48**	62
Social security costs	**3**	3
	51	65

The company has taken advantage of the FRS 101 exemption that allows intra-Group transactions with a 100% subsidiary to not be disclosed. There were no other related party transactions throughout the period.

32 Events since statement of financial position date

There have been no material events since the statement of financial position date.

Company Information

Company registration number

03676824

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Directors

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Ian Bristow FCCA
Chief Financial Officer

Michael Stephen, LL.M
Commercial Director & Deputy Chairman

Nicolas Clavel
Non-Executive Director & Interim Chairman

Shaun Robinson
Non-Executive Director

Robert (Bob) Wigley
Non-Executive Director

Secretary

Ian Bristow

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