# Annual Report and Accounts

For the year ended 31 December 2021

Making Plastic Smarter
Symphony
environmental

**Symphony Environmental is a world-leading developer of technology to make ordinary plastic biodegradable, and a range of other technologies to protect plastic and rubber against microbes, insects, fire, and many other threats.**

Our technology is sold, usually in the form of masterbatches, in nearly 100 countries around the world to protect the environment, food supply and human health and safety.

# Contents

# 2021 Highlights:

| Group Revenue | Gross Profit | Loss before tax | R&D Spend | Basic loss per share | Cash used in operations |
|---|---|---|---|---|---|
| £9.16m | £3.59m | £1.53m | £0.66m | 0.81p | £0.60m |
| 2020: £9.77m | 2020: £4.11m | 2020: £0.44m | 2020: £0.60m | 2020: 0.19p | 2020: £1.44m |

## Revenue Mix

| | 2021 | 2020 |
|---|---|---|
| $d_2w$ Masterbatch | **£7.19 million** | £7.27 million |
| $d_2p$ Masterbatch | **£0.45 million** | £0.47 million |
| Finished Products | **£1.40 million** | £1.80 million |
| Other | **£0.12 million** | £0.23 million |

# Business Highlights:

## Technologies

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

## Corporate

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

GREEN ECONOMY LONDON STOCK EXCHANGE

# Symphony at a Glance

Global specialists in technologies that make plastic and rubber products smarter, safer and more sustainable.

### Established with ESG Credentials

Listed on the London Stock Exchange since 2001.

Awarded the LSE's Green Economy Mark for sustainability in 2019

Strong partners in key regions

### High margin

High gross margin and capital light

Global network of distributors and manufacturing bases

### Investing in technology

7% of revenue invested into research and development over the past 6 years

Approvals in place for key technologies

### A global market

Emerging markets have driven growth to date. 22 countries have adopted regulations mandating the use of $d_2w$ type technologies

### Strong pipeline

Engaging with public and private sector targets internationally, we have multiple customer trials underway

# Our Solutions: Biodegradable Technology

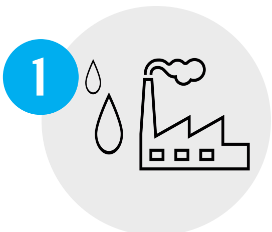
## Perfect for single use plastics and packaging

Lightweight plastic materials are used in many industries – not least the food industry where they are essential for protecting food from contamination and damage and reducing waste. However, 30% of plastic escapes into the environment annually with 8-10 million tonnes of plastic finding its way into in the oceans of the world, with dire consequences for people, wildlife, and water quality.

With over 20 years of solid scientific research and development behind it, our $d_2w$ masterbatch has been proven to biodegrade on land and in the marine environment, and is now sold around the world.

**A mature technology which represents the majority of our current revenues. It is cost-effective and perfect for single use plastics and packaging, which account for around 40% of all plastic items produced annually, and among the top ten items littered. It is also much kinder to the environment. So, there is plenty of room for revenue growth.**

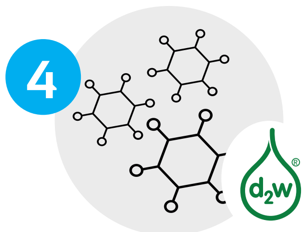
## The lifecycle of plastic products enhanced with $d_2w$ biodegradable technology




Just 1% of $d_2w$ added to polymer during manufacture


Can be used for all the same purposes as regular plastic


Can be recycled with regular plastic during product life




If littered, products will biodegrade and be recycled back into nature by bacteria and fungi on land or sea

## Without leaving toxic residues or microplastics behind.

# Designed to Protect

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

**The $d_2p$ range of products are relatively new compared to $d_2w$. Over the last few years, we have conducted, along with our global partners, a significant number of tests and trials, resulting in several technologies maturing and ready to commercialise including anti-insect, bread, gloves and flame retardants, obtaining regulatory approval where necessary. The Product Focus section of this report highlights a few of these key technologies and their applications.**

**We also continue to progress our newer technologies which we expect to commercialise over the short term. Additionally, there is a pipeline of products in development, which we hope to bring to fruition in the next few years.**

| Problem: | Solution |
|---|---|
| Protecting food → | • FDA approved antibacterial bread packaging<br>• Ethylene and moisture absorbers for packaging |
| Hygiene and Virus transmission → | • Antimicrobial water pipes and tanks<br>• Antimicrobial gloves |
| Flammable plastics → | • Flame retardant plastic masterbatches |
| Electric cable, deterioration and damage → | • Rodent repellents |
| Insect borne disease transmission and damage → | • Anti-insect masterbatch |

Masterbatches offering cost-effective protection against bacterial and fungal contamination on plastic products and other surfaces.

Insecticidal masterbatch used to control pests – applications include agriculture, horticulture, forestry, and home.

Masterbatches to repel rodents from causing dangerous damage to plastic products such as cable insulation, food, and non-food packaging.

Produced from a natural ore, $d_2p$ OS will remove oxygen from inside packaging to increase the shelf life of perishable goods.

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

To protect surfaces against the corrosion and oxidation of ferrous and non-ferrous metals.

Highly active adsorbent for the removal of ethylene gas and moisture in plastic packaging, to reduce spoilage of perishable fruit and vegetables.

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

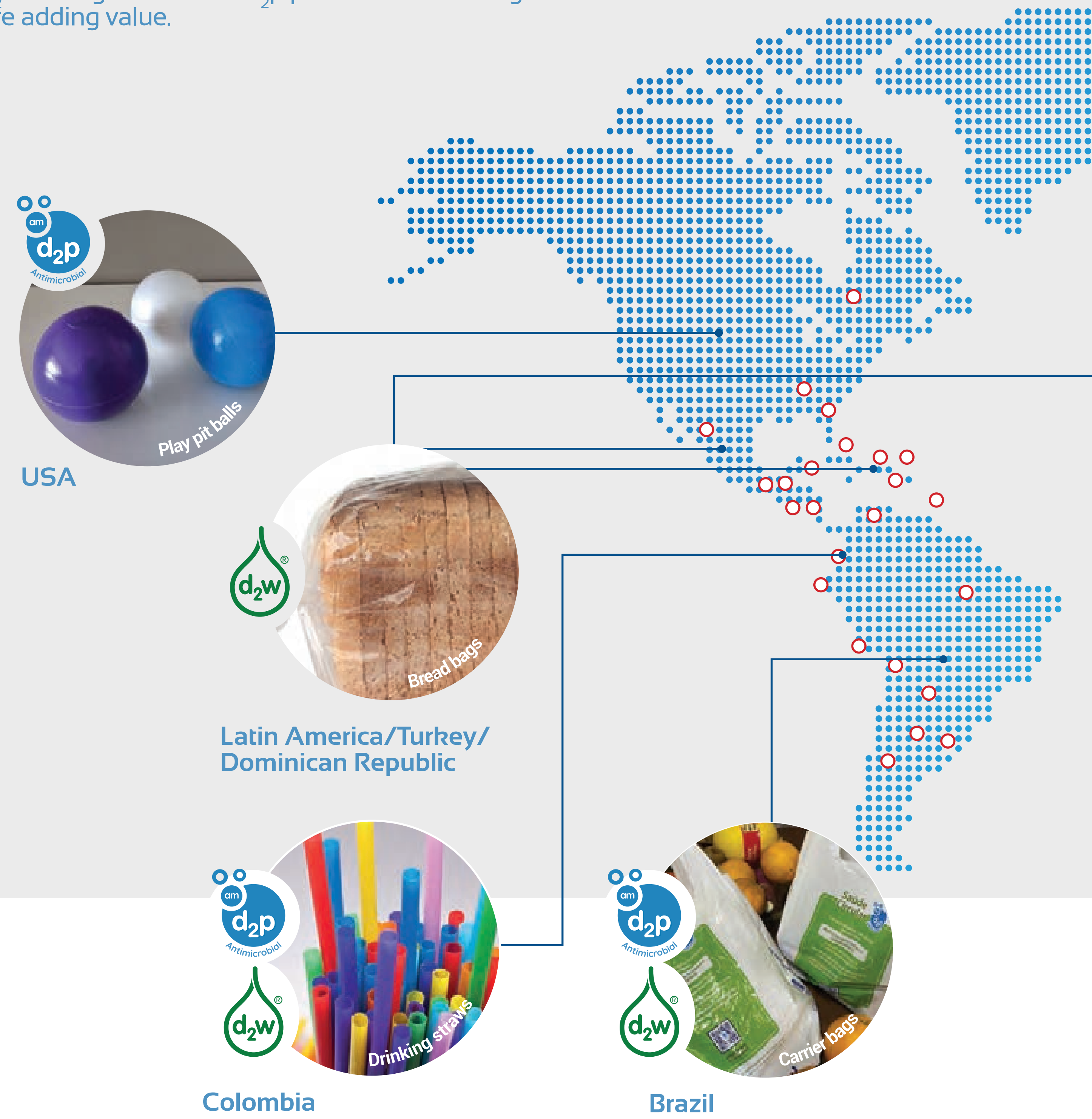
**www.d2p.net**

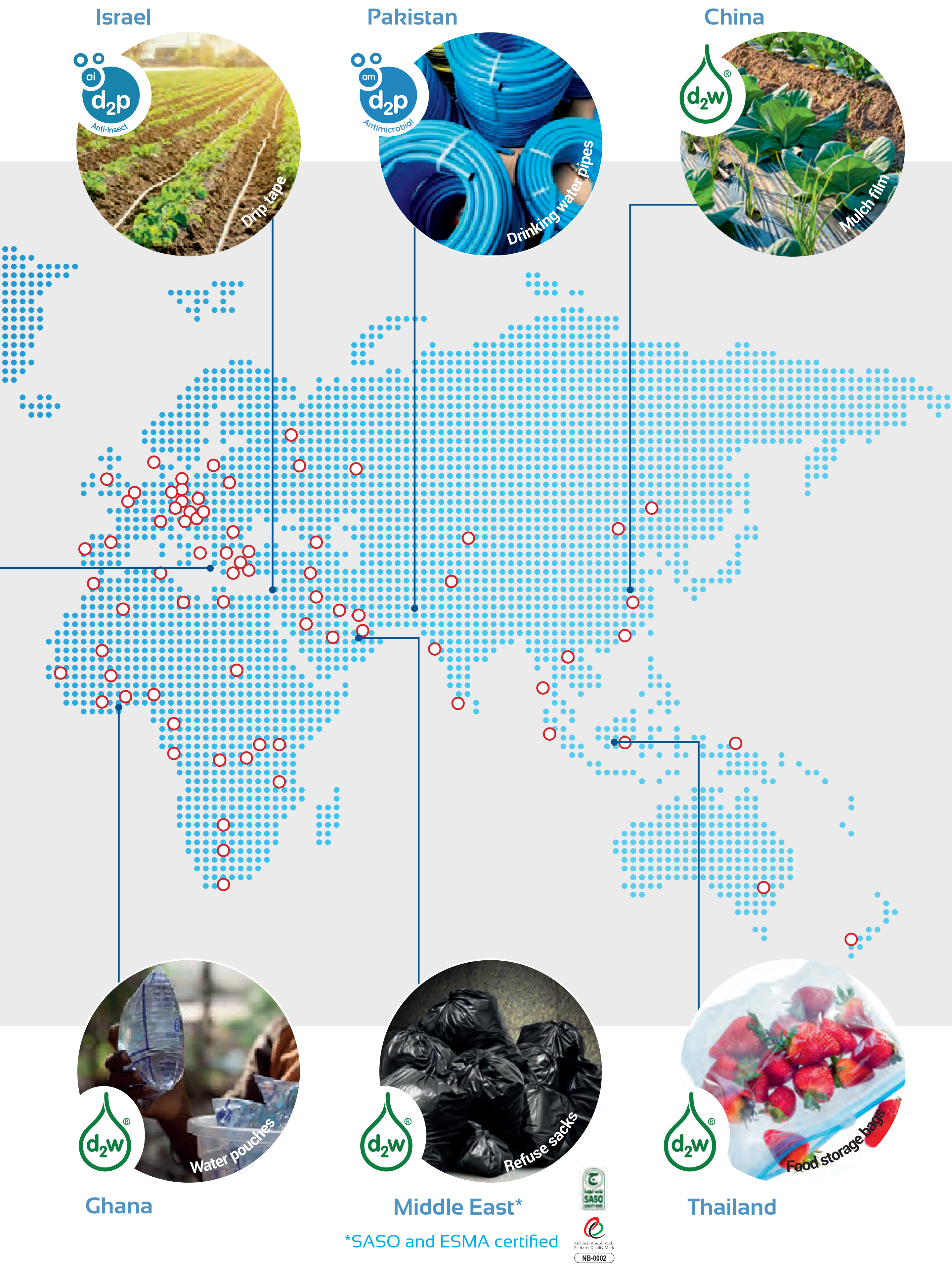
# Symphony's Distribution Network

Symphony is an international company reaching every corner of the globe.

We have a growing number of distributors, giving us a presence in nearly 100 countries worldwide.

Below are just some of the products and places where $d_2w$ biodegradable and $d_2p$ protective technologies are adding value.




Israel
d2p Anti-Insect
Drip tape
Pakistan
d2p Antimicrobial
Drinking water pipes
China
d2w
Mulch film
d2w
Water pouches
Ghana
d2w
Refuse sacks
Middle East*
d2w
Food storage bags
Thailand
*SASO and ESMA certified
SASO
Emirates Quality Mark
NB-0002

# Product Focus

## Making a Difference with $d_2p$ AI (Anti-insect)

### Many farmers and gardeners depend on irrigation pipes to manage the feeding and watering of their crops

These pipes offer huge benefits in terms of watering efficiency, conservation of water and feed, and greater crop-yields.

However, these lifelines are under constant attack from insects which puncture the pipes and cause the loss of valuable water and lower crop-yield.

Insecticidal sprays are widely used, but they are a temporary measure and are costly in terms of insecticide and labour. They can also be dangerous.

$d_2p$ AI is a specialised anti-insect masterbatch, added to the plastic pipes during manufacture. It is proven effective to protect drip lines, and tape and flexible irrigation pipes, and will effectively repel most insects for the lifetime of the pipe.

Preventing this damage not only saves water but also time and money spent on repairs and replacements. It also enables the wall thickness of drip tapes and lines to be reduced, thus saving money at manufacture.

Field studies have shown that drip tape and lines treated with $d_2p$ anti-insect technology outperformed the ordinary 8mm and 10mm drip tape.

# Antimicrobial technology in bread packaging

## Keeping your bread safe!

### According to WRAP, bread is one of the UK's most wasted foods.

Our $d_2p$ AM technology for packaging films, has been developed to inhibit the growth of bacteria on the surface of the film, and it has been tested according to ISO 22196.

Bread packaging has been a particular success, with $d_2p$ AM receiving FDA approval in the USA in July 2021, followed by approval from Health Canada. Better yet, FDA approval now applies to all types of polyolefin and polyester film for wrapping bread instead of just linear low density polyethylene (LLDPE).

The FDA wider approval allows for up to three times increased loading of $d_2p$ technology, giving greater flexibility, efficacy and ultimately value to our customers. This innovative treatment with $d_2p$ has been developed through our customer-led trials, with trial data showing significant benefits.

$d_2p$ AM is also effective in all indirect plastic, rubber, and silicone food contact applications such as food processing equipment, conveyor belts, utensils and food storage containers.

80% of bakery products are thrown away

# $d_2w$ Biodegradable Plastic

You would have to walk around with your eyes closed not to notice the amount of plastic litter in the environment, everything from pallet wrap to plastic shopping bags and packaging and more recently, disposable face masks now adorning the landscape and seascape everywhere.

Plastic pollution has become one of the most pressing environmental issues of the 21st Century. As demand for plastic overwhelms our ability to collect it. According to recent studies only 9% of plastic litter is ever recycled, which leaves tonnes of plastic litter either going to landfill or escaping into the open environment.

Single-use plastic items and packaging account for around 40% of all plastic items produced annually, and are usually among the top ten plastic items littered. This is most evident in the developing countries, where lack of infrastructure to collect and dispose of plastic waste leaves many tonnes of plastic annually, finding its way into the oceans of the world.

Collecting plastic litter from land is hard enough, but collecting it from the marine environment is impossible, particularly as it breaks down into smaller and smaller pieces called microplastics.

Which is why the world needs $d_2w$ biodegradable plastic technology.

$d_2w$ is a masterbatch that can be added to conventional polymer during the manufacturing process. It is a drop-in technology, added at only 1%, which means little or no extra on-cost. It meets all relevant standards including ASTM D6954, UAE 5009:2009, Saudi 2879 and AFNOR Accord T61-808. It is safe for food contact according to US and EU food contact regulations.

Our $d_2w$ biodegradable masterbatch technology has more than 20 years of research and development behind it. The last few years have seen scientific studies carried out by Queen Mary University London and the Oxomar project – a 5-year study sponsored by the French Government, proving what we already know. This is that plastic products made with $d_2w$ biodegradable technology, can be recycled if collected, but if they escape collection and end up in the open environment as litter they will degrade and biodegrade on land or sea much more quickly than ordinary plastic, without leaving toxic residues or microplastics behind.

It is a practical solution and perfect for all the single-use packaging and products you can think of and perhaps some that you can't.

## Mulch films

Did you know that $d_2w$ controlled-life plastic is used in the farming industry for mulch films?

Mulch film is plastic sheeting used to cover the soil – it has many benefits - it can modify soil temperatures, limit weed growth, prevent moisture loss, and improve crop-yield. The challenge for farmers is what to do with the mulch films after use. Before $d_2w$, farmers had to pay to have acres of contaminated plastic removed from their farms, but not any more.

Films made with $d_2w$ can be programmed to remain intact as a cover for the growing crop for the period required by the farmer, and will then degrade and biodegrade in the soil, without leaving harmful residues behind.

This offers an environmentally sustainable alternative to conventional polyethylene (PE) mulch films because they can be tilled into the soil after the harvest and will biodegrade to nothing more than $CO_2$, water and humus. This saves the farmer time and money and saves the environment from plastic waste.

# Antimicrobial pipes and tanks

## Helping to deliver safer drinking water

Plastic pipes are the backbone of water distribution systems. Unfortunately, these vital systems are always under attack from microbes which manage to enter distribution pipes and trigger biofilm build-up on the inside surfaces.

A biofilm is a layer of microorganisms contained in a matrix (or slime layer), which forms on surfaces in contact with water. Their presence in drinking water pipe networks can be responsible for a wide range of water quality and operational problems. They can also cause potentially deadly disease and blockages which threaten human and animal health and security of supply.

Water is used throughout the food chain from farm to table which means that water quality can have a significant impact on the quality of food products. Maintaining pipework to ensure water quality is therefore essential in preventing food spoilage and disease.

**d$_2$p AM is an antimicrobial masterbatch developed to prevent the build-up of biofilm in plastic drinking water pipes and water storage tanks. Our d$_2$p AM masterbatch is registered with the US EPA for the control of fungi and bacteria causing stain, odour and/or degradation of physical properties in polymers.**

d$_2$p AM is suitable for pipes made from PE, PP and PVC and has been tested to ISO 22196 and ASTM G21.

Cleaning pipework affected by biofilm can be expensive and difficult. The expected life of a plastic water pipe is around 50 years. Prevention is the safest and cheapest option.

Preventing biofilm build-up using d$_2$p antimicrobial masterbatch is safe and cost-effective as the additive is included at manufacture. It is also the most practical solution to a widespread problem, as the protection lasts for the lifetime of the product.

# Protecting against fire

In most cases plastics propagate fire because they quickly decompose to volatile combustible materials when exposed to heat.

In many fields such as electrical, transport, buildings etc. the use of polymers is therefore restricted by their flammability, whatever benefits the material may bring.

The use of synthetic polymers has greatly increased the fire risk, and serious consequences for people and property. Symphony has therefore carried out extensive R&D in this field.

Our fire-retardant masterbatches are now commercially available, and if used at manufacture of the plastic product, will significantly decrease the ignitability of the product and inhibit the combustion process, thereby limiting the amount of heat released.

The role of fire-retardants is to increase the time for people to escape, and to increase the time available to tackle the fire, by slowing down the polymer combustion, reducing smoke emissions, and reducing the dripping of molten polymer.

As the use of flame retardants is driven by legislation, Symphony has paid close attention to the approval processes in product development.

We have achieved M1 classification according to French standard NFP92 -503 and American Standard NFP 701 and have achieved excellent results according to BS476-12.

fr d2p Flame Retardant

# Chair's Statement

## 2021 was a year of contrasting results. These financial results do not reflect the transformational effort and success that was achieved in many of our high value development projects that are mainly customer led. We had expected these material changes to positively impact 2021 but repeated and unpredictable lockdowns created logistical and resource difficulties, which delayed the commencement of some large and valuable projects.

However, with the vaccination programmes being rolled out around the world, we now anticipate many of these projects will advance to commercialisation much faster, which will start to have a transformational effect on the business.

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

Group revenues for the year ended 31 December 2021 were £9.16 million (2020: £9.77 million). Further, revenues of £0.50 million missed the year end cut-off due to shipping congestion and delayed sailings. Of the recognised revenues for 2021, both $d_2w$ and $d_2p$ were on a par with the previous year, with total year-on-year revenue reduction mainly in respect of PPE items such as gloves with the compliance, sampling and regulatory process taking much longer than anticipated. Together with congestion and delays, shipping charges were also high during the period, and this higher cost so far continues in 2022.

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

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

Investment into d2w, our biodegradable technology, continued during the year with further independent certification to prove biodegradability and no persistent microplastics on land and oceans, together with specific advocacy teams that are focussing on several important markets such as Latin America where the legislation process is moving towards changes in laws that we believe will encourage the use of $d_2w$ type technologies. It is pleasing to see in this region a positive commercial result from this medium-term investment strategy that has helped increase volumes by 25% with an indication of further strengthening going forward. In the Middle East, volumes were consistent with 2020 which was a good result as local plastic production volumes were reported to have decreased by more than 50% due to Covid-19 restrictions. We are also starting to see business return to pre-Covid-19 levels, and very soon the start of a biodegradable enforcement programme by the Saudi national standards organisation (which is more easily capable of being enforced following the cessation of Covid-19 restrictions which have been in place during the last 2 or so years). This we believe will also have a positive effect in surrounding countries and further afield.

Sales for $d_2w$ have now commenced in India following completion in February 2022 of the agreement in November 2021 to form a joint venture with Indorama Corporation together with a local manufacturing agreement. This opens an exciting and large opportunity as the Indian government are taking immediate steps to control plastics through new regulations that are expected to encourage the use of compostable and biodegradable products like $d_2w$. We look forward to providing further updates on this regulation and commercial progress during 2022.

Investment into the many $d_2p$ "Designed to Protect" technologies and products has continued throughout the year and whilst various programmes have progressed, the enhancement of the US FDA approval is undoubtedly a significant milestone upon which we will build our sales. Health Canada adds to this important food approval process for use in bread packaging, thus opening two very large potential markets plus other territories which follow FDA regulations. Although the commercial and sales development process has been slower than anticipated, it continues to progress satisfactorily. Long-term sales based upon current negotiations could potentially be a multiple of the Group's current revenue. Further announcements are expected to be made in the near term and throughout 2022.

In addition to plastic packaging applications, we continued to advance the development and regulatory process of a $d_2p$ antimicrobial/antiviral nitrile glove with Meditech. This process is expected to complete during 2022 following which we will start marketing and selling to known customers in the UK, EU and USA where we have already ongoing negotiations dependent on the completion of regularity approvals.

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

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

**N Clavel**
Interim Chairman

29 March 2022

**"The Group continues its investment programmes across several areas each aimed to stimulate new sales and markets in the short and medium term including gaining key regulatory and product approvals."**

# Chief Executive's Review

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

## $d_2p$ USA FDA & Canadian approved bread-packaging technology

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

The FDA's approval for Symphony's $d_2p$ antimicrobial food contact technology now applies to all types of polyolefin and polyester film for wrapping bread, instead of just linear low density polythene. Low density polythene and polypropylene are common packaging materials used in bread, which are both now included. Symphony's $d_2p$ technology is intended to inhibit the growth of bacteria on the surface of the packaging film and is vital to a very hygiene-conscious industry. This creates valuable commercial and financial benefits for our customers.

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

## Nitrile disposable gloves made with $d_2p$ technology

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

Nitrile gloves made with $d_2p$ have completed pre-production trials and have also been successfully tested against ISO Standards for anti-viral and anti-bacterial performance with kill rates of at least 99.99%. A recent laboratory test result showed a coronavirus kill rate of 99.99% within ten minutes.

Further to the work being carried out with Meditech, negotiations are taking place in the USA (for use in medical facilities such as hospitals and clinics) and Europe (for large retail distributors in Spain and Italy) for $d_2p$ gloves and other finished products. These discussions are not yet enshrined in binding agreements, but anticipated volumes would be material to Symphony.

## India

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

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

## $d_2w$

We are seeing a positive impact from the advisory and advocacy work being carried out for our $d_2w$ technology in Latin America as well as increasing enforcement of favourable legislation by the relevant authorities in Saudi Arabia. In Latin America, sales volume grew by 25% during the year with stable volumes in the Middle East and East Asia in markets where general demand was affected by Covid-19.

## $d_2p$ pipeline

In addition to bread-packaging and gloves, the Group has a developing pipeline of $d_2p$ technologies that include flame retardants, ethylene adsorbers and many formulation variations of antimicrobial products and masterbatches. Repeat orders have been received during 2021 for insecticidal and odour adsorption applications which will be marketed strongly in 2022 together with the Group's antimicrobial technologies.

# Chief Executive's Review
Continued

## Trading results

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

| | 2021 | 2020 |
|---|---|---|
| $d_2w$ Masterbatch | £7.19 million | £7.27 million |
| $d_2p$ Masterbatch | £0.45 million | £0.47 million |
| Finished Products | £1.40 million | £1.80 million |
| Other | £0.12 million | £0.23 million |

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

The Group expensed R&D costs of £0.49 million in 2021 (2020: £0.60 million). In addition, there were intangible asset development cost additions of £0.17 million during the year in respect to the Group's $d_2p$ bread technology (2020: £nil). An R&D tax credit of £0.13 million (2020: £0.11 million) was received during 2021 relating to the previous period. A further R&D tax credit will be receivable in 2022 with respect to 2021.

The reported operating loss was £1.48 million (2020: £0.39 million) and loss after tax of £1.41 million (2020: £0.33 million) with basic loss per share of 0.81 pence (2020: loss per share 0.19 pence).

The Group's primary selling currency is the US Dollar and therefore a strong dollar against sterling, our reporting currency, is beneficial for the Group. The Group self-hedges its foreign exchange exposure by purchasing goods where possible in US Dollars and utilises bank forward currency contract agreements to minimise exchange risk. As at 31 December 2021, the Group had a net balance of US Dollar assets (US Dollar cash balances and receivables less overdrafts and payables) totalling $2.91 million (2020: $1.93 million). To part offset this, the Group had bank forward currency contracts to sell 1.50 million US Dollars and receive a fixed amount of sterling as at 31 December 2021 (31 December 2020: 0.75 million US Dollars).

## Balance sheet and cash flow

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

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

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

## EU action

As previously announced, Symphony commenced a legal action against the Commission, Parliament and Council of the EU having been advised by three specialists in EU law that Article 5 of the Directive 2020/904 is unconstitutional. We are currently waiting for the court to fix a date for an oral hearing in Luxembourg. This is expected in 2022.

The Defences did not reveal anything unexpected, and Symphony's legal team remain confident that the EU acted unlawfully in imposing a ban on a material which they call "oxo-degradable plastic" in Article 5 of the Directive. In any event, Symphony does not accept that the ban applies to oxo-biodegradable plastics, which are made by incorporating Symphony's $d_2w$ masterbatch into ordinary plastic, and do not have any of the undesirable characteristics listed in Recital 15 of the Directive.

# Chief Executive's Review
Continued

## Eranova

As announced in October 2020, The Group made an investment representing 1.6% of the enlarged capital of Eranova SAS (£123,000 including costs) as part of a €6 million pre-industrial plant project. The pilot plant was completed on schedule during October 2021 and is operational and processing small volume commercial orders. We expect further positive developments during 2022.

## Ukraine

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

## Covid-19

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

Other than the above, the effects to Group operations and finances have been minimal, while the focus on hygiene has enhanced interest in our $d_2p$ range. There is still the possibility of disruption to operations (customer or supplier disruption) or finances (customer bad debt or ability of customers or suppliers to carry on trading). The Group uses multiple supply sources and continues in the main to credit-insure receivables, or to do business on a letter of credit or proforma basis.

## Current trading and outlook

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

### $d_2p$ USA FDA & Canadian approved bread-packaging technology

Customer led trials in commercial environments continue for this innovative $d_2p$ technology and small commercial sales have started, with growing volumes expected in Q2 2022. Further updates will be made in due course.

Our technical teams and representatives are active in Canada, USA, Latin America, the Middle East, Pakistan, and South Africa. These markets have shown strong interest in using our $d_2p$ technology if the local trials confirm the expected positive results. The sales volumes would be potentially large and transformative for our business.

### Nitrile disposable gloves made with $d_2p$ technology

Regulatory application process has started, and if approved as expected, will allow the marketing and negotiations to start and complete for sales in the UK, EU and the US by Q3 2022. Based on current and ongoing communications with several key customers and distributors, the Board are confident that upon regulatory approval being received, the Group will be able to generate immediate and material revenues from the sale of $d_2p$ enhanced nitrile gloves and $d_2p$ additives for glove production into these significant markets.

### $d_2p$ pipeline

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

## $d_2w$

The $d_2w$ brand has been improved to reflect that our technology is biodegradable leaving no microplastics or ecotoxicity. This brand improvement is being well received in key markets such as Latin America and India where considerable confusion had been caused by the EU action in relation to oxo-degradable plastics. These are not the same as oxo-biodegradable plastics, and both are defined by the EU CEN (European Committee for Standardisation) in TR15351.

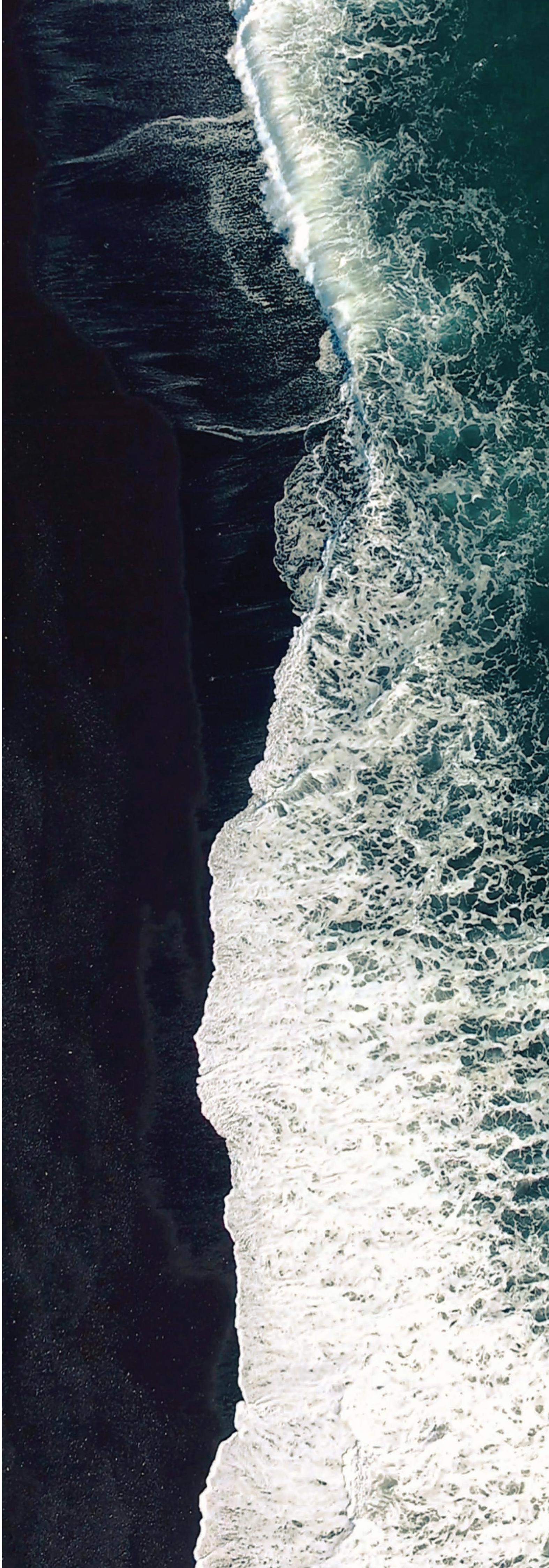
# Chief Executive's Review
Continued

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

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

**M Laurier**
Chief Executive

29 March 2022



# 2021 Roundup

In February 2021 Symphony signed an agreement with Sun Ace in South Africa to promote and distribute our $d_2p$ range of additives - perfect timing given that our $d_2p$ antimicrobial technology had recently proved to be effective against viruses including coronavirus. Sun Ace are marketing to several sectors including cling film, plastic-pipe producers, flooring companies, pvc compounders medical companies and the food packaging industry among others. Major bread manufacturers are evaluating our proposal to run a 2nd phase of trials.

Face masks are a candidate for $d_2p$ antimicrobial and also biodegradable technology as according to a new study published in December 21 in "Nature Sustainability" the amount of disposable face-masks littered in the environment increased by nearly 9,000% from March to October 20 as we battled the coronavirus pandemic. Personal protective equipment found its way on to the list of plastic items most commonly littered, with 29,000 tons of covid-related plastic reportedly floating in the ocean.

Reducing plastic litter in the environment is our passion, so we are always working behind the scenes to let governments and organisations know that there is a viable alternative to conventional plastic available. With this in mind, we sent a submission to the Government of New South Wales, after publication of their discussion paper, 'Cleaning up our act' proposing to phase out lightweight plastic shopping bags, despite the fact that they only represent 0.6% of plastic litter.

We also wrote to the Canadian Environment Minister regarding their proposals to reduce plastic use and made a submission to the Scottish Government in response to their draft Environmental Protection bill (for single-use plastic products and oxo-degradable plastic products) to ensure that they were fully informed of the difference between oxo-degradable and oxo-biodegradable, and the benefits to the environment of Symphony's $d_2w$ technology.

Our directors regularly speak at conferences. The pandemic put a stop to face to face appearances, but they still managed a couple of on-line conferences - appearing at the Pack for Change summit and the RWM Packaging event.

Some good news in September as Health Canada followed the FDA in the US and approved our $d_2p$ antimicrobial masterbatch for bread-packaging, which applies to polyolefin and polyester multi-layer films. This inhibits the growth of bacteria on the surface of the packaging film and is vital to such a hygiene-conscious industry.

November was a good month for several reasons, the Scottish Government issued draft Regulations restricting plastics, which did not list oxo-biodegradable as a problematic plastic, and the UK Government gave grants for the development of oxo-biodegradable technology (sometimes described as biotransformation) demonstrating an understanding that these technologies can reduce the problem of plastic litter which escapes collection for recycling and ends up in the environment.

We were also honoured by the London Stock Exchange to be one of the winners in the ninth annual Small Cap Awards.

Symphony was awarded ESG Company of the Year for outstanding global achievements in the ever-important areas of Environmental, Social and Governance. This award follows Symphony attaining the 'Green Economy Mark' from the London Stock Exchange, recognising that we derive over 50% of our activity from the green economy.

It was also fantastic to be able to attend the 15th Arabplast exhibition in Dubai and to meet potential customers face to face. We were sharing a stand with our Middle East distributor Eco-polymers and were very happy to see industry specialists and experts showcasing advancements and innovations from all over the world personally, rather than via zoom.

Finally, following on from the successful testing of our $d_2p$ antimicrobial product against viruses including the Coronavirus, we appointed a new Head of Finished Products in December. Deborah Styth is a PPE Specialist who will be leading the development of our antimicrobial product range and disposable gloves.

# Corporate Social Responsibility

We are committed to reducing our energy requirements and waste, so we carefully monitor the energy we consume and the waste we generate. We actively work to avoid pollution and to help our customers to avoid pollution.

We have embedded these principles into our business models and activities.

Our $d_2w$ prodegradant technology has been specifically designed to be consistent with these principles.

In 2021, we were honoured to be voted ESG company of the year at the small cap awards of the London Stock Exchange. This was for outstanding global achievement in the important subjects of Environment, and social governance. In the same month our Distributor in Brazil was awarded first prize in the masterbatch category, for their product incorporating both $d_2p$ antimicrobial and $d_2w$ biodegradable technologies in supermarket carrier bags.

In 2022 our Joint-venture company in India was awarded the prize for scientific innovation in sustainability, and pioneering efforts "to achieve a better and more sustainable future for all" at the Vivekananda Sustainability Summit 2022. This recognises efforts across India to implement the United Nations' 17 Sustainable Development Goals.

We have worked hard to ensure that we have production facilities in several locations around the world, to minimise the transport of products and raw materials and reduce our carbon footprint.

We are committed to the wider community, and we regularly provide opportunities for young people in our offices and laboratory.

This year we are supporting four students, three of whom are completing their professional training in industry as part of their undergraduate science degrees, and one on secondment to the company, who is undertaking a research project for her PhD in polymer degradation and biodegradation.

We are also pleased to report that a member of our Technical team has recently completed a Master's Degree in Analytical Chemistry, while working at Symphony. His expertise is a great asset to the company and helps to facilitate our continuing collaboration with academia and further research and development of our technologies and products.

# 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 pages 12-13 together with the Chief Executive's Review on pages 15-18. Future developments are summarised in the Current Trading and Outlook section of the Chief Executive's Review on page 17.

## 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 | 2021 | 2020 | Method of calculation |
|---|---|---|---|
| Revenue (£'000) | 9,161 | 9,766 | Revenues for the Group. |
| Gross profit margin (%) | 39.2% | 42.1% | The ratio of gross profit to sales. |
| Number of distributors | 77 | 72 | Number of distribution agreements |

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

## Research and development

The Group invests in research and development expenditure and an amount of £494,000 (2020: £600,000) are included in the operating loss for the year. Development expenditure of £166,000 (2020: £nil) has been incurred during the year as an addition to intangible fixed assets. See note 12.

The Group makes claims under the Government's R&D tax credit scheme. See note 8.

## Section 172 report

The Section 172 Report is shown on page 22.

## Principal risks and uncertainties

The Principal Risks and Uncertainties of the Group are shown on page 23.

## Approval

The Strategic Report was approved on behalf of the Board on 29 March 2022.

**M Laurier**
Chief Executive

29 March 2022

# 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 pages 12-13 and Chief Executive's Review on pages 15-18.

## Shareholders

The Board's main duty is to promote the Company and Group for the benefit of shareholders and it 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 and distributors, and extensive product offerings. The Board uses its regular meetings to oversee strategy implementation and challenge when necessary. The Company discusses its activities and plans with its corporate advisors and brokers who are able to review and advise considering the Company's wider shareholder base. Regular communications are carried out with larger shareholders. Any communications received from shareholders are responded to in good time.

## 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 input on 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. The Group also has heads of departments who are responsible for day to day management of staff, which ensures meeting agendas, change management and other topics include input from all of the Group's staff. This also allows for effective dialogue and feedback between the executives and staff via the department heads. Staff training is actively encouraged and 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 has dedicated teams managing the distribution network on a regional basis which allows for input from, and dialogue with, the Group's distributors on areas that affect them. Meetings are also held regularly between the executives and the distributors. The Group uses a small number of dedicated suppliers and works with them on many areas of product development. The executives also meet with key suppliers from time to time.

## 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:

- An application was made to reapply for a widened technical scope of its FDA approved $d_2p$ antimicrobial bread film technology. This was successful and enables greater commercial opportunities where FDA approval is recognised;
- In order to maximise opportunities in one of the Group's key regions, India, the Group agreed to form a joint venture with Indorama Corporation. Though this may sacrifice some control, this is far outweighed by the partners expertise which is expected to bring a more rapid penetration of the market. The joint venture was completed after the period end; and
- A strategy to strengthen the intellectual property owned by the Group by applying for patents for some of the Group's developed technologies.

# 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 use of 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 in US Dollars and Euros. Foreign exchange rates fluctuate and, as such, assets created in foreign currencies are liable to constant revaluations into their Sterling equivalent. | 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. |
| **Other Risks** | COVID-19 | Covid-19 is causing general uncertainty which has affected shipping costs and transit times as well as causing delays in trials being undertaken. | The Group uses multiple supply sources and manufactures products in multiple locations. |
| | Ukraine | The invasion in Ukraine has not impacted the business but may affect raw material costs in the future with plastic being a by-product of oil and gas. | |

# 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, and was Parliamentary Private Secretary at the Ministry of Agriculture. 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.

## 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.

## Alexander Brennan

### Executive Director

**Appointed to the Board:**
18th May 2022

**Committee Membership:**
None

**Background and Experience:**
Alexander Brennan is an Executive Director of the Company. The Founder and CEO of Brennan & Partners, Alexander has two decades' experience of delivering growth for businesses, both as a principal and as an advisor. He is a Non-Executive Director of Big Technologies PLC.

Prior to founding Brennan & Partners in 2016, he was the CEO of a global infrastructure investment business, with investors drawn from Europe, the Middle East and Asia. This role built upon five years of international sales and business development experience with De La Rue PLC, working firstly in Europe and then the Americas. He began his career at Slaughter and May, where he practised as a corporate lawyer in London for several years.

# 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 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. 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 23, 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.

# Chairman's Corporate Governance Statement Continued

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.

At the ninth annual Small Cap Awards held in November 2021, The Company was the winner of "ESG Company of the Year" for its outstanding global achievements in Environmental, Social and Governance. The Company is also a holder of the LSE Green Economy Mark. 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 23.

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

# Chairman's Corporate Governance Statement
Continued

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 18.81% 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 page 24.

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 2021 is shown below.

| Director | Position | Board Meetings attended in 2020 | Audit Committee meetings | Remuneration Committee meetings |
|---|---|---|---|---|
| Michael Laurier | Chief Executive Officer | 8/9 | – | – |
| Ian Bristow | Chief Financial Officer | 9/9 | – | – |
| Michael Stephen | Commercial Director & Deputy Chairman | 9/9 | – | – |
| Nicholas Clavel | Non-Executive Director & Interim Chairman | 9/9 | 2/2 | 1/1 |
| Shaun Robinson | Non-Executive Director | 9/9 | 2/2 | 1/1 |
| Robert Wigley | Non-Executive Director | 8/9 | – | – |

# Chairman's Corporate Governance Statement Continued

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 Board has considered other roles that each Non-Executive Director has outside of the Company and consider that they are able to 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 (see biographies on page 24).

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. External advice is sought for material legal and regulatory matters when required. During the year external advice was sought in relation to a legal case taken against the European Union and US regulatory advice in respect to the Groups $d_2p$ technology for bread wrapping. 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.

# Chairman's Corporate Governance Statement Continued

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.

There were no formal evaluations undertaken during the year.

## 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.

# Chairman's Corporate Governance Statement Continued

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.

# Chairman's Corporate Governance Statement
Continued

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;
- 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 2021 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

29 March 2022

# Directors' Report

The Directors present their report and the audited annual report and accounts of the Group for the year ended 31 December 2021.

## 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 21 provides a review of the business, the Group's trading for the year ended 31 December 2021, key performance indicators, and an indication of future prospects and developments. Page 23 presents the principal risks and uncertainties facing the business. 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 £1,406,000 (2020: loss £328,000).

The Directors do not recommend the payment of a dividend (2020: £nil).

The results for the year ended 31 December 2021 are set out in the consolidated statement of comprehensive income on page 47.

## Directors

The Directors who served during the year ended 31 December 2021 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 2021 | At 1 January 2021 |
|---|---|---|
| M Laurier | 23,424,316 | 23,424,316 |
| I Bristow | 1,163,731 | 1,163,731 |
| M Stephen | 1,352,176 | 1,352,176 |
| N Clavel | 550,000 | 550,000 |
| S Robinson | 11,518,248 | 11,518,248 |
| 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 23. 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.

# Directors' Report
Continued

## 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 and natural gas. The Group does not have any company-owned vehicles. The table below details the regulated SECR energy and GHG emission sources for the reported periods.

| 100% UK | 2021 Energy mWh | 2021 Emissions tCO2e | 2020 Energy mWh | 2020 Emissions tCO2e |
|---|---|---|---|---|
| Natural gas | 44.2 | 8.10 | 30.2 | 5.6 |
| Electricity | 166.8 | 35.42 | 186.3 | 43.4 |
| **Total** | 211.0 | 43.52 | 216.5 | 49.0 |
| **Intensity ratio** | | | | |
| £million revenue | | 9,161 | | 9,766 |
| **tCO2e per £million of revenue** | | 4.7 | | 5.0 |

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 2021 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 2021 are as follows:

| Shareholder | % total shareholding |
|---|---|
| Somerston Capital | 18.81% |
| M Laurier | 13.07% |
| Vincel Investments | 14.83% |
| S Robinson* | 6.43% |

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

### Political donations

During the year ended 31 December 2021 the Group made no political donations (2020: £nil).

## Going concern

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

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

On the basis of current financial projections derived from this, which have been drawn out to the end of 2023, including a sensitised cash flow analysis, together with available funds and facilities, including an invoice finance facility with the Group's bankers, the Directors are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and accordingly, continue to adopt the going concern basis in preparing the Group and Company financial statements.

# Directors' Report
Continued

The projections include expected growth in key $d_2w$ markets, the main areas being Latin America and the Middle East, together with some of the imminent $d_2p$ prospects which are expected to commercialise. This was then revenue sensitised by 20%. The main Group costs incurred and projected are marginal and tie in closely to respective projects and markets.

## Events since statement of financial position date

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

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

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

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

## 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.

## Matters covered in the Strategic Report

As permitted by section 414C(11) of The Companies Act 2006, certain matters which are required to be disclosed in the Director's Report have been omitted as they are included in the Strategic Report instead. The matters relate to; principal risks and uncertainties, research and development and key performance indicators.

## 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 2022 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 29 March 2022.

**M Laurier**
Chief Executive

29 March 2022

# 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 UK-adopted international accounting standards.

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 the UK-adopted international accounting standards 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 UK-adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- Make judgements and estimates that are reasonable and prudent.

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 UK-adopted international accounting standards, 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 29 March 2022.

**N Clavel**
Interim Chairman

29 March 2022

# 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 2021, 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 2021, 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 2021

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.
- Capitalised development costs and was satisfied that IAS 38 was correctly applied.

## Audit Committee effectiveness

The Committee reviews its effectiveness on an ongoing basis.

**Nicolas Clavel**
Chairman of the Audit Committee

29 March 2022

# 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 2021, 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 2021 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 2021

No annual bonuses are payable for the year ended 31 December 2021 (2020: £nil).

As announced by RNS on 19 November 2021, extensions were granted to the exercise period of options held by the Directors. This was to ensure that option exercises would be done where the options could be placed in an orderly manner which would not have been possible with the previously set dates.

## Remuneration Committee effectiveness

The Committee reviews its effectiveness on an ongoing basis.

# Remuneration Committee Report
Continued

## Directors' emoluments

The table below sets out the total emoluments received by each Director who served during the year ended 31 December 2021.

| | Basic Salary £'000 | Benefits £'000 | 2021 Total Emoluments £'000 | 2020 Total Emoluments £'000 |
|---|---|---|---|---|
| M Laurier | 202 | 13 | 215 | 213 |
| I Bristow | 138 | 4 | 142 | 141 |
| M Stephen | 137 | 25 | 162 | 159 |
| N Clavel | 16 | - | 16 | 16 |
| S Robinson | 16 | - | 16 | 16 |
| R Wigley | 16 | - | 16 | 16 |
| | 525 | 42 | 567 | 561 |

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 (2020: £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 | 26 November 2008 | 31 March 2022 |
| M Laurier | 350,000 | 12.500 | 31 March 2010 | 30 March 2022 |
| I Bristow | 3,000,000 | 4.500 | 26 November 2008 | 31 March 2022 |
| I Bristow | 280,000 | 12.500 | 31 March 2010 | 30 March 2022 |
| M Stephen | 2,000,000 | 4.500 | 26 November 2008 | 31 March 2022 |
| M Stephen | 210,000 | 12.500 | 31 March 2010 | 30 March 2022 |
| N Clavel | 500,000 | 4.500 | 16 October 2009 | 31 March 2022 |
| N Clavel | 250,000 | 12.500 | 18 December 2010 | 31 March 2022 |
| S Robinson | 1,500,000 | 12.500 | 19 November 2019 | 31 March 2022 |
| R Wigley | 750,000 | 12.500 | 15 May 2018 | 6 April 2023 |
| R Wigley | 250,000 | 12.500 | 19 November 2019 | 31 March 2022 |

The above share options and warrants are HM Revenue and Customs unapproved.

Options exercisable to 31 March 2022 were extended from exercise dates in November and December 2021 and have since the year end been extended to 31 December 2022.

**S Robinson**
Chairman of the Remuneration Committee

29 March 2022

# 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 2021 which comprise the Consolidated statement of comprehensive income, the 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, FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) 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 2021 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, FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) 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 group and the parent 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, as applied to SME listed entities, 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 the group's and 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.

# Independent Auditor's Report
## Continued

| Key Audit Matter | How our scope addressed this matter |
|---|---|
| The Group's accounting policy in respect of revenue recognition is set out in the accounting policies on pages 50-51 of the financial statements. 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:<br>o Reviewing the design and implementation of the controls in place surrounding revenue recognition, in particular cut off;<br>o Obtaining and reviewing the revenue recognition policy to ensure they comply with the IFRS requirements; and<br>o 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.<br>**Our observations**<br>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. |

## 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:

## Group materiality

| | Group | Parent company |
|---|---|---|
| **Overall materiality** | £183,220 | £91,610 |
| **How we determined it** | Group materiality has been calculated by reference to total revenue, of which it represents 2%. | Materiality for the Parent company has been calculated 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. We set performance materiality at £137,415, which represents 75% of overall 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. We set performance materiality at £73,288, which represents 80% of overall materiality. |
| **Reporting threshold** | We agreed with the directors that we would report to them misstatements identified during our audit above £5,497 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. | We agreed with the directors that we would report to them misstatements identified during our audit above £2,748 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. |

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.

# Independent Auditor's Report Continued

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 our 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 the parent company financial statements. Based on our risk assessment, all active entities of the group, including the parent company, were subject to full scope audit performed by the group audit team.

At the parent company level, the group audit team 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 other information comprises the information included in the Annual Report and Accounts 2021 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

# Independent Auditor's Report
Continued

## 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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, UK-adopted international accounting standards, FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) and the AIM rules.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the 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 parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation, UK-adopted international accounting standards and the Companies Act 2006.

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

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.
- Our audit procedures in relation to fraud through revenue recognition specific to cut-off included, but were not limited to:
- Assessing management's revenue recognition policy; and
- Agreeing a sample of revenue transactions pre and post year end, to ensure they have been recognised in the appropriate period and in line with the group accounting policy.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with 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.

# Independent Auditor's Report
Continued

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of 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: 29 March 2022

# Consolidated statement of financial position
## as at 31 December 2021

**Company number 03676824**

| | | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|---|
| ASSETS | **Non-current** | | | |
| | Property, plant and equipment | 10 | 171 | 166 |
| | Right-of-use assets | 11 | 548 | 510 |
| | Intangible assets | 12 | 260 | 45 |
| | Investments | 13 | 123 | 123 |
| | | | 1,102 | 844 |
| | **Current** | | | |
| | Inventories | 14 | 1,316 | 1,060 |
| | Trade and other receivables | 15 | 3,146 | 3,614 |
| | Cash and cash equivalents | 16 | 881 | 1,388 |
| | | | 5,343 | 6,062 |
| | **Total assets** | | 6,445 | 6,906 |
| EQUITY AND LIABILITIES | **Equity - *Equity attributable to shareholders of Symphony Environmental Technologies plc*** | | | |
| | Ordinary shares | 17 | 1,793 | 1,768 |
| | Share premium | 17 | 3,910 | 3,185 |
| | Retained earnings | 17 | (2,231) | (865) |
| | **Total equity** | | 3,472 | 4,088 |
| | **Liabilities** | | | |
| | **Non-current** | | | |
| | Lease liabilities | 18 | 338 | 381 |
| | **Current** | | | |
| | Lease liabilities | 18 | 167 | 128 |
| | Borrowings | 18 | 667 | 918 |
| | Trade and other payables | 19 | 1,791 | 1,391 |
| | | | 2,635 | 2,437 |
| | **Total liabilities** | | 2,973 | 2,818 |
| | **Total equity and liabilities** | | 6,445 | 6,906 |

These annual report and accounts were approved by the Board of Directors on 29 March 2022 and authorised for issue on 29 March 2022. 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 comprehensive income
## for the year ended 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Revenue** | 4 | 9,161 | 9766 |
| Cost of sales | - | (5,569) | (5,658) |
| **Gross profit** | - | 3,592 | 4,108 |
| Distribution costs | - | (500) | (364) |
| Administrative expenses | - | (4,571) | (4,136) |
| **Operating loss** | 5 | (1,479) | (392) |
| Finance costs | 7 | (54) | (45) |
| **Loss for the year before tax** | - | (1,533) | (437) |
| Taxation | 8 | 127 | 109 |
| **Loss for the year** | - | (1,406) | (328) |
| **Total comprehensive loss for the year** | - | (1,406) | (328) |
| Basic earnings per share | 9 | (0.81)p | (0.19)p |
| Diluted earnings per share | 9 | (0.81)p | (0.19)p |

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

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 2021

**Equity attributable to the equity holders of Symphony Environmental Technologies plc:**

| | Share capital equity £'000 | Share premium £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|
| **For the year to 31 December 2021** | | | | |
| Balance at 1 January 2021 | 1,768 | 3,185 | (865) | 4,088 |
| Share based options (note 17) | - | - | 40 | 40 |
| Issue of share capital (note 17) | 25 | 725 | - | 750 |
| Transactions with owners | 25 | 725 | 40 | 790 |
| Total comprehensive loss for the year | - | - | (1,406) | (1,406) |
| **Balance at 31 December 2021** | **1,793** | **3,910** | **(2,231)** | **3,472** |
| **For the year to 31 December 2020** | | | | |
| Balance at 1 January 2020 | 1,700 | 2,077 | (537) | 3,240 |
| Issue of share capital (note 17) | 68 | 1,108 | - | 1,176 |
| Transactions with owners | 68 | 1,108 | - | 1,176 |
| Total comprehensive loss for the year | - | - | (328) | (328) |
| **Balance at 31 December 2020** | 1,768 | 3,185 | (865) | 4,088 |

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

# Consolidated cash flow statement
## for the year ended 31 December 2021

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss after tax | (1,406) | (328) |
| *Adjustments for:* | | |
| Depreciation | 223 | 185 |
| Amortisation | 12 | 18 |
| Profit on disposal of tangible assets | - | (67) |
| Share-based payments | 40 | - |
| Foreign exchange | 25 | 37 |
| Interest expense | 46 | 45 |
| Tax credit | (127) | (109) |
| *Changes in working capital:* | | |
| Movement in inventories | (256) | (178) |
| Movement in trade and other receivables | 453 | (1,346) |
| Movement in trade and other payables | 389 | 301 |
| Net cash used in operations | (601) | (1,442) |
| R&D tax credit | 127 | 109 |
| **Net cash used in operating activities** | (474) | (1,333) |
| **Cash flows from investing activities** | | |
| Additions to property, plant and equipment | (54) | (36) |
| Additions to right of use asset | (17) | - |
| Additions to intangible assets | (227) | (21) |
| Additions to investments | - | (123) |
| Proceeds from sale of property, plant and equipment | - | 97 |
| **Net cash used in investing activities** | (298) | (83) |
| **Cash flows from financing activities** | | |
| Repayment of lease capital | (198) | (123) |
| Proceeds from share issue | 750 | 1,176 |
| Lease interest paid | (29) | (27) |
| Bank and invoice finance interest paid | (17) | (18) |
| **Net cash generated in financing activities** | 506 | 1,008 |
| Net change in cash and cash equivalents | (266) | 408 |
| Cash and cash equivalents, beginning of year | 470 | 878 |
| **Cash and cash equivalents, end of year** | 204 | 470 |
| **Represented by:** | | |
| Cash and cash equivalents (note 16) | 881 | 1,388 |
| Bank overdraft (note 18) | (677) | (918) |
| | 204 | 470 |

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

# Notes to the Annual Report and Accounts

## 1 General information

Symphony Environmental Technologies plc ('the Company') and subsidiaries (together 'the Group') develops and supplies environmental plastic additives and masterbatches, together with plastic and rubber finished products to a global market.

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

## 2 Basis of preparation and significant accounting policies

### Basis of preparation

This consolidated annual report and accounts has been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

These consolidated annual report and accounts have been prepared under the historical cost convention except for investments and derivative financial instruments that are measured at fair value. Financial information is presented in pounds sterling unless otherwise stated, and amounts are expressed in thousands (£'000) and rounded accordingly.

Changes to accounting policies during the year are detailed in 'Standards and interpretations adopted during the year' further in this note.

### Consolidation

This consolidated annual report and accounts are made up to 31 December 2021.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the annual report and accounts of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

### Going concern

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

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

On the basis of current financial projections derived from this, which have been drawn out to the end of 2023, including a sensitised cash flow analysis, together with available funds and facilities, including an invoice finance facility with the Group's bankers, the Directors are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and accordingly, continue to adopt the going concern basis in preparing the Group and Company financial statements.

The projections include expected growth in key $d_2w$ markets, the main areas being Latin America and the Middle East, together with some of the imminent $d_2p$ prospects which are expected to commercialise. This was then revenue sensitised by 20%. The main Group costs incurred and projected are marginal and tie in to closely to respective projects and markets.

### Revenue

#### *- Plastic additives and finished products, and associated products*

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

The Group's revenue is from the sale of goods. Revenue from the sale of goods is recognised in conformity to IFRS 15 following the 5 step approach. This has been detailed below:

- **Identification of the contract** – Due to the nature of the goods sold, the Group effectively approves an implied contract with a customer when it accepts a purchase order from the customer.

# Notes to the Annual Report and Accounts Continued

- **Identification of the separate performance obligations in the contract** – The Group must fulfil the following obligations, which are agreed on acceptance of the purchase order:
  - To make the goods available for dispatch on the required date;
  - To organise freight in accordance with agreed INCOTERMs (a series of pre-defined commercial terms published by the International Chamber of Commerce).
- **Determine the transaction price of the contract** – The transaction price is determined as the fair value of the consideration the Group expects to receive on transfer of the goods. The price of the sale includes the goods price and the cost of the transport, if applicable.
- **Allocation of the transaction price to the performance obligations identified** – Sales prices are agreed with each customer and are not generally a fixed price per unit. The transport price will also vary across sales as it is based on quotes received from the Group's freight agents, as transport is charged at cost. Although the Group is effectively an agent in the provision of transport rather than the principal under IFRS 15, the transport cost is insignificant in the context of the overall sale price and therefore it is not netted out of revenue and cost;
- **Recognition of revenue when each performance obligation is satisfied** – Provided that the goods have been made available for dispatch on the required date, this performance obligation has been fulfilled and the revenue for this performance obligation is therefore recognised at this date. In respect to the freight element, the agreed INCOTERMs need to be satisfied. At this point, the Group recognises the revenue for this separate performance obligation.

## Intangible assets

### *- Research and development costs*

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

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

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

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

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

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

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

Plastic masterbatches and other additives - 10 years straight line.

Judgements and estimates made by the Directors when deciding whether the recognition requirements for development costs have been met are included in note 3. All amounts disclosed within note 12 in development costs relate to plastic masterbatches and other additives.

### *- Trademarks*

Trademarks represent the cost of registration and are carried at cost less amortisation. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, to administrative expenses over the useful economic life of that asset as follows:

Trademarks - 10 years straight line.

# Notes to the Annual Report and Accounts Continued

## Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. The cost comprises of the purchase price of the asset plus directly attributable costs.

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

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

The residual value and useful economic lives are reconsidered annually.

## Impairment testing of intangible assets and property, plant and equipment

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

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

## Leased assets

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

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

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

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

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

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

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

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

## Investments

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

# Notes to the Annual Report and Accounts Continued

## Inventories

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

## Employee costs

### - *Employee compensation*

Employee benefits are recognised as an expense.

### - *Post employment obligations*

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

## Taxation

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

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

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

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

## Foreign currencies

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

## Financial assets

The Group classifies all of its financial assets measured at amortised cost, apart from investments and derivatives which are measured at fair value through profit and loss. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group considers a financial asset in default when it is unlikely to receive the outstanding contractual amounts in full. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

# Notes to the Annual Report and Accounts
Continued

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

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

### *- Cash and cash equivalents*

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

## Financial liabilities

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

Financial liabilities measured at amortised cost include:

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

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

## Equity settled share-based payments

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

## Equity

Equity comprises the following:

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

## Standards and interpretations adopted during the year

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

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

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

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

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

# Notes to the Annual Report and Accounts Continued

### 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 UK-adopted international accounting standards that have been issued but are not yet effective. The Group does not expect any of the standards which have been issued, but are not yet effective, to have a material impact on the Group.

- IAS 16 Property, Plant and Equipment: Amendments in relation to proceeds before intended use. Effective 1 January 2022
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Amendments in relation to the cost of fulfilling a contract when assessing onerous contracts. Effective 1 January 2022
- IFRS 3 Business Combinations: Amendments to update references to the Conceptual Framework. Effective 1 January 2022
- Annual Improvements to IFRSs (2018-2021 cycle). Effective 1 January 2022
- IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current. Effective 1 January 2023
- IFRS 17 Insurance Contracts. Effective 1 January 2023
- IAS 1 Presentation of Financial Statements: Disclosure of accounting policies. Effective 1 January 2023
- IAS 8 Accounting policies, changes in accounting estimates and errors (Amendment): Definition of accounting estimates. Effective 1 January 2023
- IAS 12 Income taxes: Deferred tax relating to assets and liabilities arising from a single transaction. Effective 1 January 2023

### Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

## 3 Significant accounting estimates and judgements

Estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those actions. Material changes to the estimates and judgements made in the preparation of the interim statements are detailed in the notes.

### Estimates:

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

#### *- Recognition of deferred tax assets*

Judgements and estimates relating to a deferred tax asset are detailed in notes 2 and 8. In particular, estimates are made as to future revenues which derive profit and loss projections. However, management does not consider it appropriate to recognise a deferred tax asset where there is uncertainty over the amount of future profits. The unrecognised deferred tax asset as at 31 December 2021 was approximately £4,013,000.

#### *- Share-based payments*

Estimates and related judgements in respect to share-based payment charges are detailed in note 17. Estimates are made on the fair value of the option using the Black-Scholes model. Changes to these estimates would not have a material impact on the Group's statement of comprehensive income. The carrying amount of share options as at 31 December 2021 was £128,000.

#### *- Investments*

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

# Notes to the Annual Report and Accounts Continued

### *- Inventory provisions*

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

### *- Expected credit losses (ECLs)*

Trade receivables are reflected net of an estimated provision for impairment losses. In line with IFRS 9, the Group uses an expected credit loss model to determine the provision for doubtful debts and also specific provisions for balances for which it has specific concerns over recoverability. The expected credit loss model involves segmenting debtors into groups and applying specific percentages to each of the debtor groupings. The Group has considered the profile of its debtor balance and has determined that a grouping based on credit terms and aging is considered the most appropriate. In addition, forward looking information has been used in the assessment and conclusion of ECLs in line with the model.

Higher percentages are applied the longer the term with the customer and the older the debt with the customer, with the view that there is a greater risk of unforeseen circumstances arising the further away the settlement date. See note 15 for further information. At the year end, the Group has provisions of £35,000 (2020: £18,000) on a total trade receivables balance of £2,608,000 (2020: £2,398,000) calculated using this method.

### Judgements:

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

### *- Functional currency*

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

### *- Development costs*

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

## 4 Segmental information and revenue analysis

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

| Revenues | 2021 £'000 | 2020 £'000 |
|---|---|---|
| $d_2w$ additives | 7,191 | 7,268 |
| $d_2p$ additives | 447 | 466 |
| Finished products | 1,401 | 1,796 |
| Other | 122 | 236 |
| **Total** | 9,161 | 9,766 |

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

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

# Notes to the Annual Report and Accounts Continued

Revenues attributable to the above geographical areas are made on the basis of final destination of the customer to which the goods are sold. The geographical areas above are what the Company considers to be key markets. All revenue is of the same nature, timing and uncertainty and so the Directors have not provided a further disaggregation of the revenue beyond the geographical and product analysis provided above. Credits are made to revenue on agreement of a dispute. Payments are made by customers either before or after satisfaction of performance obligations depending on the credit risk associated with the customer. Payments made before satisfaction of performance obligations are disclosed as a liability in accounts payable in the financial statements. If the satisfaction of performance obligations is made before payment, then the value is included in accounts receivable until extinguished by the payment.

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

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

### Major customers

There were two customers that each accounted for greater than 10% of total Group revenues for 2021 (2020: one customer). In 2021 the two customers accounted for £2,477,000 or 27% (2020: £2,553,000 and one customer being 26%) of total group revenues. The Group promotes its products through a global network of distributors and aims to generate revenues from as many sources as practicable.

## 5 Operating loss

The operating loss is stated after charging:

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

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

## 6 Directors and employees

Staff costs (including directors) during the year comprise:

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

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

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

# Notes to the Annual Report and Accounts Continued

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

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

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

The Directors are considered to be the key management personnel of the Group. Further details on Directors' remuneration and share options are set out in the Remuneration Committee Report.

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

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

## 7 Finance costs

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

## 8 Taxation

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

No tax arises on the loss for the year.

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Loss for the year before tax** | (1,533) | (437) |
| Tax calculated by rate of tax on the result | | |
| Effective rate for year at 19% (2019: 19%) | (291) | (83) |
| Expenses not deductible for tax purposes | 15 | (23) |
| Expenses not taxable | - | 3 |
| R&D tax relief | (89) | (94) |
| Differences between capital allowances and depreciation | 208 | 31 |
| Surrender of tax losses for R&D tax credit refund | 37 | 39 |
| R&D tax credit not yet recognised | 120 | 127 |
| R&D tax credit in respect of previous periods | (127) | (109) |
| **Total income tax credit** | (127) | (109) |

Symphony Environmental Limited continues to undertake research and development work which results in a research and development tax credit being made repayable to the company by HMRC in exchange for tax losses surrendered by the company at a tax rate of 14.5%. As in prior years, the group has chosen to recognise such cash tax credits in its financial statements, once the relevant research and development claim has been accepted and repaid by HMRC. Usually this is shortly after the submission of the company's tax return. The cash tax credit of £127,000 shown above relates to a repayment made by HMRC in relation to the year ended 31 December 2021 (£109,000 relates to the year ended and 31 December 2020).

In calculating the overall tax charge for the Group for the period, Symphony Environmental Limited has provisionally included a portion of the anticipated research and development claim for year ended 31 December 2021 to increase the trading losses made available for surrender to Symphony Environmental Technologies Plc as group relief. In doing so, the overall current year tax charge for the Group for the period has been reduced to £nil. Symphony Environmental Limited intends to surrender any remaining trading losses, not claimed as group relief, in exchange for a cash tax credit. The Group expects to be able to recognise this cash tax credit within next year's financial statements once this is repaid.

# Notes to the Annual Report and Accounts
Continued

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 £15,050,000 (2020: £14,890,000). These tax losses have no expiry date. The unrecognised deferred tax asset in respect of these losses based on latest profit projections is approximately £4,013,000 (2020: £2,531,000).

These brought forward losses are subject to the loss restriction rules introduced on 1 April 2017. Groups with more than £5m taxable profits per annum will only be able to utilise 50% of their brought forward losses against taxable profits exceeding the £5m cap. As Symphony does not expect its taxable profits to exceed £5m in the near to immediate term, it is not possible to quantify the impact of these changes at this moment in time.

The UK corporation tax rate applicable for the year is 19% (2020: 19%).

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

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

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

## 9 Earnings per share and dividends

The calculation of basic earnings per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options and warrants.

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

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

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

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

A total of 16,441,500 options and warrants were outstanding at the end of the year which may become dilutive in future years.

# Notes to the Annual Report and Accounts Continued

## 10 Property, plant and equipment

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

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

# Notes to the Annual Report and Accounts
Continued

## 11 Right-of-use assets

| Year ended 31 December 2021 | Land & buildings £'000 | Office Equipment £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2021 | 707 | 56 | 763 |
| Additions | 198 | 14 | 212 |
| **At 31 December 2021** | **905** | **70** | **975** |
| **Depreciation** | | | |
| At 1 January 2021 | 225 | 28 | 253 |
| Charge for the Year | 160 | 14 | 174 |
| **At 31 December 2021** | **385** | **42** | **427** |
| **Net Book Value** | | | |
| **At 31 December 2021** | **520** | **28** | **548** |
| At 31 December 2020 | 482 | 28 | 510 |

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

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

# Notes to the Annual Report and Accounts
Continued

## 12 Intangible assets

| Year ended 31 December 2021 | Development costs £'000 | Trademarks £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2021 | 1,973 | 64 | 2,037 |
| Additions | 166 | 61 | 227 |
| Disposals | – | (6) | (6) |
| **At 31 December 2021** | **2,139** | **119** | **2,258** |
| **Amortisation** | | | |
| At 1 January 2021 | 245 | 19 | 264 |
| Charge for the Year | – | 12 | 12 |
| Disposals | – | (6) | (6) |
| **At 31 December 2021** | **245** | **25** | **270** |
| **Impairment** | | | |
| At 1 January 2021 | 1,728 | – | 1,728 |
| **At 31 December 2021** | **1,728** | **–** | **1,728** |
| **Net Book Value** | | | |
| **At 31 December 2021** | **166** | **94** | **260** |
| At 31 December 2020 | – | 45 | 45 |

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

# Notes to the Annual Report and Accounts
## Continued

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

## 13 Investments

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

| | 2021 £'000 |
|---|---|
| Investments held at fair value through profit and loss: | |
| At 1 January 2021 and 31 December 2021 | 123 |
| Balance at 31 December 2021 | **123** |

In October 2020, the Group invested £123,000 (1.6%) into Eranova SAS, a French company developing products from green algae, as part of a total €6,000,000 financing to build a pre-industrial plant. The project is currently on schedule with the pre-industrial plant completed during October 2021. Forward prospects are encouraging, and the Board currently consider that the fair value is consistent with cost while the project considers the next phase. There is therefore no impairment as at 31 December 2021.

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

# Notes to the Annual Report and Accounts
Continued

The Company is parent to the following subsidiary undertakings

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

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

## 14 Inventories

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

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

There is no collateral on the above amounts.

## 15 Trade and other receivables

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

The Directors consider that the carrying value of trade and other receivables approximates to their fair values.

Symphony Environmental Technologies plc applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined based on historical data available to management such as adherence to payment terms and length of time to settle payment, in addition to forward looking information utilising management knowledge such as the anticipated condition of the market in which its customers operate. Based on the analyses performed, management expect that all balances will be recovered.

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

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

# Notes to the Annual Report and Accounts Continued

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

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

| Days past due | 0 - 30 £'000 | 31-60 £'000 | 61-90 £'000 | 91-120 £'000 | >120 £'000 | Total Gross £'000 | ECL £'000 | Total Net £'000 |
|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | **2,534** | **33** | **29** | **–** | **47** | **2,643** | **(35)** | **2,608** |
| 31 December 2020 | 2,284 | 39 | – | – | 93 | 2,416 | (18) | 2,398 |

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

## 16 Cash and cash equivalents

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

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

## 17 Equity

| | Group and Company | | | Group | |
|---|---|---|---|---|---|
| | Ordinary shares Number | Ordinary shares £'000 | Share premium £'000 | Retained earnings £'000 | Total £'000 |
| **At 1 January 2021** | **176,751,277** | **1,768** | **3,185** | **(865)** | **4,088** |
| Issue of share capital | 2,500,000 | 25 | 725 | – | 750 |
| Loss for the year | – | – | – | (1,406) | (1,406) |
| Share based payments | – | – | – | 40 | 40 |
| **At 31 December 2021** | **179,251,277** | **1,793** | **3,910** | **(2,241)** | **3,472** |
| At 1 January 2020 | 170,026,277 | 1,700 | 2,077 | (537) | 3,240 |
| Issue of share capital | 6,725,000 | 68 | 1,108 | – | 1,176 |
| Loss for the year | – | – | – | (328) | (328) |
| **At 31 December 2020** | 176,751,277 | 1,768 | 3,185 | (865) | 4,088 |

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

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

### Share options and warrants

As at 31 December 2021 the Group maintained an approved share-based payment scheme for employee compensation. All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options. As at 31 December 2021 there were nil approved staff options outstanding. No approved staff options were issued in 2021.

# Notes to the Annual Report and Accounts
Continued

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

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

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

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

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

### Directors

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

### IFRS2 expense

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

## 18 Borrowings

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

The bank overdraft relates to US Dollars and kept for hedging purposes as at the year end. Interest is charged on overdrafts at 5% above the host countries currency base rate. The Group also has an invoice finance facility with its bankers. The invoice finance facility was not drawn down as at 31 December 2021 (31 December 2020: £nil).

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

# Notes to the Annual Report and Accounts
## Continued

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

| Right-of-use asset | Number of assets leased | Remaining term |
|---|---|---|
| Head office | 1 | 2 years |
| Office equipment | 2 | 2 – 5 years |

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

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

**The maturity of lease liabilities are as follows:**

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

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

**The following lease payments were made during the year.**

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

**Reconciliation of liabilities arising from financing activities**

**For the year ended 31 December 2021**

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

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

**For the year ended 31 December 2020**

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

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

# Notes to the Annual Report and Accounts Continued

## 19 Trade and other payables

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

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 85 days (2020: 81 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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

## 20 Commitments and contingencies

### a) Capital commitments

The Group had capital commitments totalling £nil at the end of the year (2020: £nil).

### b) Contingent liabilities

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

## 21 Related party transactions

There were no related party transactions during the year (2020: none).

## 22 Financial Instruments

### Classification and measurement

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

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Financial assets:** | | |
| Trade receivables | 2,608 | 2,398 |
| Other receivables | 199 | 589 |
| Cash and cash equivalents | 881 | 1,388 |
| | 3,688 | 4,375 |
| **Financial liabilities:** | | |
| Trade payables | 1,351 | 1,071 |
| Other payables | 61 | 35 |
| Accruals | 249 | 226 |
| Bank overdraft | 677 | 918 |
| Leases | 505 | 509 |
| | 2,843 | 2,759 |

# Notes to the Annual Report and Accounts
Continued

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

## Risk management

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, currency risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

## Liquidity risk

The Group seeks to manage financial risk to ensure financial liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability. Short term flexibility is achieved through trade finance arrangements and overdrafts.

Having reviewed the maturity of financial liabilities and the forecast cash flows for the forthcoming twelve month period, the Directors believe that sufficient cash will be generated from trading operations to meet debt obligations as they fall due.

The maturity of financial liabilities as at 31 December 2021 is summarised as follows:

| Gross cash flows: | Trade and other payables and accruals £'000 | Leases £'000 | Bank overdraft & other loans £'000 | Total £'000 |
|---|---|---|---|---|
| Zero to sixty days | 1,661 | 3 | 677 | 2,341 |
| Sixty one days to three months | – | 44 | – | 44 |
| Four months to six months | – | 46 | – | 46 |
| Seven months to one year | – | 95 | – | 95 |
| One to three years | – | 358 | – | 358 |
| Four to five years | – | 1 | – | 1 |
| | **1,661** | **547** | **677** | **2,885** |

The maturity of financial liabilities as at 31 December 2020 is summarised as follows:

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

## Interest rate risk

The Group seeks to reduce its exposure to interest rate risk where possible, but this is offset by the availability of trade finance arrangements which are transaction specific to meet liquidity needs and so have variable interest rate terms.

Sensitivities have been looked at in the range of an absolute rate increase of 5% or a decrease of 1% which enable an objective calculation to be made depending on any interest rate changes in the future. Any rate changes would be outside the control of the Group.

# Notes to the Annual Report and Accounts
## Continued

The Group's exposure to interest rate risk as at 31 December 2021 is summarised as follows:

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

The Group's exposure to interest rate risk as at 31 December 2020 is summarised as follows:

| | Fixed £'000 | Variable £'000 | Zero £'000 | Total £'000 |
|---|---|---|---|---|
| Cash and cash equivalents | – | 1,388 | – | 1,388 |
| Trade receivables | – | – | 2,398 | 2,398 |
| Other receivables | – | – | 589 | 589 |
| | – | 1,388 | 2,987 | 4,375 |
| Trade payables | – | – | (1,071) | (1,071) |
| Other payables | – | – | (35) | (35) |
| Leases | (509) | – | – | (509) |
| Bank overdraft | – | (918) | – | (918) |
| | (509) | 470 | 1,881 | 1,842 |
| Sensitivity: increase in interest rates of 5% | – | 24 | – | 24 |
| Sensitivity: decrease in interest rates of 1% | – | (5) | – | (5) |

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

# 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 2021 £'000 | Currency balance 2021 '000 | Sterling balance 2020 £'000 | Currency balance 2020 '000 |
|---|---|---|---|---|---|
| Financial assets | Euro | 288 | €344 | 262 | €290 |
| Financial liabilities | Euro | (90) | €(107) | (15) | €(16) |
| Net balance | Euro | 198 | €237 | 247 | €274 |
| Effect of 10% Sterling increase | | | (18) | | (22) |
| Effect of 10% Sterling decrease | | | 22 | | 27 |
| Financial assets | USD | 2,933 | $3,963 | 2,546 | $3,437 |
| Financial liabilities | USD | (778) | $(1,051) | (1,133) | $(1,509) |
| Net balance | USD | 2,155 | $2,912 | 1,413 | $1,928 |
| Effect of 10% Sterling increase | | | (196) | | (128) |
| Effect of 10% Sterling decrease | | | 239 | | 157 |

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

As at 31 December 2021 the Group had outstanding forward foreign currency contacts which all matured within three months of the year end and committed the Group to selling 1,500,000 US Dollars and to receive a fixed Sterling amount (2020: the Group had outstanding forward foreign currency contacts which all matured within five months of the year end and committed the Group to selling US Dollars 750,000 and to receive a fixed Sterling amount).

The forward currency contracts are measured at fair value, which is determined using the valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD:GBP. The fair value of the forward-foreign currency contracts at 31 December 2021 is a loss of £2,000 (2020: profit £30,000).

## Credit risk

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

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

The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from trade receivables. The seven largest customer balances at the end of the year make up 85% (2020: 74%) of the above trade receivables.

# Notes to the Annual Report and Accounts
Continued

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

### Capital requirements and management

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

The Group's capital management objectives are:

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

The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. The Group's goal in capital management is to maintain an optimal gearing ratio (the ratio of net debt over debt plus equity).

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

The gearing ratios at 31 December 2021 and 2020 were as follows:

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

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

## 23 Events since statement of financial position date

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

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

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

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

***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 2021

**Company number 03676824**

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 26 | 1,190 | 1,150 |
| | | 1,190 | 1,150 |
| **Current assets** | | | |
| Trade and other receivables | 27 | 7,028 | 5,236 |
| Cash and cash equivalents | | 292 | 882 |
| | | 7,320 | 6,118 |
| **Trade and other payables: amounts falling due within one year** | 28 | 87 | 92 |
| **Net current assets** | | 7,233 | 6,026 |
| **Net assets** | | 8,423 | 7,176 |
| **Equity** | | | |
| Share capital | 30 | 1,793 | 1,768 |
| Share premium account | | 3,910 | 3,185 |
| Retained earnings | | 2,720 | 2,223 |
| | | 8,423 | 7,176 |

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 2021.

The profit after tax for the financial year 2021 within the annual report and accounts of the Company was £457,000 (2020: £377,000).

These annual report and accounts were approved by the Directors on 29 March 2022 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 2021

| | Share capital equity £'000 | Share premium £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|
| **For the year to 31 December 2021** | | | | |
| Balance at 1 January 2021 | 1,768 | 3,185 | 2,223 | 7,176 |
| Share option reserve movement | – | – | 40 | 40 |
| Issue of share capital | 25 | 725 | – | 750 |
| Transactions with owners | 25 | 725 | 40 | 790 |
| Total comprehensive income for the year | – | – | 457 | 457 |
| **Balance at 31 December 2021** | **1,793** | **3,910** | **2,720** | **8,423** |
| **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 |

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.

# Notes to the Company statement of financial position Continued

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

# Notes to the Company statement of financial position Continued

from each cash-generating 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 2021 | 14 | 14 |
| Disposal | (14) | (14) |
| At 31 December 2021 | – | – |
| **Depreciation** | | |
| At 1 January 2021 | 14 | 14 |
| Disposal | (14) | (14) |
| At 31 December 2021 | – | – |
| **Net book value** | | |
| **At 31 December 2021** | – | – |
| At 31 December 2020 | – | – |

## 26 Investments

| | Shares in Group Undertaking £'000 | Total £'000 |
|---|---|---|
| **Cost** | | |
| At 1 January 2021 | 2,150 | 2,150 |
| Additions - in relation to share option movement | 40 | 40 |
| **At 31 December 2021** | 2,190 | 2,190 |
| **Impairment** | | |
| At 1 January 2021 | 1,000 | 1,000 |
| At 31 December 2021 | 1,000 | 1,000 |
| **Net book value** | | |
| **At 31 December 2021** | 1,190 | 1,190 |
| At 31 December 2020 | 1,150 | 1,150 |

Group undertakings are detailed in note 13.

## 27 Trade and other receivables

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Amounts owed by Group undertakings | 7,015 | 5,222 |
| VAT | 3 | 4 |
| Prepayments | 10 | 10 |
| | 7,028 | 5,236 |

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 (2020: £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

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Trade payables | 10 | 28 |
| Accruals | 77 | 64 |
| | 87 | 92 |

## 29 Contingent liabilities

The Company has guaranteed all monies due to its bankers by Symphony Environmental Limited. At 31 December 2021 the net indebtedness of this company amounted to £677,000 (2020: £918,000). The Company has guaranteed the lease rental payable by Symphony Environmental Limited in respect to the Group's head office in Borehamwood amounting to £475,000 as at 31 December 2021 (2020: £509,000).

## 30 Share capital

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

# Notes to the Company statement of financial position Continued

## 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:

| | 2021 No. | 2020 No. |
|---|---|---|
| Management | 3 | 3 |

| The aggregate payroll costs of the above were: | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Wages and salaries | 48 | 48 |
| Social security costs | 1 | 3 |
| | 49 | 51 |

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

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

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

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

# Company Information

## Company registration number

03676824

## Registered office

6 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

## Directors

**Michael Laurier**
Chief Executive Officer

**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

**Alexander Brennan**
Executive Director

## Secretary

Ian Bristow

## Nominated adviser and joint broker

Zeus Capital Limited
10 Old Burlington Street
London
W1S 3AG

## Joint broker

Hybridan LLP
1 Poultry
London
EC2R 8EJ

## Bankers

HSBC Bank Plc
103 Station Road
Edgware
Middlesex
HA8 7JJ

## Solicitors

Eversheds Sutherland (International) LLP
1 Wood Street
London
EC2V 7WS

## Auditor

Mazars LLP
Chartered Accountants and
Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

## Registrars

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Perivan 263261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