13 March 2013

Revolymer plc
Preliminary Results for the 12 month period to 31 December 2012

Revolymer plc (AIM: REVO) ("Revolymer", the "Company" or the "Group"), is a British polymer technology company which designs, develops and formulates novel polymers to improve the performance of existing consumer products within the high value fast moving consumer goods ("FMCG") and other industrial markets. Following its admission ("Admission") to, and initial public offering ("IPO") on, the AIM Market of the London Stock Exchange in July 2012, Revolymer announces its maiden audited preliminary results for the 12 month period to 31 December 2012.

Business Highlights

- A continuing strategic focus on executing licences in the high value consumer specialties business area including household products, coatings and adhesives and personal care
- Following the IPO, funds available at 31 December 2012 of £21.9m providing a significant funded "runway" to enable management to deliver on key commercial projects
- Products update:-
    - Consumer specialties: development programmes being progressed in partnership with a number of international FMCG companies through joint development and other collaborative structures that allow Revolymer to retain the underlying polymer intellectual property as the subject of subsequent licences to such partners
    - The development of a nicotine gum offering with the potential to generate significant medium term shareholder value in targeted markets
    - Bioequivalence study for nicotine gum product completed. Abbreviated New Drug Application ("ANDA") for submission to the US Food and Drug Administration ("FDA") in closing stages of drafting
    - Licensing potential remaining in the confectionery gum business, despite the decision to stop direct sales in the US
- A portfolio of product programmes for potential licensing, which also helps to mitigate the challenges inherent in striking commercialisation deals and reduces the dependence of the business on success in a single product development programme (i.e. "multiple shots on goal")
- Guidance from a strong and experienced Board of Directors chaired by Jack Keenan, formerly CEO and Chairman of Kraft Foods International, and supported by independent Non-executive Directors with specific industry expertise, namely Julian Heslop, formerly CFO of GlaxoSmithKline, and Dr Bryan Dobson, formerly President Global Operations of Croda International.

Financial Highlights

- £21.9m of current cash investments, cash and cash equivalents on hand at the year end (2011: £3.1m)
- Net cash outflow from operating activities of £4.3m (2011: £3.9m)
- Revenue for the period of £176k (2011: £150k), comprising sales of Rev7® removable and degradable confectionery gum in the US and nicotine gum in Canada
- Gross loss for the period of £606k (2011: gross profit £84k), but a gross profit of £90k (2011: £84k) before charging US closure costs, stock provisions and write offs amounting to £696k
- Other operating income for the period of £340k (2011: £505k), from potential licensing partners in the consumer specialties business areas. Reduction in income reflects the advanced status of a number of our programmes, and our focus on securing licence deals to deliver high quality medium term value, rather than seeking significant short term collaborative income
- Reported loss for the year of £10.1m (2011: £3.9m), which was adversely impacted by significant and primarily non-cash charges in respect of stock provisions, US closure costs and share based payments (as a result of all share options vesting at Admission) amounting in total to £5.2m (2011 £261k). The loss excluding these items was £4.9m (2011: £3.7m)

Dr Roger Pettman, CEO of Revolymer said: “We are pleased to have listed the Company and raised net proceeds of £23.2 million to invest in delivering shareholder value. We fully appreciate that our stakeholders are looking to management to deliver significant commercial milestones in the near term, and acknowledge that the current share price reflects that there has not been deal related news flow to date. Given recent progress, we are confident that commercialisation licences (or equivalent transactions) will be forthcoming from one or more projects and look forward to announcing significant milestones as and when they are achieved. We expect our portfolio of projects will lead to the commercialisation of our high value polymer technologies to improve the performance of existing consumer products within the FMCG and other industrial markets.”

For further information please contact:

Revolymer plc	+44 (0) 1244 283 500
Roger Pettman / Rob Cridland	
Panmure Gordon (UK) Limited	+44 (0) 20 7886 2500
Callum Stewart / Adam James (Corporate Finance) Adam Pollock / Charles Leigh-Pemberton (Corporate Broking)	
Citigate Dewe Rogerson	+44 (0)20 7282 2945
David Dible / Ginny Pulbrook/Malcolm Robertson	

Company website: www.revolymer.com

Chairman’s statement

I am pleased to present my inaugural report as the first Chairman of Revolymer plc. At the outset I thank the management team who, working together with our advisors, completed the IPO of Revolymer and listing on the London Stock Exchange’s AIM market on 10 July 2012, and the raising of over £23m of net proceeds to fund the business for the coming years.

Although there is much to achieve as a business, the IPO provides us with a financial base to do this, and during the months as a public company since listing we have focused on the refinement and execution of our business plan, including:

- We have agreed the best commercial strategy for the Company, concluding that our resources are best deployed by a focus on licensing our portfolio of intellectual property in a number of product fields to partners with the expertise, resources and scale to launch and market products incorporating our technology
- We have set a 2013 operating plan consistent with this strategy, with very specific goals for management
- We have established appropriate governance and control structures, including a comprehensive and ongoing business risk assessment and mitigation process, and a medium term strategic planning cycle
- We are beginning to build relationships with private and institutional investors, and we recognise that this is fundamental to achieving our goals. We aim to achieve this through face-to-face meetings and a range of other communication channels immediately following the achievement and announcement of significant milestones. We also aim to be highly receptive to shareholder interactions, either received directly or through our broker. The Notice of Meeting that will accompany our annual report sets out the business for our first AGM and we actively encourage all our shareholders, large or small, to attend and participate.

We will continue to maintain our focus on these key areas during the year ahead, as more fully described in the Chief Executive Officer’s Review.

People

Revolymer now employs 30 people (excluding Non-executive Directors) based in our Deeside facility, most of whom are highly qualified polymer scientists, focused on product research and development across our five business areas and particularly in consumer specialties. Our employees are critical to our future success and I would like to thank all of them for their hard work during the year and look forward to their continued commitment to the business.

Looking ahead

Based on the progress made to date and the significant market potential for our technologies in a number of product applications, I believe the outlook for Revolymer is very promising. The business has an experienced management team and staff, and the proceeds of the IPO provide a foundation for delivering against our corporate targets. I look forward to seeing Revolymer capitalise on these opportunities.

John ("Jack") Keenan

Chairman

Chief Executive Officer's Review

2012 has been a significant year for Revolymer, with its IPO and listing on AIM in July. On Admission, our stated strategy was to generate significant and growing high quality revenue streams by licensing our unique technologies to manufacturers and marketers within the global high value FMCG and other industrial markets. The financial resources derived post-IPO, combined with the technical and business experience of the board, management team and staff, position us well to deliver on this strategy and this has been and continues to be our over-riding focus.

The Company's current products and pipeline are based on two core areas of polymer technology application: moisture management using amphiphilic graft copolymers (such as the Rev7® polymer), and encapsulation and controlled release of active substances using a range of polymer families (such as polyacrylic acid-based polymers).

Demonstrating to the larger players in our target markets that these technologies can improve performance in specific product applications, and negotiating and executing commercialisation licences or other appropriate contracts with them, is a time and resource consuming process. However, I am pleased to report that we are continuing to progress a significant portfolio of projects with major partners, each of which could potentially culminate in a commercialisation deal in the near to medium term. The existence of this portfolio provides the Group with a number of licence opportunities ("multiple shots on goal") and therefore reduced dependency on a single product success, serving to mitigate some of the inherent challenges associated with the development of appropriate commercialisation partnerships.

We summarise below key progress in the various business areas of Revolymer, whilst necessarily preserving the confidentiality of related business arrangements.

Business Area Review

Consumer Specialties

The consumer specialties business area comprises household products (including for example laundry and non-laundry cleaning agents), coatings & adhesives (including for example foodstuff packaging and coatings and sealants used in the construction industry) and personal care products (including cosmetics, personal hygiene and hair-care). This portfolio represents large markets where we believe our technology can offer significant performance improvement in a variety of properties of existing marketed products.

All of our technologies in the consumer specialties business area are currently in varying stages of product development. Our REVCOAT amphiphilic polymer technology has been shown to improve the performance of certain non-laundry cleaning agents, while our REVBAR laminated barrier technology is in development to improve packaging for both wet and dry perishable foodstuffs. Our REVCAP encapsulation technology has been shown to stabilise certain laundry actives in liquid and new powder formulations, and work is ongoing to optimise release of the actives in the cleaning cycle. Our REVCARE moisture management technology has also been shown to improve the properties of certain personal care and cosmetic formulations, such as moisturisation and perceived softness.

These development programmes are being progressed in partnership with a number of international FMCG companies through joint development and other collaborative structures that allow Revolymer to retain the underlying polymer intellectual property as the subject of subsequent licences. Given the progress that we are making, we are confident that commercialisation licences (or equivalent transactions) will be forthcoming from one or more projects and look forward to announcing significant commercial milestones as and when they are achieved.

Nicotine Gum

The private label component of the nicotine gum market offers Revolymer a specific commercial opportunity, primarily through partnering our more confectionery like nicotine gum with existing market players. We announced in July 2012 the first sales in Canada of our product through this private label route, having received regulatory approval in Canada in 2011. However in early February 2013, we also announced that the Company had received notification from Fertin Pharma A/S and Gumlink A/S of the commencement of patent infringement proceedings against it in connection with the sale of its nicotine gum in Canada. Following professional advice, management considers at this stage that there are strong grounds for rebutting this action and we accordingly intend to defend vigorously the Company's position. Revolymer will issue further announcements as appropriate in the event that there are any material developments regarding this legal action, but understandably we are limited in the comments we can make about ongoing legal matters. As a business in which intellectual property is central to our value, we of course take such matters very seriously.

Whilst the Canadian nicotine gum market is relatively small and therefore an appropriate test market for our product, there is a more significant potential private label opportunity in the US. In October 2012 we were pleased to receive an Investigational Medicinal Products licence in respect of our nicotine gum and accordingly commenced the planned bioequivalence study to enable comparison to the market reference product, Nicorette. This study was recently completed in March 2013, and the ANDA is in the closing stages of drafting, with its filing to be announced in due course. Once the ANDA is filed, we are advised of an FDA review time of at least two years before a US launch can be planned, and so the value of this product is likely, subject to regulatory approval, to be realised in the medium term. We also aim to use the bioequivalence study as a basis for partnering with private label manufacturers and marketers in other territories, e.g. in Europe.

Our accelerated release nicotine gum (designed to provide faster craving relief than currently marketed nicotine gum) remains a longer term development programme with the potential to generate value for the business further out, and will be the subject of future announcements as appropriate.

Confectionery Gum

In this business area as in others, our primary objective continues to be the licensing of our removable and degradable gum technology, and, as stated in our AIM Admission Document, the Group already has two licensees in the confectionery gum field for this technology. The direct sales of our Rev7® branded confectionery gum were accordingly intended to demonstrate consumer interest ahead of licensing to additional third parties. The board believes, however, that it is also important to control and balance appropriately the cost of such activities in the context of the whole business, taking into consideration that the primary focus remains on licensing. Whilst sales of Rev7® gum in the USA have continued during 2012 and amounted to £153k for the year, the board concluded that the likely future quantum of these sales no longer justified a continued physical presence in the US market, and accordingly such commercialisation effort in this territory was stopped from the start of 2013. The closure costs are described in the Financial Review.

Outside of the USA, the Group continues to test market Rev7® confectionery gum in Ireland, in partnership with the Topaz service station network. Appropriate future commercial activities in Europe will be considered after the test marketing is completed.

Outlook

Revolymer remains focused on the licensing of its technology to commercialisation partners in the high value FMCG and other industrial markets. During 2012 it has progressed development on a large portfolio of projects, mitigating the challenges inherent in our business model. Furthermore, the majority of these projects are in the consumer specialties business area which is our strategic priority going forward. In parallel, a number of commercial opportunities remain in our gum business area: in nicotine gum there is the potential for substantial medium term shareholder value generation with our improved chew and release products, and we also look forward to licensing developments in our confectionery gum business.

Given the progress that we are making, and a significant funded "runway" in which to continue to do so, we are confident that commercialisation licences (or equivalent transactions) will be forthcoming from one or more projects and look forward to announcing significant commercial milestones as and when they are achieved.

Financial Review

The results of Revolymer's operations have been significantly influenced by the IPO and listing on AIM in July. We are pleased to have completed this substantial fundraising, and the business is well funded as it pursues its licensing model. Since the IPO, and under the guidance of the Audit Committee and the Board, we have reviewed our business risks as part of an ongoing risk and mitigation review cycle, and have ensured that our internal financial controls are appropriate for a publicly quoted company, including the implementation of a treasury policy (as described below).

Cash flow

Net cash inflow from financing activities was £23.2m (2011: £5.6m), reflecting the funds raised in the IPO. After expending £4.3m on operations during the year (2011: £3.9m), the balances on hand at the year end were cash and cash equivalents of £4.9m (2011: £3.1m) and short term deposits of £17.0m (2011: nil), placed in accordance with a new board approved treasury policy, that is in short term deposits with a panel of UK financial institutions rated at least F1/A1/P1 (or equivalent ratings).

Operations

Revenue for the period totalled £176k (2011: £150k), £153k of which was sales of Rev7® removable and degradable confectionery gum in the US (2011: £149k), as well as early sales of nicotine gum in Canada of £16k (2011: nil). As announced on 19 December 2012, the board made a decision to desist direct sales of confectionery gum in the US with effect from the end of the year and accordingly cost of sales of £782k (2011: £66k) includes related stock provisions of £489k (2011: nil) and other closure costs of £207k (2011: nil). Excluding these charges, cost of sales was £86k (2011: £66k). Gross loss for the period (including these provisions) totalled £606k (2011: gross profit £84k). Excluding these provisions, gross profit was £90k (2011: £84k).

Other operating income for the period was £340k (2011: £505k), reflecting receipts from potential licensing partners in the consumer specialties business areas. The lower income compared to the prior period reflects the varied phasing of payments from the ongoing projects, and the fact that the Company is approaching the later developmental stages in a number of projects (which we aim to progress to licence negotiations). We remain focused on achieving significant licences rather than short term collaborative income. The 2011 figure also includes £46k of government grants not available in 2012.

Administrative expenses of £9.9m were incurred in the year (2011: £4.5m), which includes non-cash charges of £4.1m under IFRS2 relating to share based payments (2011: £207k) and a provision for employers' national insurance in relation to potential option exercises of £360k (2011: nil), as well as US closure costs of £47k (2011: nil). The above share related items are required as a result of share options held by employees, board members and consultants vesting at Admission. Administrative expenses excluding these charges were £5.4m (2011: £4.3m). The remaining increase over 2011 is accounted for primarily by increased development costs and the costs associated with being publicly quoted, including increased board and advisory costs. We will seek to manage these closely going forward.

The US closure costs have been charged in 2012, aligned with the accounting period when such decision was taken, and we are pleased to report that at a total of £254k (£207k in cost of sales and £47k of administrative expenses) they are significantly less than our original estimate in December 2012 of £360k.

Finance income
Interest receivable on bank deposits and investments was £50k (2011: £7k), reflecting higher net deposit and investment balances following the IPO.

Loss for the year
The loss for the year totalled £10.1m (2011: £3.9m). Excluding the significant, primarily non-cash, charges described above in respect of stock provisions, US closure costs and share based payments (including employers' national insurance) amounting to £5.2m (2011: £261k), the loss totalled £4.9m (2011: £3.7m).

Outlook
The business is now well funded, with £21.9m of current cash investments, cash and cash equivalents on hand at the year end (2011: £3.1m). Management is planning to deploy these resources prudently, with the aim of delivering a number of significant licensing deals over the course of the funded runway for our operations.

Basis of consolidation
On 2 July 2012, the Company became the legal parent of Revolymer (U.K.) Limited in a share for share transaction. Taking into account: the relative value of the companies, that the former Revolymer (U.K.) Limited shareholders became the shareholders of Revolymer plc, and that the Company's continuing operations and executive management were those of Revolymer (U.K.) Limited, the substance of the combination was that Revolymer (U.K.) Limited acquired Revolymer plc in a common control combination.

Under the requirements of the Companies Act 2006, it would normally be necessary for the Company's consolidated accounts to follow the legal form of the business combination. In that case the pre-combination results would be those of Revolymer plc and its subsidiary undertakings, which would exclude Revolymer (U.K.) Limited. Revolymer (U.K.) Limited would then be brought into the Group from 2 July 2012. However, this would portray the combination as an acquisition of Revolymer (U.K.) Limited by Revolymer plc and would, in the opinion of the Directors, fail to give a true and fair view of the substance of the business combination. Accordingly, the Directors have adopted common control combination accounting as the basis of consolidation in order to give a true and fair view.

Consolidated income statement

For the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Revenue	**2**	**176**	150
Cost of sales		**(782)**	(66)
Gross (loss)/profit		**(606)**	84
Other operating income		**340**	505
Administrative expenses		**(9,858)**	(4,521)
Group operating loss		**(10,124)**	(3,932)
Finance income		**50**	7
Loss for the year before tax		**(10,074)**	(3,925)
Taxation expense		**—**	—
Loss for the year		**(10,074)**	(3,925)
Basic and diluted loss per share	**3**	**25.2p**	15.1p

All results relate wholly to continuing activities.

There were no recognised income and expenses other than the loss for the year and the previous year. Accordingly a separate consolidated statement of comprehensive income has not been presented.

Consolidated balance sheet

At 31 December 2012

	Notes	2012	2011
		£000	£000
Non-current assets			
Property, plant and equipment		**545**	739
		545	739
Current assets			
Inventories	**4**	**255**	770
Trade and other receivables		**300**	441
Investments	**5**	**17,000**	—
Cash and cash equivalents		**4,899**	3,083
		22,454	4,294
Total assets		**22,999**	5,033
Non-current liabilities			
Finance lease obligations		**(102)**	(156)
Current liabilities			
Trade and other payables		**(1,805)**	(928)
Total liabilities		**(1,907)**	(1,084)
Net assets		**21,092**	3,949
Equity			
Equity share capital	**6**	**538**	—
Equity share premium		**22,908**	17,906
Own shares reserve		**(8)**	—
Foreign currency retranslation reserve		—	2
Merger reserve		**17,626**	—
Share based payment reserve		**5,807**	1,748
Retained earnings		**(25,779)**	(15,707)
Total equity		**21,092**	3,949

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Equity share capital £000	Equity share premium £000	Foreign currency retranslation reserve £000	Own Shares reserve £000	Merger reserve £000	Share based payment reserve £000	Retained earnings £000	Total £000
At 1 January 2011	—	12,327	—	—	—	1,541	(11,782)	2,086
Retained loss for the year	—	—	—	—	—	—	(3,925)	(3,925)
Retranslation gain for the year	—	—	2	—	—	—	—	2
Share based payments	—	—	—	—	—	207	—	207
Issue of equity share capital	—	5,579	—	—	—	—	—	5,579
At 1 January 2012	—	17,906	2	—	—	1,748	(15,707)	3,949
Reclassification*	—	—	(2)	—	—	—	2	—
Retained loss for the year	—	—	—	—	—	—	(10,074)	(10,074)
Shares issued to EBT	—	—	—	(8)	—	—	—	(8)
Combination of Revolymer(U.K)Ltd	280	(17,906)	—	—	17,626	—	—	—
Issue of equity share capital	258	24,750	—	—	—	—	—	25,008
Costs of issuing shares	—	(1,842)	—	—	—	—	—	(1,842)
Share based payments	—	—	—	—	—	4,059	—	4,059
At 31 December 2012	**538**	**22,908**	—	**(8)**	**17,626**	**5,807**	**(25,779)**	**21,092**

* The Foreign currency retranslation reserve has been reclassified into retained earnings as the reserve is no longer required.

The Merger reserve arises pursuant to the common control combination of Revolymer plc and Revolymer (U.K.) Limited on 4 July 2012.

Consolidated statement of cash flow

For the year ended 31 December 2012

	Notes	2012	2011
		£000	£000
Net cash outflow from operating activities	**7**	**(4,270)**	(3,851)
Cash flows from investing activities			
Interest received		**3**	7
Purchase of property, plant and equipment		**(75)**	(647)
Funds placed on term deposits		**(17,000)**	—
Net cash outflow from investing activities		**(17,072)**	(640)
Cash received from issue of shares		**25,000**	5,832
Transaction costs of issuing shares		**(1,842)**	(253)
Net cash inflow from financing activities		**23,158**	5,579
Net inflow in cash and cash equivalents		**1,816**	1,088
Cash and cash equivalents at beginning of year		**3,083**	1,995
Cash and cash equivalents at end of year		**4,899**	3,083

Notes to the preliminary results to 31 December 2012

1. Basis of preparation

This announcement has been prepared in accordance with the Group's accounting policies, which in turn are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The accounting policies comply with each IFRS that is mandatory for accounting periods ended 31 December 2012.

The information in this preliminary announcement does not constitute statutory accounts within the meaning of section 434 to 436 of the Companies Act 2006 and no statutory accounts have yet been filed. The consolidated financial information has been approved for issue by the Board of Directors on 13 March 2013. The statutory accounts for the year ended 31 December 2012 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

2. Revenue

Revenue recognised in the group income statement is analysed as follows:

	2012	2011
	£000	£000
Sale of goods	**176**	150

Geographical information

	2012	2011
	£000	£000
United Kingdom	**1**	—
Denmark	**—**	1
Eire	**4**	—
Canada	**16**	—
Italy	**2**	—
United States	**153**	149
	176	150

The revenue information is based on the location of the customer.

Segmental information

The revenue information is derived from one segment (i.e. gum) and net assets are attributable solely to the UK.

3. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Loss		
Loss for the purposes of basic and diluted loss per share (£000)	**10,074**	3,925
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	**39,909**	25,970

4. Inventories

	2012	2011
	£000	£000
Raw materials	**14**	25
Work in progress	**287**	280
Finished goods	**157**	510
Goods in transit	**—**	9
Provisions	**(203)**	(54)
	255	770

5. Investments

	2012	2011
	£000	£000
Term deposits maturing within one year	**17,000**	—

6. Share capital

Revolymer plc was incorporated on 10 April 2012 and 2 subscription shares were issued with a nominal value of 0.008p each. On 2 July 2012 a further 248 shares were issued and the resultant 250 shares were then consolidated into 2 ordinary shares with a nominal value of 1p each. On 4 July 2012, 28,015,168 shares were issued to acquire the entire share capital of Revolymer (U.K.) Limited. On 10 July 2012 25,000,000 shares were issued under the terms of the IPO. On 27 December 2012, 763,530 shares were issued to Revolymer EBT Limited. At 31 December 2012, the total number of ordinary shares of 1p each in issue was 53,778,700.

In addition, at 31 December 2012 there were outstanding warrants in respect of the ordinary shares as follows

Holder	No. of shares	Exercise Price	Expiry date
Panmure Gordon	250,000	£1.00	9 Jul 2014
XCAP Securities plc	316,290	£0.92	31 May 2016

7. Notes to the cash flow statement

	2012	2011
	£000	£000
Operating loss	**(10,124)**	(3,932)
Depreciation of property, plant and equipment	**269**	162
Foreign currency retranslation reserve gain	**—**	2
Share based payments charge	**4,059**	207
Operating cash flows before movements in working capital	**(5,796)**	(3,561)
Cash issued to subsidiary undertaking		
Decrease/(Increase) in inventories	**515**	(686)
Decrease/(increase) in receivables	**188**	20
Increase in payables	**823**	376
Net cash outflow from operating activities	**(4,270)**	(3,851)

8. Post balance sheet events

On 9 January 2013 the Company granted share options to Executive Directors under the Revolymer plc LTIP scheme. Full details will be disclosed in the Directors' remuneration report.

On 29 January 2013, the Company received notification from Fertin Pharma A/S and Gumlink A/S of the commencement of patent infringement proceedings against the Company in connection with the sale of its nicotine gum in Canada. Following professional advice, management considers at this stage that there are strong grounds for rebutting this action. Revolymer accordingly intends to defend vigorously the Company's position.