EDEN

THE NATURAL SOLUTION

Eden Research plc

Annual Report 2023

Sustainable Solutions for Crop Protection, Animal Health and Consumer Products

EDEN

THE NATURAL SOLUTION

Eden Research plc is the only UK-quoted company focused on sustainable biopesticides and plastic-free encapsulation technology for use in global crop protection, animal health and consumer products industries.

2023 Highlights

Total revenue

for the year was up 78% to £3.2m (2022: £1.8m).

In particular, product sales, driven by Cedroz™ and Mevalone®, increased by 63% to £2.6m (2022: £1.6m).

Operating loss

improved to £1.9m (2022: £2.6m loss), after non-cash amortisation of intangible assets and share-based payments of £0.7m (2022: £0.6m).

Loss before tax

was £6.9m (2022: £2.6m) after non-cash impairment of intangible assets of £5.0m (2022: £nil), and statutory operating loss improved to £1.9m (2022: £2.6m).

Cash position

at the year-end was £7.4m (2022: £2.0m).

Revenue

£3.2m

2022: £1.8m

Operating Loss

£1.9m

2022: £2.6m loss

Product Sales

£2.6m

2022: £1.6m

- In January 2023, Mevalone® received authorisation for home garden use in Italy.
- In April 2023, Mevalone® received full authorisation in Poland.
- In May 2023, Eden received regulatory approvals for its formulated products Cedroz™ in California and Mevalone® and Cedroz™ in Florida.
- In December 2023, Ecovelex™ was granted, according to Reg. EU/1107/2009, a temporary approval in Italy for use as a bird repellent seed treatment in corn for the 2024 growing season.

Company Overview

See our website for the latest information: **www.edenresearch.com**

At a Glance

Our vision:

To be the leader in sustainable bioactive products enabled or enhanced by our novel encapsulation and delivery technologies.

- Eden is the only UK-quoted company focused on biopesticides for sustainable agriculture. We have two established products with multiple regulatory clearances and strategic partnerships, Mevalone® and Cedroz™, now commercially available.
- Eden's focus is on protecting high-value crops, improving crop yields and marketability.
- Our products are based upon natural chemistries and deliver performance, ease of use, and cost on par with conventional alternatives. Additionally, they have the benefit of being approved for use as organic inputs in multiple territories.
- Eden has commercialised its first biofungicide product, Mevalone®, on three continents and its first bionematicide product, Cedroz™, on two continents.
- Eden is partnered with Eastman Chemical for the commercialisation of Cedroz™ in 29 countries.

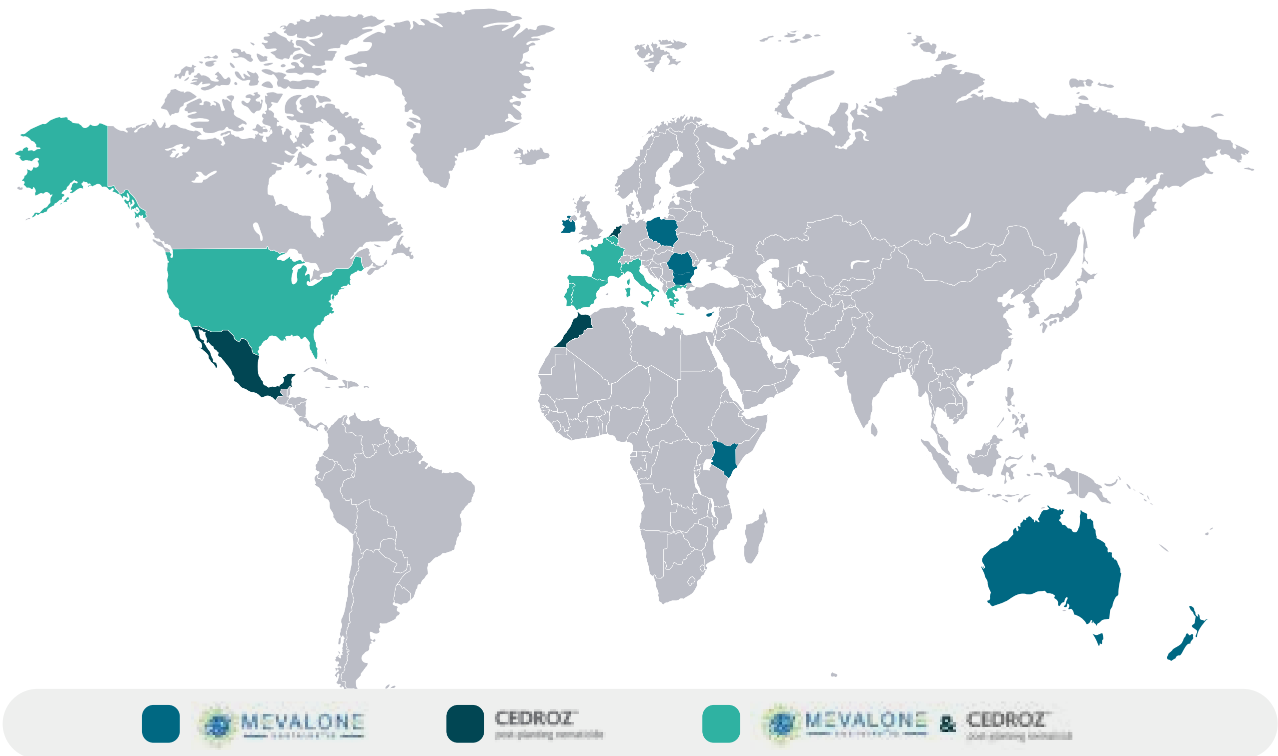
22 (2022: 19)
Countries have granted product authorisation

100 (2022: 66)
Crop use approvals for Eden's biopesticides

£17m (2022: £16m)
Invested in IP and registration

130 (2022: 130)
Granted and pending patents

10 (2022: 10)
Pests and disease targets addressed with Eden's registered products



Our Geographic And Regulatory Footprint

For our developed products, we have commercial partners in place across six continents and product registration activities in around 30 countries. We are well-positioned to leverage our commercial partnerships as and when regulatory clearance is granted by the relevant regulators around the world.

Where we are now

Product sales have commenced in key markets where we have authorisation to market and sell our first product, Mevalone® and our second product, Cedroz™.

Commercial Partnerships and Regulatory Activity

Our products are sold in the top 3 wine producing countries.

We have trials and registration work on-going in 6 continents.

Both Mevalone® and Cedroz™ are approved in Spain which produces 24% of the EU's fruit and vegetables.

Product authorisations have been granted in 22 countries.

We are expanding and developing our base of commercial clients and partners.

Investment case

United Nations Sustainable Development Goals

Commercial Development

Eden is resourced to support accelerated new product development and growth.

Technology Exploitation

Eden is poised to exploit its core technologies beyond biopesticides and crop protection.

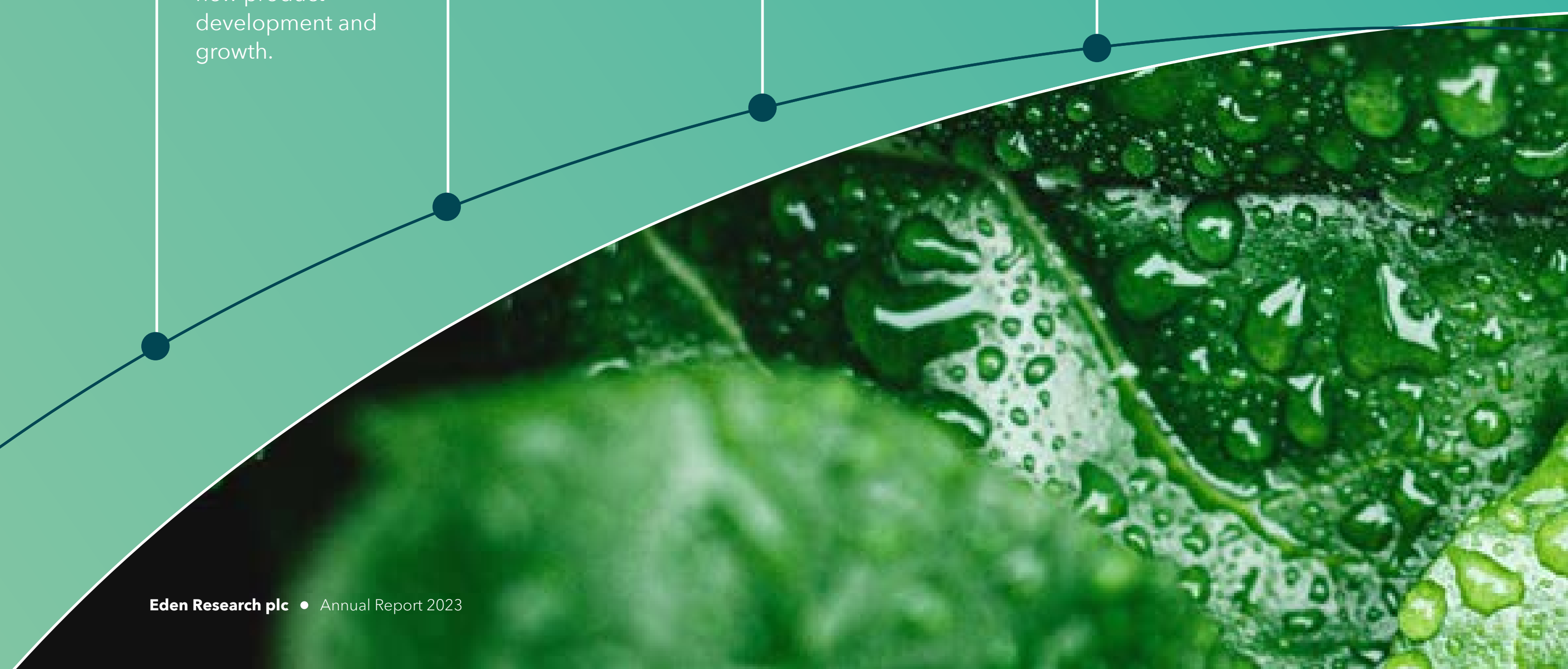
Focus on Biological Solutions

Eden is the only UK-quoted company with a focus on biopesticides for the crop protection market.

Regulatory Drivers for Sustainable Solutions

Regulatory changes are creating significant growth opportunities for Eden's products and technologies.

The EU Green Deal has a target of 25% organic agriculture and 50% reduction in chemical pesticides.



Increased Number of Commercial Partners

Eden is expanding existing commercial relationships and is focused on the establishment of new partnerships.

Strong Patent Portfolio

130 granted and pending patents enable strong technological defensibility.

Revenue Growth

Eden has the potential to generate significant additional revenue in the medium term as new authorisations are received and existing and new commercial partnerships are 'activated' following approvals.

Corteva Agreement

This deal presents new product opportunities in the seed treatment market in a number of global territories.

Overall, the seed treatment sector is estimated to be worth $6.5 billion globally.

Our products

Industry Applications

We work globally through multi-national and local partnerships to develop and launch solutions for challenges facing three key industries.

Crop Protection

Foliar disease & insect control
Open field & greenhouses
Soil pests
Post-harvest shelf-life extension
Seed treatments

$33bn*

Consumer products

Head-lice treatment
Deodorants
Odour neutralisers
Fragrances

$50+bn*

Animal Health

Companion animal
Bio-control
Parasite treatments
Insect sprays

$51bn*

*Estimated addressable market size per year

Eden's products serve as sustainable alternatives to conventional chemicals without limitations such as residue limits, disease and pest resistance, pre-harvest intervals, long field re-entry periods, microplastics or increasing restrictions on use.

Sustaine® is a novel microencapsulation solution patented by Eden, suitable for applications in a wide range of agricultural, animal health and consumer products:

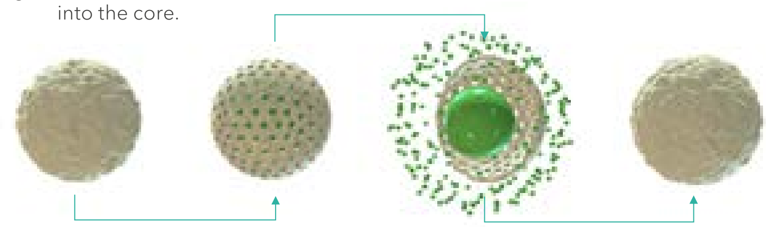
1. Sustaine® is cost effective, useful for a wide range of active ingredients, plastic-free, high capacity, robust, and sustainable.
2. Sustaine® encapsulates active ingredients and provides for the sustained release of these ingredients enabling their safe, more efficient use.
3. Sustaine® particles are derived from natural yeast cells originally developed for use in human health applications.

WE HAVE DEVELOPED A NATURAL, PLASTIC-FREE FORMULATION TECHNOLOGY - SUSTAINE®

SUSTAINE

Sustaine® microencapsulation technology is derived from yeast. Multiple active ingredients can be loaded into the core.

Active ingredients are released while the pores remain open in the presence of water.



When diluted in water, pores in the walls of the capsule open.

If the capsules dry, the pores will close again, locking in the active ingredient until the next re-wetting event, when further release occurs.

Our Product Focus

Our current focus is on developing products based on sustainable chemistries to protect high-value crops from pests and disease, with equal or better performance compared to conventional pesticides. We look for opportunities to replace conventional pesticides where regulatory action is removing these products from the market, or severely limiting their use.

Our Products

Our products give growers reduced risk, increased flexibility and security.

- **Exempt from pesticide residue limits**
- **Allowed in EU organic agriculture**
- **Can be used up to the point of harvest**
- **At least equally effective vs conventional chemistry**

Organic crops command a higher value and have a significant commercial advantage in the valuable export markets.

OWNERSHIP of the patents behind the Sustaine® encapsulation technology

SIGNIFICANT INVESTMENT in patent protection and the registration of new actives

PROVEN EFFICACY with strong commercial validation by farmers and our partners

SCOPE to exploit the core technologies beyond existing markets and products

SUSTAINE APPLICATIONS

FUNGICIDES
Botrytis, powdery mildew, downy mildew
MEVALONE SUSTAINE CS

NEMATICIDES
Root knot nematodes
CEDROZ™

INSECTICIDES
Mites and whiteflies
(under development)

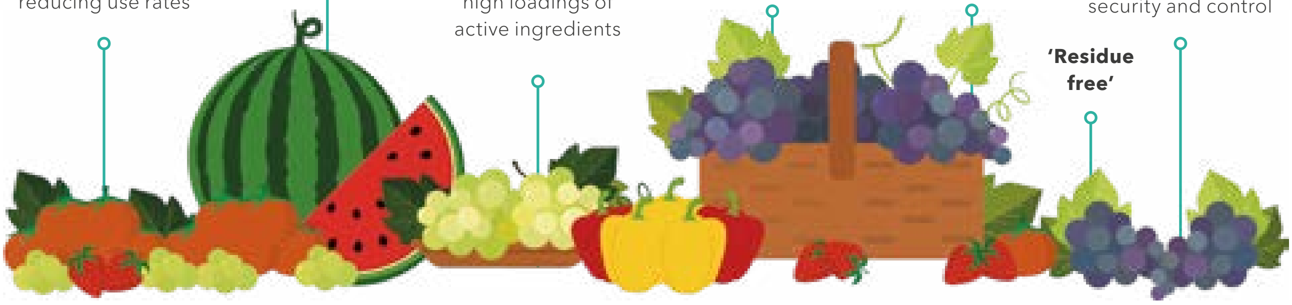
SEED TREATMENTS
Bird repellency

Our products harness the biocidal activity of naturally occurring molecules produced by plants as part of their defence systems. These active ingredients are known as terpenes.

Product Characteristics

Our biopesticides, formulated with Sustaine®, add value compared to conventional pesticides by:

- **Enabling sustained delivery,** increasing residual efficacy and reducing use rates
- **Tackling resistance build-up**
- **Solvent-free, stable formulations** with high loadings of active ingredients
- **Protecting plants** from potentially damaging chemicals
- **Polymer-free formulation technology**
- **'Residue free'**
- **Low or no preharvest intervals** giving growers flexibility, security and control



Products in action

Sustainable Control

- Mevalone® is used as a preventative and curative solution for Botrytis cinerea.
- Mevalone® is now authorised on an expanded number of crops against diseases such as powdery mildew, downy mildew and sclerotinia.
- Mevalone® has recently been authorised in France and Poland for use on apples against storage-related diseases, thereby helping to reduce food waste in the supply chain.
- The terpene active ingredients are derived from nature which means the product has a favourable environmental profile.
- The multi-site mode of action means risk of resistance is minimised.
- Free from residue limits and with short pre-harvest intervals, it provides growers with maximum flexibility.

8% **The cost of controlling Botrytis cinerea and related species accounts for about 8 per cent of the fungicide market worldwide.**

Botrytis cinerea is one of the most extensively studied fungal pathogens and causes "grey mould" rot in more than
500 plant species

$10-100 Billion **The annual economic losses due to *B. cinerea***

28%
Estimated post-harvest apple losses caused by *B. cinerea*

50%
Potential *B. cinerea* yield losses in grape vines

Food Waste Spotlight

- Mevalone® is proven to be efficacious against a number of other crop diseases, including post-harvest storage diseases on apples.
- Used as a foliar spray in the weeks leading up to harvest, it ensures that apples enter storage free from pathogens, which extends their shelf life and reduces food waste.
- Mevalone® has received full authorisation for use on apples in France and Poland.

> **THIS (AUTHORISATION) IS ANOTHER IMPORTANT OPPORTUNITY TO PROMOTE MEVALONE® TO GROWERS AND TO BETTER SERVE A MODERN AND EVOLVING AGRICULTURE RESPONDING FULLY TO THE NEEDS OF SOCIETY.**
>
> **Antoine Meyer – President of Sumi Agro Europe**

Top 3 EU apple producers

France 22.9%

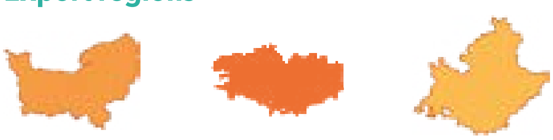
Poland 17.6%

Italy 17.0%

French exports

$433.6 Million **Of apples each year are exported by France**

Export regions



Normandy **Brittany** **PACA Region**

Current global food waste

1.3bn tonnes
Food wasted around the world every year

525 tonnes
Food wasted every minute globally

£19 billion
Value of edible food wasted in the UK every year

SUSTAINE

Sustainable Control

- Sustaine® microcapsules are naturally derived, biodegradable micro-spheres produced from yeast extract.
- The technology produces stabilised aqueous suspensions which are easy to mix and apply and have phased release patterns.
- Sustaine® is used to encapsulate the active ingredients in Cedroz™ and Mevalone® and is also effective with other natural and synthetic compounds.
- Eden is engaged in a number of projects around the world to test the compatibility of Sustaine® with third party active ingredients.

Changing regulation

Pressure is building to cut out the use of microplastics in agriculture. A landmark proposal from the European Chemicals Agency (ECHA) will restrict the use of microplastics in agricultural products as part of a wider ban on the intentional use of plastics.

1. There is increasing consumer and regulatory pressure to cut out the use of plastic in supply chains. Food production has faced significant scrutiny due to its widespread use of plastics, from farming to packaging.
2. In farming, microplastics are used for encapsulation to boost the performance of agricultural inputs, including crop protection products. The intentional, direct application of these products to the environment causes agriculture to be a major contributor to microplastics pollution.
3. Sustaine® is one of the only viable alternatives to microplastics used for encapsulation of active ingredients in these agricultural products.

CEDROZ™

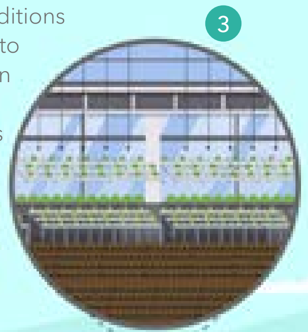
post-planting nematicide

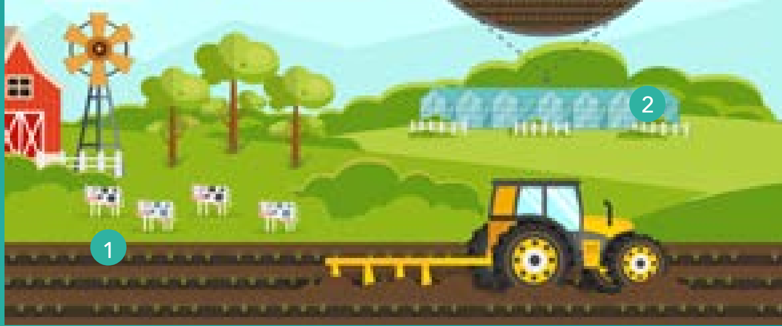
Science Spotlight

- Cedroz™ is a water-based formulation which utilizes Eden's terpene technology to naturally fight nematodes, a pest known to cause severe damage to crops globally in both open fields and greenhouses.
- In line with consumer and regulatory drivers for safer products, Cedroz™ is an attractive alternative for farmers looking to fight nematodes in an environmentally friendly way.
- Cedroz™ can be used on a wide range of crops including tomatoes, strawberries, cucumbers, courgettes, peppers, aubergines and melons.

> **"IN CEDROZ™, WE HAVE DEVELOPED A BIOPESTICIDE THAT MEETS THE DEMANDS OF MODERN-DAY FARMING, WHETHER THAT IS IN AN OPEN FIELD OR GREENHOUSE ENVIRONMENT."**
>
> **Sean Smith – CEO of Eden**

1. The majority of crops in Europe are grown in open field. However, there is an increasing level of investment in greenhouse and glasshouse farming, especially for salad vegetables.
2. The use of greenhouses will help to reduce emissions from the agriculture sector which is considered a "hard to treat" area of the carbon-cutting agenda. In addition, the use of greenhouses cuts down on the agricultural sector's land use by increasing the yield of a given crop per hectare.
3. Being able to control conditions indoors has been proven to more than double yields in some cases, reducing the consumption of resources required to grow crops.





Our Markets

Significant Market Potential

A growing global market for sustainable products

Crop protection products **formulated with Sustaine® and Eden's active ingredients** can help address many of these issues:

Consumer concerns over food safety

EU restrictions on intentionally added microplastics

Increasingly challenging regulatory requirements

Farmers seeking effective alternatives to conventional pesticides

$11bn

The global biopesticides market is projected to be worth more than $11 billion by 2027.

30%

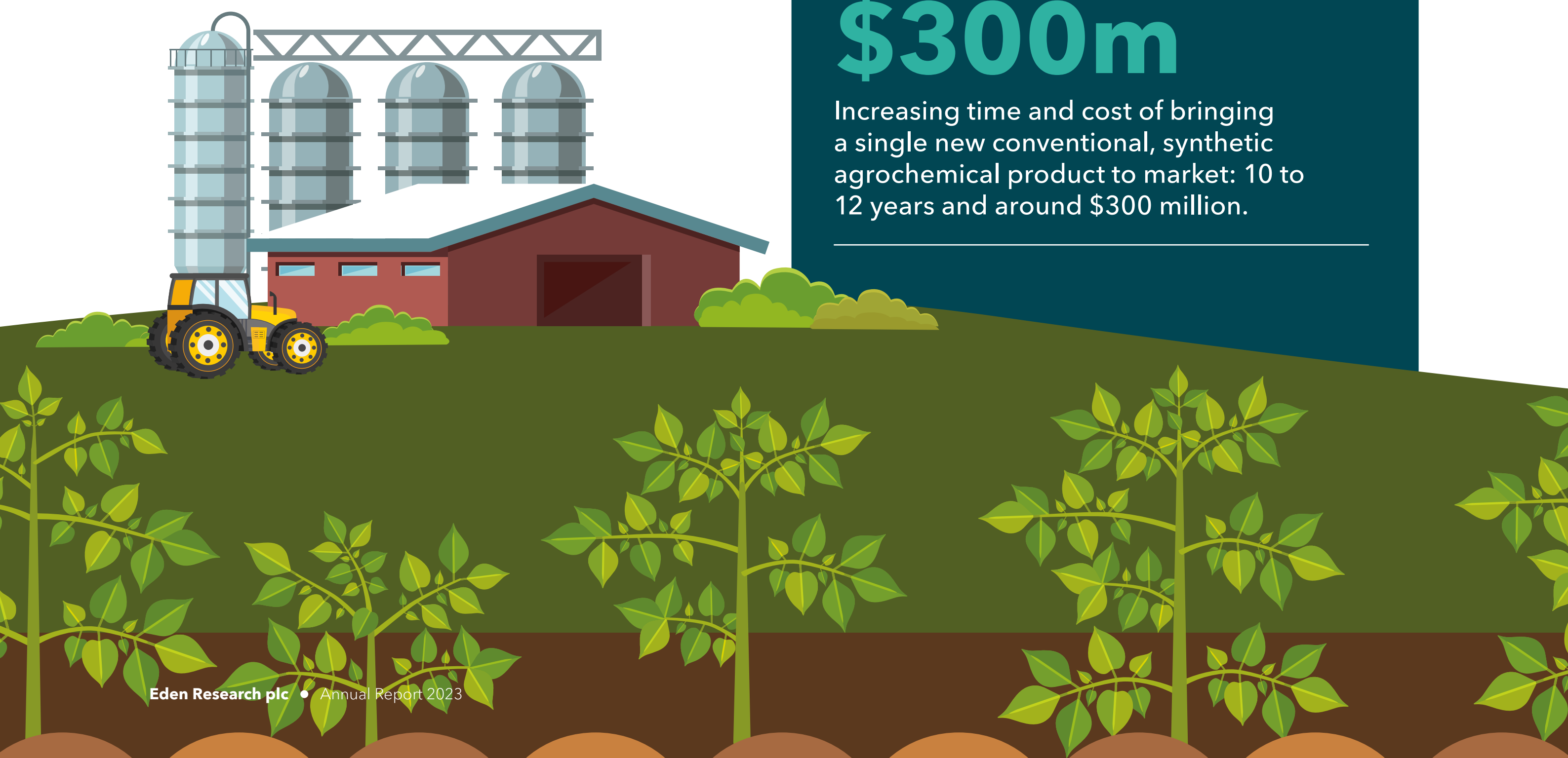
of active ingredients in the EU are at medium to high risk of failing to receive renewal of their regulatory authorisations.

15%

The biopesticides market is growing at a Compound Annual Growth Rate (CAGR) of approximately 15% per annum.

$300m

Increasing time and cost of bringing a single new conventional, synthetic agrochemical product to market: 10 to 12 years and around $300 million.



Crop protection market

The growth of biopesticides is projected to outpace the demand for synthetic chemical pesticides in the coming years.

North America and the EU are the two largest biopesticide markets at this point in time. Currently, 30% of all pesticide sales in the EU are biopesticides or biologicals.

The seed treatment market is forecast to grow from USD 6.1 billion in 2022 to USD 9.2 billion by 2027, a CAGR of 8.3% during the forecast period.

Product commercialisation

Product sales have commenced in key markets where we have authorisation to market and sell our first two commercial products, Mevalone® and Cedroz™.

Eden has new product registration applications in-process in multiple new countries.

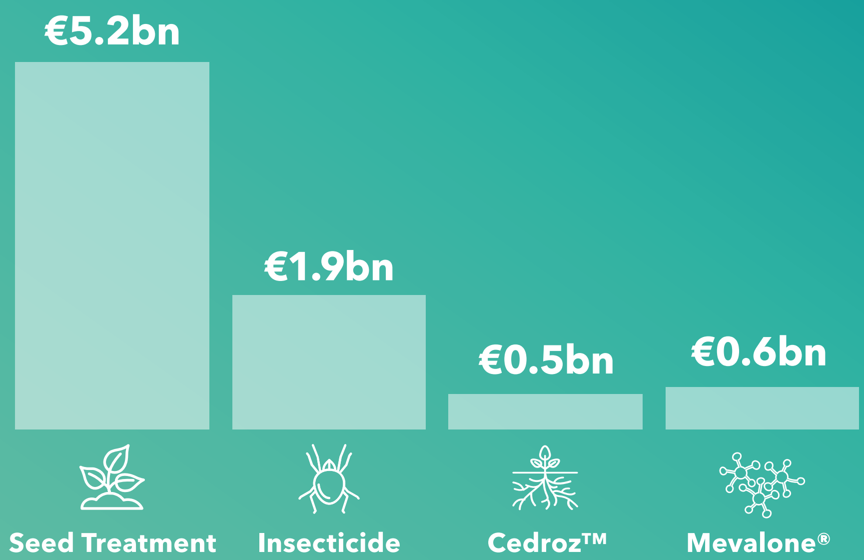
- Strong intellectual property portfolio
- A demonstrated platform for future product development
- Regulatory approvals in a growing list of key markets
- Numerous successful commercial partnerships

- Active engagement with new partners
- Growing market share
- Investment in research and development

Significant market opportunities

There is high demand for sustainable products that can compete with conventional products on ease-of-use, efficacy, safety, cost and reliability.

The Company has built a strong portfolio of IP rights and know-how as well as a growing register of national product authorisations granting access to key markets globally for its customers and partners. Sustainability drives all that we do in the development of our products, business, partnerships and team.



Our Business model

What we do and How we do it

Developing our product pipeline

We have a pipeline of products at differing stages of development targeting specific opportunities across our key markets. These include new seed treatments, fungicides and insecticides as well as new solutions for animal health and consumer products.

Gaining regulatory approval

We seek regulatory authorisation for our products on a country-by-country or regional basis, with approvals already granted in a number of European countries as well as Kenya, Mexico and Australia. We are in the process of extending product registration into new territories, including the US where we have already received federal and multiple state approvals.

Signing commercial agreements

We work with our sector-leading partners to commercialise products through a range of commercial production, marketing and distribution agreements.

EDEN

THE NATURAL SOLUTION

Eden is leveraging two technology platforms to provide sustainable solutions for crop protection, animal health and consumer products:

- **Terpene Chemistry**
- **Sustaine® microencapsulation technology**

Identifying suitable industrial partners

We partner with global and regional industry leaders who have existing distribution channels, local experience and knowledge to maximise sales of our products. We also add value to our partners' products using Sustaine® to extend IP protection, ease regulatory burdens and enhance performance.

Securing patent protection for intellectual property

Our Sustaine® encapsulation technology is patent protected throughout the world.

Investment in research and development

We are executing a significant research and development programme which will move forward multiple pipeline products towards commercialisation.

Generating revenue

Revenue is generated through:

- Product sales
- Licence-based royalties
- Up-front or milestone payments
- R & D charges

The Company has built a strong portfolio of IP rights and know-how, as well as a growing register of national product authorisations granting access to key markets globally for its customers and partners. Sustainability drives all that we do in the development of our products, business, partnerships and team.

The Value this Creates

For customers

We provide customers in the crop protection, animal health and consumer products sectors with sustainable, cost-efficient and effective alternatives to conventional products.

For shareholders

We are well positioned to deliver long-term shareholder value through further commercialisation and sales of our products.

For partners

We give our partners market access to sustainable, efficient and effective alternatives to conventional chemical products.

For the environment

We use natural chemistries to create environmentally friendly products which support sustainable agriculture.

For employees

We promote the development of our employees through skills enhancement and training programmes.

Our Strategy

Business Line Diversification

We will address this by:

- Pursuing opportunities in the seed treatments market
- Developing insecticide products
- Expanding crops and diseases treated with existing products
- Geographical diversification (seasonal and climate variation)

Key achievements in 2023:

- Home garden application added to the Mevalone® label in Italy
- Regulatory approval of Cedroz™ and Mevalone® in Florida and Cedroz™ in California
- Crop trials ongoing for insecticides and seed treatments
- Mevalone® received full authorisation in Poland in April 2023
- Ecovelex™ granted a temporary approval in Italy for use as a bird repellent seed treatment in corn for the 2024 growing season

Research, Development and Operations

We will address this through:

- Supply chain optimisation
- Expansion of in-house screening and field trials capability
- Accelerating commercialization of Sustaine® for conventional actives

Key achievements in 2023:

- Increased capability of biological, analytical and formulation laboratories
- Expansion of in-house technical expertise

Commercial Growth

We will address this through:

- Gaining regulatory clearance in new countries, crops and diseases
- Accelerating Sustaine® business development
- Partnerships for Mevalone® in new territories
- Pursuing collaboration with majors

Key achievements in 2023:

- Distribution Agreement signed with Anasac (Colombia) for Mevalone®
- Progression of seed treatment work. Further field trials and initial regulatory steps
- Successful field trials of third-party actives, encapsulated in Sustaine® technology

Strengthening and Growing the Team

We will address this through:

- Analytical & Formulation Chemistry Expertise
- Regulatory Expertise
- Biology Expertise

Key achievements in 2023:

- Lab team strengthened - formulation, analytical and biology expertise

Annual Report Statements

Eden has never been short of opportunities, and this continues to be the case. The market drivers which underpin Eden's investment case continue to increase with growing regulatory pressure on older agrochemicals and a shift in business and consumer preferences to use sustainable, low residue alternatives.

Chairman's Statement

"The successful fundraise that we completed in October 2023, at a time when the stock markets were very challenging, has put us in a position of financial strength and will enable us to continue on this path and to fully exploit the opportunities that lie before us."

Lykele van der Broek – Non-Executive Chairman

2023 has been a very fruitful year for Eden.

We have received numerous product approvals in key markets such as Poland, New Zealand and California, which directly and significantly increase our addressable markets and, therefore, revenue opportunities.

We have seen revenue grow by 78% which is due, in part, to the introduction of Ecovelex™ into the market in December 2023 following the grant of a temporary approval in Italy for its use as a bird repellent seed treatment in corn for the 2024 growing season.

In 2020, just four years ago, Ecovelex™ was only an idea; a concept which was discussed at a meeting with Corteva Agriscience International Sàrl ("Corteva"), Eden's commercial partner. Corteva had foreseen that an opportunity existed for a new bird repellent seed treatment product to come into the market to replace the existing chemistry that had known issues, and was looking to Eden to provide a solution.

What followed, in relatively short order, was initial formulation work undertaken by Eden's newly created lab team in Oxfordshire, then field trials in numerous countries to determine the efficacy of the newly developed product.

Following those initial field trials, it became clear that the product was efficacious, and so further development continued apace.

Since that time, both Corteva and Eden have worked hard, through a collaborative approach, to take Ecovelex™ to a point where an EU regulatory submission could be made to the Austrian authorities in May 2023. At around the same time, growers, who were in need of a new solution for bird repellency, were sufficiently confident in the product to apply for a temporary approval in Italy.

This approval was granted in December 2023, and led to Eden selling a significant amount of Ecovelex™ to Corteva for seeds to be treated in time for the 2024 growing season.

From my years of experience in the crop protection industry, I can assure you that taking a product from an idea into the market in under four years is quite exceptional.

It is a testament to not only the teams at Eden and Corteva working very hard and well together, but also to the diversity that Eden's technologies bring.

And this is just one example of the numerous opportunities that the team at Eden is busy developing.

A number of potential commercial partners for Eden's insecticide formulation have been testing the product in field trials throughout 2023, with promising results seen.

We are now at the stage of commercial negotiations to determine with whom we move that product forward.

As time goes on, we aim to continue to build on the firm foundations that we have created, adding to the revenue streams we are currently receiving from our first three products (Mevalone®, Cedroz™ and Ecovelex™) and developing more products to address growers' needs, driven by the ever-changing regulatory landscape.

The successful fundraise that we completed in October 2023, at a time when the stock markets were very challenging, has put us in a position of financial strength and will enable us to continue on this path and to fully exploit the opportunities that lie before us.

I remain very optimistic about Eden's future prospects and it becoming a leader in biological crop protection products and solutions.

I would like to thank Eden's shareholders for their ongoing and much appreciated support.

Lykele van der Broek
Non-Executive Chairman

2 May 2024

Chief Executive Officer's Review

"Upon reviewing our targets, it's evident that we've achieved notable advancements in the expansion of our current product portfolio, whilst actively seeking and capitalising on fresh opportunities via the development of new products such as our insecticide and even new, second generation fungicides."

Sean Smith – Chief Executive Officer

Section one: Introduction

Eden's mission is to meet the needs of global farmers by developing, registering and supplying sustainable solutions in support of crop health and productivity. In 2023 Eden demonstrated strong progress towards this goal as we launched a brand new product and product category, expanded our existing labels and continued to develop innovative solutions for farmers. The long-term strategy that we have set in place is beginning to bear fruit, evidenced by our strong year-on-year sales growth. Our focus over the medium term will be bringing the business to profitability, balanced with meeting our new investment plans to accelerate our research, development, registration and commercialisation workstreams as set out at our last fundraise in the second half of 2023.

Macroeconomic context

The importance of food availability, cost and quality is perhaps as relevant today as it has ever been, given the high level of uncertainty with global inflation, unpredictable weather patterns, and, unfortunately, an increasing level of armed conflict in some regions of the world. Farmers across the world have not hesitated in letting their respective governments know about the difficulties that they face – particularly with respect to difficult-to-navigate regulations, lack of government support and subsidies, and strained finances driven by constrained margins and ever-increasing costs.

These issues may appear much larger than agricultural pest and disease control, but they all contribute to increasing strain on our food systems. While the crop protection industry aims to bounce back to its previous heights, the seed market is experiencing its renaissance moment, driven in large part by new genetics and seed treatment technologies. Not only do we find ourselves in the right place at the right time with our new seed treatment Ecovelex™, but we have also built a more diversified platform from which to grow our business.

In this era where food supply is at a critical point, we remain absolutely committed to empowering farmers to use sustainable tools to grow more high-quality crops with the same or less land, with no compromise when it comes to soil health, the wider environment and cost-effective production.

Section two: Delivering on our strategy

By 2027, it is estimated that the global biopesticide market will be worth more than $11 billion, growing at a CAGR of 15% per annum. On average, the time it takes to bring new conventional agricultural products to the market is estimated at around 10 to 12 years at a cost of $300 million. With that as the backdrop, it is important to note that Eden's leverage of its three registered active ingredients and formulation delivery system, Sustaine®, allows us to move relatively quickly to formulate new products and introduce new solutions to the increasing challenges facing growers, particularly as regulatory compliance becomes more demanding, slower and more costly.

As the only UK-quoted company developing plant-derived biopesticide formulations and plastic free formulation technology, we believe that Eden is uniquely positioned to offer investors exposure to a compelling segment of the sustainable agricultural market.

The Company strategy is built on four key objectives:

a) Business line diversification

- Pursuit of opportunities in seed treatments
- Development of insecticides
- Expand crops and diseases treated, increasing the addressable market for existing products
- Geographic diversification

b) Research, development, and operations

- Supply chain optimisation
- Expansion of in-house screening and field trials capability
- Accelerate commercialisation of Sustaine® for conventional actives
- Increase self-reliance in R&D
- Reduce time to market

c) Commercial growth

- Regulatory clearance in new countries, crops, and diseases
- Accelerate Sustaine® development
- Partnerships for Mevalone® in new territories
- Pursue collaboration with majors and select national partners
- Route to market optimisation

d) Strengthening and growing the team

- Added capabilities in R&D, including microbiology, plant biology, agronomy, and analytical chemistry
- Robust approach to data quality
- Expand commercial team
- Addition of in-house regulatory expertise – accelerating time to market and reducing regulatory costs

Upon reviewing our targets, it's evident that we've achieved notable advancements in the expansion of our current product portfolio, whilst actively seeking and capitalising on fresh opportunities via the development of new products such as our insecticide and even new, second generation fungicides.

New market opportunities: the launch of Ecovelex™

The unveiling of Ecovelex™, our first seed treatment innovation, stands as a significant milestone for the first half of the year. Developed over the course of less than four years, in collaboration with Corteva Agriscience, Ecovelex™ has initially been designed as a seed treatment for maize, offering protection against bird predation and thereby increasing crop yields from the outset of the growth cycle.

This product emerges as a pioneering alternative to existing bird repellent seed treatments, which rely on conventional synthetic active ingredients facing market withdrawal in the EU and elsewhere. With no immediate replacements available, Ecovelex™ not only offers a viable solution but also aligns with sustainable agricultural practices by utilising naturally derived compounds without an adverse impact on soil or avian health. Comparative field trials have underscored its efficacy, matching or exceeding that of the current market leaders.

In May, we communicated to stakeholders our submission of a regulatory dossier to the Austrian authorities, who serve as the interzonal rapporteur for EU-wide approval. This step is crucial for market access across the European Union, with the process subject to individual state reviews for local authorisations. A parallel application was submitted to the UK's Chemicals Regulation Division, marking our intent for domestic market approval. The review process by these regulatory bodies is anticipated to span 18 to 24 months, though timelines are dependent upon the regulatory authorities' capacities, workload and other factors generally beyond Eden's control.

Our management and regulatory teams are proactively engaging with these authorities to facilitate the regulatory authorisation of Ecovelex™. In December 2023, we were pleased to announce that Ecovelex™ had received its first authorisation in the form of a temporary approval in Italy, under EU regulation 1107/2009. This temporary licence will permit the treatment's use as a bird repellent in maize seeds over a 120-day period. Since this licence approval, we have subsequently supplied commercial quantities of Ecovelex™ for use during the allowed regulatory window.

Building on this short-term success, the Company is working tirelessly to ensure its commercial success through various regulatory approval channels (both on a full authorisation basis and emergency authorisation basis), as well as its potential development across new crops and targets.

Geographic label expansion: Mevalone® and Cedroz™

Our recent commercial achievements are attributed to the strategic market expansion of our flagship biopesticides, Mevalone® and Cedroz™, Focused on broadening their addressable market and expanding their approved uses, we've made notable progress, particularly following the pivotal EPA authorisations received in the United States.

Chief Executive Officer's Review continued

In the past year, national-level EPA endorsements for both Mevalone® and Cedroz™ set the stage for subsequent state-level approvals in 17 states, including key agricultural markets such as Florida and California. These states are crucial due to their high-value crop production and a pronounced preference for natural over conventional agricultural inputs. Just after the year-end, Californian authorities granted approval for Mevalone®. This led to a sizeable order fulfilment for Eden's US distribution partner, Sipcam Agro USA, setting the stage for significantly more sales of Mevalone® to come in the US in 2024.

In Europe, the approval of Mevalone® in Poland marks a strategic entry into the EU's largest apple production market and opens doors to Central Europe – a highly significant milestone for accessing markets in Austria, Hungary, and Germany, known for their apple and wine production. Our regulatory team is actively working towards gaining approval in these jurisdictions to further the growth of our addressable market.

In the Southern Hemisphere, we've secured regulatory approval for Mevalone® (marketed as Novellus) in New Zealand, capitalising on the region's susceptibility to Botrytis due to its damp, variable climate. This approval complements our existing presence in Australia's wine regions, with significant demand for our products anticipated.

Our expansion into South America through a partnership with Anasac for the distribution of Mevalone® in Colombia represents our first strategic move in the region. Targeting the ornamental crops sector, notably cut flowers, our approach aligns with Colombia's status as a major exporter to the US, which imports over $1.35 billion in cut flowers annually. This move, coupled with our established presence in Mexico, underscores our strategic intent to broaden our presence and commercial activity across Latin America.

Closer to home, Mevalone® was granted its first regulatory approval for non-professional use in Italy. By extending the availability of sustainable biopesticides to home gardeners, we're not only broadening our market but also contributing to the wider adoption of biocontrol solutions against common plant pathogens like Botrytis cinerea and powdery mildew.

In summary, our strategic expansions supported by regulatory approvals across key markets reflect our commitment to broadening the accessibility and application of our biopesticide portfolio, aligning with our growth objectives and reinforcing our position in the global biopesticide market.

Section three: Financial review

Revenue for the year was £3.2 million which marked a 78% increase on the previous year (2022: £1.8m). This reflects a significant increase in product sales which were £2.6m, a 63% rise on last year's product sales (2022: £1.6m).

Our operating loss also improved. In 2023, we recorded a reduced operating loss of £1.9m which compared favourably to the previous year's performance (2022: £2.6 million loss).

Administrative expenses increased in line with expansion of the development and commercialisation team to £3.0 million (2022: £2.7 million), while additions to intangible assets, including development costs, increased to £1.7 million from £1.0 million in 2022.

While the loss before taxation increased to £6.9m (2022: £2.6m loss), this was after a significant non-cash impairment of intangible assets of £5.0m (2022: £nil) - see note 12 to the financial statements.

Our cash balance at year-end was £7.4 million (2022: £2.0 million).

In Q3 2023, Eden concluded a successful fundraise of £9.9 million (before expenses), which will allow the Company to expedite the development of its new and existing products and expand into new geographies. It also serves to strengthen our balance sheet and provide greater flexibility during this high-growth period.

At present, there is currently no near-term plan to pay a dividend. However, the Board continues to review the Company's dividend policy.

Section four: 2024 outlook

As we look to continue our positive momentum from 2023, Eden expects to see a healthy increase in existing product sales throughout 2024, driven by new regulatory approvals and label extensions in key geographies and supported by our key partnerships with industry-leading partners.

Accelerating development and commercial growth

Following the completion of the £9.9 million fundraise in Q3 2023, the use of net proceeds of £1.3m raised from the firm placing and retail offer has, in part, been allocated towards the funding of materials to build up stocks for our new seed treatment. We also intend to grow the Ecovelex™ label through further development work and field trials. Further, we plan to expand our activities in new regions such as Latin America and South-East Asia. Lastly, we intend to strengthen our commercial team with the appointment of a new commercial lead and a market development and product manager.

Additionally, a significant proportion of the net proceeds from the conditional capital raise of £7.7m will be dedicated towards the development efforts for our bio-insecticide, a project initiated with the capital raised three years prior. This product is designed to target critical agricultural pests including spider mites, whiteflies, aphids, and thrips. Through extensive greenhouse and field trials conducted by Eden and its partners over the past two years, we have observed promising efficacy and consistency in combating these pests. Eden is now in the midst of discussions with various potential partners in order to finalise our commercial partnership strategy. Our strategic plan also includes submitting regulatory applications as soon as practicable, aiming for a market launch initially in the US and ultimately in the EU and elsewhere, conditional on favourable regulatory review and trial outcomes.

Elsewhere, we are actively evaluating the potential of our biopesticide portfolio against a broader spectrum of crops and pests, such as cannabis, black sigatoka, potato blight, and wireworm, with initial assessments yielding optimistic results.

Finally, we have allocated funds to establish a US-based team to help support the Company's growth across the Americas in the coming two years.

Section five: Driving positive impact

Sustainability lies at the heart of what we do at Eden. We are focused on providing innovative and sustainable solutions to the global agriculture industry and beyond. It is with this philosophy that we aim to perform a fundamental role for farmers looking to adopt sustainable farming practices without adversely impacting their output or bottom line.

Sustainability can often pose a systematic challenge for the agricultural industry as it looks to feed a growing population while also protecting our planet and complying with increasingly stringent regulations. Our growing portfolio of products helps farmers to protect natural ecosystems, as well as their high value crops, meeting the growing demands of both consumers and regulators. The ingredients we use to formulate our products; geraniol, eugenol and thymol, are naturally-occurring materials used by plants themselves as a part of their own defence systems.

Moreover, our products have been certified as organic in the EU. This is a valuable classification for Eden as we are seeing rising demand for organic produce amongst consumers and growers, a trend also reinforced by regulation. Under its Farm to Fork strategy, the EU has proposed that at least 25% of the EU's agricultural land should be farmed organically by 2030, and the action plan supporting this change has now reached the public consultation phase.

Increasingly, regulatory restrictions over crop protection product usage and a drive towards organic farming is apparent across the globe and demonstrated quite clearly in the UK with the introduction of the Department of Environment, Food, and Rural Affairs' new Environmental Land Management Schemes (ELMS). Under ELMS, farmers in England will be entitled to a Sustainable Farming Incentive payment which focuses on soil health and reducing the use of damaging inputs such as fertilisers and insecticides. In the context of our regulatory applications in the UK, we continue to review the associated opportunities and risks. Moving forward, we look forward to working with our distribution partners and local farmers as these regulations evolve in a post-Brexit environment.

TerpeneTech (UK)

Sales of geraniol into the biocide sector have continued to increase year on year and TerpeneTech (UK) is investigating the potential to register additional active ingredients under the EU's Biocide Directive.

TerpeneTech (Ireland)

TerpeneTech (Ireland) was established in 2019 to hold the registration of geraniol under the EU's Biocidal Products Regulation due to changes brought about by Brexit. As such, TerpeneTech (Ireland) receives royalty income from TerpeneTech (UK) on the sales of geraniol but is otherwise non-operational.

Section six: Summary

In reviewing the past year, it's evident that our financial and operational strategy has yielded positive outcomes, particularly in sales, market position, regulatory advancements, and our product development pipeline, which contains opportunities that will fuel future growth. Despite the challenges that our industry has faced over the past year, we have successfully brought one new product, Ecovelex™, to the start of commercial use within an extremely short timeframe. Additionally, we have also witnessed a notable increase in sales growth across our flagship biopesticides – Mevalone® and Cedroz™. This growth is a testament to the commitment and support that our team and shareholders have provided towards our long-term objectives and reflects the level of ambition of our management team and Board of Directors in building the company's business and market presence in the rapidly-growing bio-pesticides industry.

As we deploy our company's resources through 2024 and beyond, we are dedicated to continuing our trajectory of growth and green innovation. I am very proud of the team that we have built in only the last four years, and I look forward continuing the expansion of our mission-critical capabilities and capacity, all in support of our objective to become a leader in sustainable crop protection solutions. It is only with the support of our shareholders that we have been able to evolve Eden into the company that it is today, with far greater capabilities and an expanding platform for future growth. On behalf of the Board of Directors and the Management Team, I'd like to express our gratitude to our staff, industry partners, and shareholders for their continued support and contribution.

Sean Smith
Chief Executive Officer
2 May 2024

Strategic Report

Review of Business

The review of this year's business activities is as set out in the Chairman's Report and Chief Executive Officer's Report.

An update on TerpeneTech (UK), Eden's associate company, and TerpeneTech (Ireland), Eden's subsidiary, is also included in the Chief Executive Officer's Report.

Key financial performance indicators

The key performance indicators of the business are the development and commercialisation of the Group's products and the management of its cash position.

Revenue derived from product sales, milestone payments and R & D charges are considered to be key financial performance indicators. Maintaining a low overhead base, progress towards profitability and regulatory approvals are also key indicators.

Revenue in 2023 consisted of royalties, R & D charges and product sales and was £3.2m compared to £1.8m in 2022. The operating loss for the year was £1.9m compared to a loss of £2.6m for the previous year. The loss before tax for 2022 was £6.9m (including an impairment charge of £5.0m – see note 12 for further information), up from a loss of £2.6m in the previous year. More information on the drivers behind the performance is included in the Chief Executive Officer's Report.

The basic loss per share for 2023 was 1.54 pence (2022: a loss of 0.59 pence).

Administrative expenses for the year were £3.0m (2022: £2.7m), which reflects balancing the need to maintain a modest overhead base with ensuring the Group has the necessary skillset to drive growth.

Intellectual property, including development expenditure, is written off over seven years in line with the remaining life of the Group's key patents, taking into account additional protection provided by granted Supplementary Protection Certificates.

The Group capitalised £1.7m (2022: £0.9m) of development expenditure in the year, which is a reflection of the continued development of the Group's products. A significant proportion of this expenditure relates to regulatory approvals which strengthens the Group's competitive advantage, ultimately supporting sales growth.

An impairment review of Eden's intangible assets led to a charge of £5.0m in the year (2022: £nil). Further details of this review can be found in note 12 to the financial statements.

An impairment review of Eden's investment in its associate company, TerpeneTech (UK), led to no charge in the year (2022: £nil). Further details of this review can be found in note 15 to the financial statements.

Cash is safeguarded by close working capital management, including tightly controlling the Group's creditor position. The cash position at the year-end was £7.4m (2022: £2.0m). This is in line with management's expectations.

Other key non-financial performance indicators

The regulatory approval of products and milestones related to such processes are deemed to be key non-financial performance indicators.

At the end of 2023, 22 (2022: 19) countries had granted product authorisation with 100 (2022: 66) crop use approvals for Eden's biopesticides and 10 (2022: 10) pests and disease targets addressed with Eden's registered products, which shows positive progress in this KPI and translates into an increased addressable market from a product sales perspective.

The progress of the development of the Group's products is measured against internally set timescales as well as against the regulatory process, which are expected to result in the registration of products. The Chief Executive Officer's Report contains an update regarding this progress.

The on-going registrations of the Group's first product, Mevalone®, for use as a pesticide is not only a key milestone in terms of its commercialisation, but is also indicative of the likely registrability of Eden's future products as the three active substances that are registered in the EU are the basis of Eden's future product portfolio. Thus far, Mevalone® has been approved for use in a number of key countries whilst Eden and its partners pursue regulatory clearance in new territories, thereby seeking to grow Eden's addressable market globally.

Eden's second product, Cedroz™, is a nematicide which is registered for sale on two continents and Eden's commercial collaborator, Eastman Chemical, is pursuing registration and commercialisation of this important product in numerous countries globally.

Further commercialisation of Eden's products and Sustaine® encapsulation technology through supply, licensing, evaluation and option agreements also serve as a key indicator of the Company's performance.

Finally, successful trial results help demonstrate the technical and commercial viability of our intellectual property.

Principal risks and uncertainties

The Group's prime risk is associated with the on-going commercialisation of its intellectual property, which involves testing of the Group's products, obtaining regulatory approvals, which are required for commercialisation, and reaching a commercially beneficial arrangement for each product to be taken to market. This is measured by comparing actual results with forecasts that have been agreed by the Group's Board of Directors. The risk of commercial failure is managed by employing suitable, experienced people in commercial roles and engaging with partners on a regular and professional basis.

The Group's credit risk is primarily attributable to its trade receivables. Credit risk is managed by running credit checks on customers and by monitoring payments against contractual agreements.

The Group monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections at its meetings and ensures that the Group has sufficient cash resources to meet its on-going cash flow requirements.

Due to the nature of the business, there is inherent risk of infringement of Eden's intellectual property rights by third parties, and the potential infringement of third party rights by Eden. The risk of infringement is managed by taking (and acting on) the relevant legal advice as and when required.

There is also inherent uncertainty surrounding the regulatory approval of products in terms of both timing and outcome. This risk is managed by retaining appropriately experienced staff and contracting with expert consultants as needed.

Risk from competitors derives from existing or new products on the market which are potentially superior to, or cheaper than, Eden's products. Eden continually looks to reduce costs and improve products through development in order to mitigate this risk.

Supply chain issues, such as availability of toll manufacturing capacity, or low supply of raw materials, may occur. Eden addresses this risk by sourcing raw materials from multiple suppliers and using a number of toll manufacturers.

The retention of skilled and experienced employees is a key risk since the work at Eden is technical. Eden manages this risk by ensuring that staff welfare is a priority and that employees are well incentivised to stay with the business.

Employee diversity and inclusion

The Board remains committed to a culture that encourages the inclusion and diversity of all of the Company's employees through respecting and appreciating their differences and promoting the continuous development of employees through skills enhancement and training programmes. The Group's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the Group) should, as far as reasonably possible, be identical to that of other employees.

Indemnity cover

The Company purchases insurance cover for Directors and Officers to offer protection from third party claims.

Environment

The Company has an environment policy and acknowledges that environmental considerations form an integral part of its corporate social responsibility. The Company's environment committee meets to discuss ways in which the business can contribute to its environment by getting involved in local initiatives and also looks at ways of promoting environmental wellbeing amongst the staff. Employees are actively encouraged to ensure conservation of energy and resource through awareness campaigns and positive action.

Sean Smith
Chief Executive Officer

ESG Report
Introduction

The Transition to Sustainable Agriculture Shapes Market Needs

- In agriculture there is an urgent need to move to a safe, equitable and sustainable food system.
- Our food system accounts for over a third of global CO_2 emissions and is a key driver of accelerating biodiversity loss.
- Our innovative products are positioned to serve growing markets with more sustainable solutions. They reduce on-farm impacts on nature, food waste and the risks to human safety and health from conventional agrochemicals.
- Eden's products provide effective crop protection resulting in improved crop yields and produce quality, enhancing the financial sustainability of farming businesses whilst reducing the risk to the environment.

About our ESG Strategy

- Developed with input from ESG experts to ensure that it reflects best-practice.
- Informed by a materiality analysis to identify and prioritise the ESG issues that matter most to the business and are to be addressed.
- Describes our ESG focus areas and sets clear standards that we integrate into our business strategy and management approach.

Our ESG Strategy

We deliver bio-innovation to support sustainable agriculture supported by a resilient and efficient supply chain and our sustainable operations.

We integrate Environmental, Social and Governance (ESG) issues into our business strategy and management approach.

Supporting the UN Sustainable Development Goals (SDGs)

The SDGs are a call to action to end poverty, protect the planet and ensure peace and prosperity for all. They define a framework for action for governments and business. Through our products, innovation expertise and sustainable operations we believe we can make a powerful contribution to support the SDGs.

We particularly contribute to:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — Reducing food waste

15 LIFE ON LAND — Protecting soil and ecosystems

Integrating ESG Into All that We Do

Sustainability lies at the heart of what we do at Eden. We are focused on providing innovative and sustainable solutions to the global agriculture industry and beyond.

We want to ensure that this mission extends to, and is reflected in, our reporting, and we believe that setting high ESG standards means that we can deliver more value to our stakeholders and accelerate the contribution we make to sustainability.

It also means that we can demonstrate high standards of transparency and accountability, helping our investors understand the contribution that we are making to sustainability outcomes and evaluate our performance.

We recognise that integrating ESG is a journey and, as for all businesses, this is just the start and we have a lot to accomplish.

However, I am confident that our committed team and strong processes, coupled with our sustainable innovation platforms will deliver value for our investors and partners.

Sean Smith
Chief Executive Officer

We are committed to delivering high standards of Environmental, Social and Governance (ESG) performance across our business. Our ESG Strategy is designed to integrate ESG into all that we do.

ESG Report continued

A Resilient and Efficient Supply Chain

Working with leading suppliers of raw materials and high-quality manufacturers. We work with our partners to manage ESG issues across our supply chain.

Our Ingredients

Applying high standards to ensure the quality and sustainability of the ingredients used for the manufacture of our innovative products, including yeast extract – a key building block of our Sustaine® microcapsules, and terpenes – the nature identical active substances in our products.

Our Manufacturing

Working with leading manufacturers who apply robust sustainability standards to reduce environmental impacts and ensure safety in the manufacture of our products.

Our Priorities:

Manufacturing Safely

Ensuring high health and safety standards are applied in the manufacture of our products.

Protecting the environment and climate

Reducing greenhouse gas emissions, improving resource efficiency, supporting the circular economy and reducing air pollution.

Protecting Human Rights

Protecting human rights and managing risks associated with modern slavery across our supply chain.

Case Study:

Sipcam

Manufacturing Excellence

We work with partners, such as Sipcam-Oxon, to manufacture a number of our key products.

Our products are manufactured at Sipcam's facility near Milan, Italy.

Sipcam is a specialist in the manufacture and marketing of agrochemicals. Sipcam is a Responsible Care® company, the chemical industry's environmental, health and safety initiative to drive continuous improvement in performance. Its sites are also certified to the ISO14001 environmental management system standard.

Delivering our ESG standards at our laboratory

Our laboratory facility in Oxfordshire has allowed us to establish high ESG standards in research and testing. We follow best practice standards to manage risks, including to safety, the environment and to ensure high quality standards.

Eden's laboratory also has sophisticated equipment to analyse a wide range of compounds from a chemical and physical standpoint and the ability to perform lab scale formulation development and stability testing (rheometry, homogenization, particle size analysis, etc).

Our in-house capabilities will speed the commercialisation and deployment of new sustainable products.

Sustainable Operations

We apply high standards in our own operations. Our operations are centered around the Company's laboratory facility in Milton Park, Oxfordshire.

Eden's team brings deep experience in bio-innovation for sustainable agriculture.

Our Priorities:

Acting Safely

Protecting our team by applying the highest standards of health and safety in our own operations.

Reducing Our Environmental Impacts

Minimising our operational impact by reducing greenhouse gas emissions and reducing waste.

Acting Ethically

Applying best practices in business ethics including in the prevention of bribery and corruption, fraud and ensuring legal compliance.

Developing a Diverse Team

Building a diverse, engaged and highly skilled team through the attraction, development and retention of the best talent.

ESG Report continued

Bio-Innovation for Sustainable Agriculture

Leading innovation in sustainable biopesticides and plastic-free encapsulation to deliver products that improve agricultural sustainability. Our innovative products are derived from natural plant chemistry and used on high-value fruits and vegetables to improve crop yields and marketability. They address key sustainable agriculture drivers including:

Consumer demand for residue-free produce

Protecting soil health and reducing impact on biodiversity

Our Priorities:

Safe products
Ensuring our products are safe for people and the environment including in use and disposal.

Reducing food waste and toxic residues
Reducing food waste by improving produce treatment and processing and reducing toxic residues.

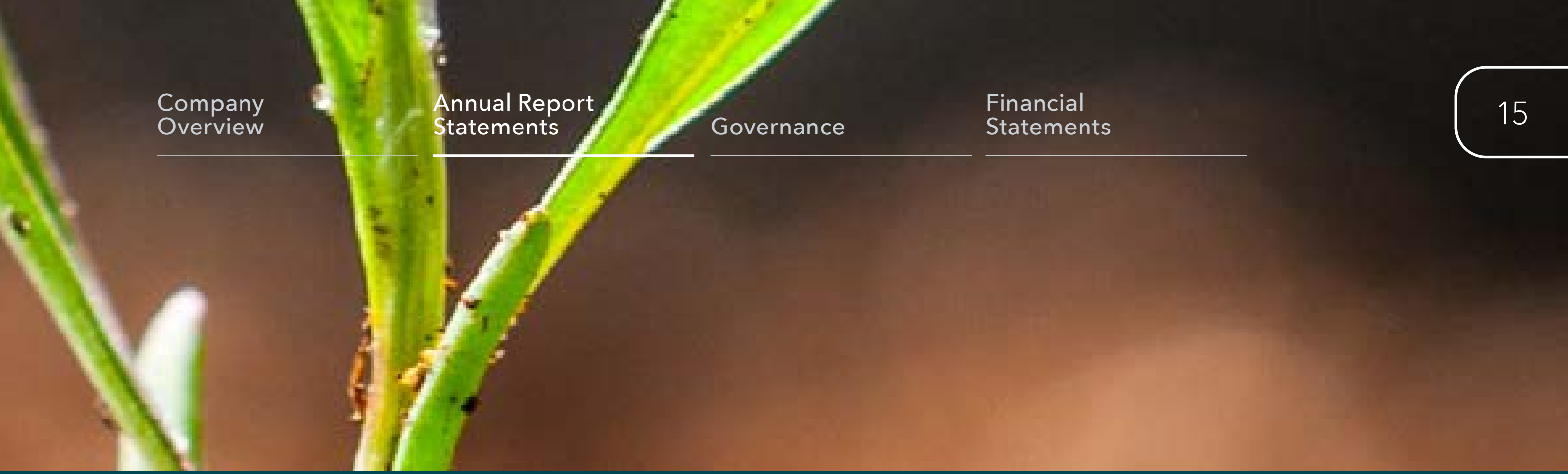
Protecting soil and water
Reducing the application and release of toxic, bio-accumulative or persistent chemicals and plastic pollution to soil and water.

Case Study:

Our Impact on Food Waste

Eden's product, Mevalone®, can be used to extend the shelf-life of produce. Approved for use on grapes, apples, kiwis, aubergines, pomegranates, spring onions and more, Mevalone® is exempt from pesticide residue limits due to its favourable safety profile. In contrast to many conventional chemistries, it can be applied up to the point of harvest giving flexibility to growers and allowing treatment to extend shelf life.

Extending shelf life can dramatically reduce food waste in the supply chain and consumer homes. Globally, 25-30% of all food produced is wasted. Not only does this have a significant financial impact on the food industry and in homes, but it also has a significant impact on our climate with food waste accounting for up to 10% of global CO_2 emissions. Tackling food waste also means we can protect nature by limiting the need for agricultural land.



How we will deliver on ESG

Integrated into the business: We integrate ESG into our business strategy and management practices and consider the implications of key business decisions on our ESG performance.

Integrating ESG into innovation is a key focus: As an innovation led business our innovation strategy and pipeline are key opportunities to deliver improved ESG outcomes. We actively consider ESG opportunities and risks in our innovation strategy.

Integrating into governance: We integrate ESG considerations into roles and responsibilities of key leaders.

- Delivery of our ESG plan is the responsibility of the Eden Research CEO.
- Our ESG Steering Committee coordinates and drives our ESG actions.
- We report our performance regularly to the Board.

Our future plans

Our next steps on ESG are to:

01 Identify and address gaps in our ESG management.

02 Establish specific ESG targets, including KPI's and metrics.

03 Define reporting output.

ESG Drives our Future Growth

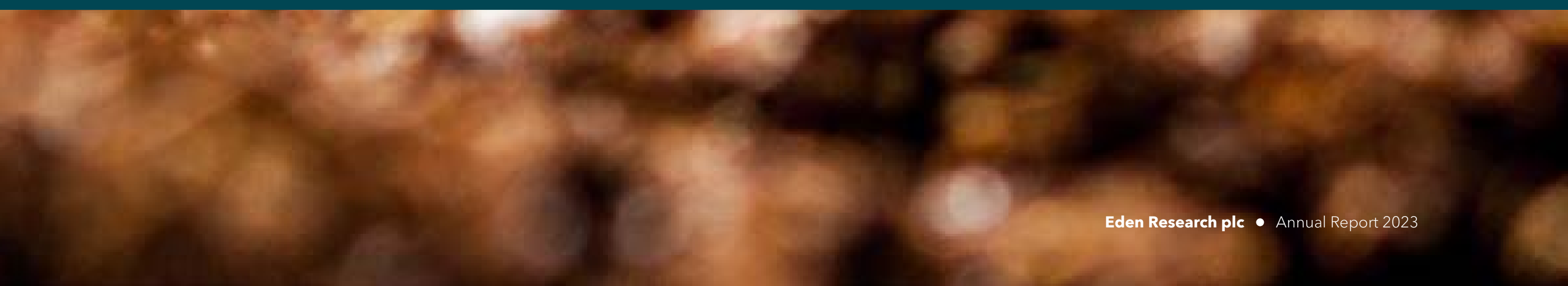
The sustainability challenge
Our agricultural system faces the dual challenge of safely feeding a growing population while decarbonizing and protecting human health and the natural environment.

Leadership in bio-innovation positions Eden Research for growth
Our unique technologies provide important solutions to some of the most pressing sustainable agriculture challenges. As the world transitions towards a sustainable agri-food system, products that can deliver more sustainable outcomes are set for significant growth.

Our ESG approach will drive impact
Our sustainable agriculture solutions, delivered through our integrated ESG platform make Eden Research an exciting opportunity for ESG investors.

> **Eden's formulations are well suited for a wide range of crop protection applications. The fact that our Sustaine® encapsulation technology is completely free from microplastics is just one of the elements that makes them stand out in this rapidly evolving market.**

Sean Smith
Chief Executive Officer



Strategic Report continued

Section 172 statement

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with s172 of the Companies Act and have acted in accordance with these responsibilities during the year.

The Board has identified that its key stakeholders are its:

- workforce
- shareholders
- customers
- regulators

Eden's core values, which are professionalism, integrity, effectiveness and dynamism, reflect the Company's commitment to do the right thing simply because it is the right thing to do. The requirement to adhere to this principle is embedded within all job descriptions across the Group.

Throughout the year, the Board considered the wider impact of strategic and operational decisions on the Company's stakeholders.

Our workforce

Our workforce is fundamental to the long-term success of the Company. We have various engagement mechanisms, many of which have been in place for a number of years. The team at Eden generally meets every Monday morning to review the various on-going projects and plan the week ahead. Annual employee reviews are undertaken and regular communication takes place between management and staff to ensure that any concerns or issues are identified and appropriately addressed. The Company provides training to employees as well as arranging social occasions to promote the well-being and connectivity of the team.

Shareholders

The support and engagement of our shareholders is imperative to the future success of our business. In all of its decision making, the Board ensures that it acts fairly with regard to members of the Company. We have productive, ongoing dialogue with a number of our investors. We are also in touch with all of our shareholders at least three times a year with information about shareholder meetings and the Company's financial results. We have regular meetings with institutional and other investors, research analysts, market commentators and advisors to understand shareholder views and address any concerns.

Customers

The commercial team at Eden is in regular contact with our customers to ensure that they are satisfied with the products that Eden is selling to them, or that any projects that are taking place with them are on track and without issue. Face to face meetings take place, as well as other communication such as emails or video or phone conferences, which allow for an on-going dialogue with the objective of reducing any potential issues or concerns. A project management system is operated by Eden to ensure that all customers are communicated with on a regular basis to keep customers satisfied as much as possible.

Regulators

The regulatory team at Eden, which includes both employees and expert consultants, communicates directly with regulators around the world to promote an efficient and successful relationship. Clearly, regulation is a key factor in Eden's industries and so it is important for the team at Eden to be in regular contact with regulators to promote the long-term success of the business through the approval of product marketing authorisations. The regulatory team also keeps itself up to date on regulatory matters through training and relevant publications.

On behalf of the board:

Sean Smith
Director

2 May 2024

Governance

The Directors of Eden champion openness and accountability at every level. This involves focusing on how this takes place throughout the Company and on those who act on its behalf.

Board of Directors

Leading the way, in achieving successful business growth.

Lykele van der Broek
Non-Executive Chairman

Appointed

October 2017 (Board)
January 2018 (Chairman)

Independent

Yes

Full-time (FT) or part-time (PT)

PT – 10 days per year

Background and experience

Lykele retired as a Member of the Board of Management of Bayer CropScience, a division of Bayer AG, in 2014, having been responsible for the commercialisation of innovative agricultural products and services globally. Prior to this, he held senior international roles including the Head of Bayer CropScience's BioScience division and President of the Bayer HealthCare Animal Health division.

Committee membership

- AIM Compliance Committee (Chairman)
- Nominations Committee (Chairman)
- Remuneration Committee (Chairman)
- Audit Committee

External appointments

Genus plc (Non-Executive Director) – retired 22 November 2023

Sean Smith
Chief Executive Officer

Appointed
September 2014

Independent
No

Full-time (FT) or part-time (PT)
FT

Background and experience
Sean has a bachelor's degree in microbiology and over 25 years of experience in the speciality chemicals and industrial biotechnology industries. He has held senior commercial leadership roles ranging from sales and marketing to business management and intellectual property licensing in blue chip companies such as Ciba (now BASF) and Honeywell. In recent years, Sean has focused on technology commercialisation through licensing and company formation working with Intellectual Ventures and several start-ups.

Committee membership
None

External appointments
None

Alex Abrey
Chief Financial Officer

Appointed
September 2007

Independent
No

Full-time (FT) or part-time (PT)
FT

Background and experience
Alex, a Chartered Certified Accountant, joined the Board in September 2007, having been Chief Accountant to Eden for the previous four years. He has acted as Financial Director to a diverse range of businesses including a financial and management consultancy business based in Oxfordshire, a medical waste management company and an intellectual property licensee involved in plastics manufacturing. Alex has over twenty years' experience in both practice and industry.

Committee membership
None

External appointments
Ricewood Ltd (Director)

Robin Cridland
Non-Executive Director

Appointed
May 2015

Independent
Yes

Full-time (FT) or part-time (PT)
PT – 10 days per year

Background and experience
Rob served as Chief Financial Officer and Company Secretary of Itaconix plc until the end of August 2018. He joined Itaconix in September 2008 from Renovo Group plc where he spent seven years as Executive Director of Finance and Business Development. He began his career at Coopers & Lybrand Deloitte, before moving on to senior transactional roles at Enskilda Securities and senior finance and transactional roles at GlaxoWellcome and GlaxoSmithKline. He has also been a Governor and a Non-Executive Director of Cheadle Hulme School, Cheshire.

Committee membership
- Audit Committee (Chairman)
- Nominations Committee
- AIM Compliance Committee
- Remuneration Committee

External appointments
Broadhey Barns Management Company Limited (Director)

Board of Directors continued

Attendance at Board and Committee meetings

Board and Committee meetings are scheduled in advance for each calendar year. Additional meetings are arranged as necessary to review strategic and financial plans.

The scheduled Board and Committee meetings and attendance during the year ended 31 December 2023 were as follows:

Director	Role	Board (10 meetings)	AIM Compliance (1 meeting)	Remuneration & Nominations (3 meetings)	Audit (3 meetings)
A Abrey	Chief Financial Officer	●●●●●●●●●●	●	–	–
R Cridland	Non-Executive Director	●●●●●●●●●●	●	●●●	●●●
R Horsman*	Non-Executive Director	●●●●●●●●●●	–	●●●	●●●
S Smith	Chief Executive Officer	●●●●●●●●●●	●	–	–
L van der Broek	Non-Executive Chairman	●●●●●●●●●●	●	●●●	●●●

*Resigned on 31 January 2024

The role of each committee can be found on page 39 and 40.

Professional development and training

Alex Abrey is a Chartered Certified Accountant. As part of his professional development, he attends relevant courses and maintains his qualification through Continuing Professional Development under the Association of Certified Chartered Accountants.

Robin Cridland qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW) in 1992. As part of his professional development, he attends relevant updates and courses through Continuing Professional Development under the ICAEW requirements.

Sean Smith has access to online tools and courses and attends industry conferences including the Association of Biocontrol Industry Manufacturers.

Lykele van der Broek keeps up-to-date by regularly reading economic and management literature, by being briefed by external advisors on matters such as remuneration and corporate governance, and liaising with consultants who inform the Board of changes in legislation, best practice or public perception.

Board skill-set

Director	Product supply chain and management	Intellectual Property	Chemicals Industry	General management	Other public Company (Board level)	Funding
A Abrey	•	•	–	•	•	•
R Cridland	•	•	•	•	•	•
R Horsman	•	•	–	•	•	•
S Smith	•	•	•	•	–	•
L van der Broek	•	–	•	•	•	–

External advisors

The Company uses external advisors, where necessary, as follows:

Advisor	Role
Nominated Advisor	Provides advice on AIM Compliance
Commercial lawyer	Provides advice on legal issues, such as commercial agreements
Regulatory lawyer	Provides advice on regulatory aspects of the business

The Board's Role

The Board, under the Chairman's leadership, is responsible for ensuring our long-term success.

It informs and approves our strategy and corporate goals and monitors our performance against them. It determines that we have the necessary resources, systems and controls to achieve our objectives, and assesses the culture and standards of behaviour throughout Eden.

The Board is also responsible for other critical decisions, including approving strategy, medium term plans and corporate budgets; ensuring we have the right funding; approving material contracts and other third party arrangements; and reporting to shareholders.

The Directors believe that the Board, taken as a whole, has sufficient expertise and a variety of complementary skills for the Company to operate and develop its business satisfactorily for the benefit of the shareholders over the medium to long-term.

As the Company grows, the Board will inevitably grow, which will provide an opportunity for the gender imbalance that the Board currently has, to be addressed.

Internal advisors

The Company Secretary is the only internal advisor that the Company currently has.

The Company Secretary is responsible for the efficient administration of Eden, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented.

Chairman's letter

The quality of our governance is evident in the way we conduct business and how we treat our workforce, customers and suppliers.

Lykele van der Broek
Non-Executive Chairman

Dear shareholder,

The Directors have adopted the principles set out in the Quoted Companies Alliance Governance Code. The Directors have applied these principles, as far as practicable and appropriate for a relatively small public company, as follows:

The Board currently comprises two Executive Directors and two Non-Executive Directors.

The Board meets regularly to consider strategy, performance and the framework of internal controls.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings.

All Directors have access to the advice and services of the Company Secretary and the Chief Financial Officer, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with.

In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Directors of Eden champion openness and accountability at every level. This involves focusing on how this takes place throughout the Company and on those who act on its behalf.

The quality of our governance is evident in the way we conduct business and how we treat our workforce, customers and suppliers.

The Board sets the framework of values within which the desired corporate culture can evolve and thrive.

Ownership of the values is strengthened by a collaborative approach by both the leadership and the workforce being involved in a two-way process to define the Company's values.

Clear messages are given through decisions, strategies and conduct. Directors reinforce values through their own behaviour and decisions. To increase the effectiveness, Executive and Non-Executive Directors have increased visibility.

The Board demonstrates ethical

leadership and displays the behaviours it expects from others and communicates what it considers to be acceptable business practice, and it considers appropriate behaviours when setting strategy and financial targets.

The Company seeks to keep its strategy consistent with its purpose and values and its responsibilities for long-term success and to contribute to wider society.

Values are embedded at every level of the organisation and the Board seeks assurance from management that it has effectively embedded the Company's purpose and values in operational policies and practices including aligning incentives, rewards and promotion decisions to values.

Values and expected behaviours are reinforced through our recruitment, promotion, reward, performance management and policies, processes and practices.

Our reward structures produce appropriate incentives to encourage desired behaviours and responsible and appropriate risk-taking and management consistently communicates values and expected behaviours widely and clearly across the Company and ensures that they are understood by the workforce.

Management also encourages suppliers to meet the expected standards of behaviour.

Values and expected behaviours include:-

- Honesty
- Openness
- Transparency
- Respect
- Adaptability
- Reliability
- Recognition
- Acceptance of challenge
- Accountability
- A sense of shared purpose
- Professionalism, integrity, effectiveness and dynamism

The Board is alert to signs of possible cultural problems and recognises that the workforce is a vital source of insight into the culture of the Company.

Monitoring of effectiveness

Monitoring efforts are focused on existing internal capabilities and information:-

- Training data
- Recruitment, reward and promotion decisions
- Use of non-disclosure agreements
- Whistleblowing, grievance and 'speak-up' data
- Board interaction with senior management and workforce
- Health and safety data, including near misses
- Promptness of payments to suppliers
- Attitudes to regulators, internal audit (if applicable) and employees

Areas including human resources, audit and risk, and compliance offer an integrated approach to aid understanding of how behaviours and culture impact performance and offer analysis and advice to the Board.

The Board identifies areas of good practice and excellence that are used to drive up standards across the business which reinforces the value that a healthy culture adds.

Lykele van der Broek
Non-Executive Chairman

Business model and strategy

The Company's business model can be found on the Company's website www.edenresearch.com.

Key challenges

Our vision is to be the leader in sustainable bioactive products enabled or enhanced by our novel encapsulation and delivery technologies, in crop protection, animal health and consumer products.

Key challenges	We will address these by:
Stable financial base and revenue growth	• Continuing to evolve our business model to focus primarily on product sales • Signing further agreements with industry partners to expand commercialisation of our products • Ensuring a well-funded balance sheet
Product development Growing a diverse product development pipeline	• Furthering development of the encapsulation technology for new applications • Investing in patents for new market opportunities • Building our internal technical resources in terms of capability and capacity
Geographic expansion Targeting new geographies where there is a demand for sustainable solutions	• Extending registrations for product authorisation into new territories • Investing in patent protection for our intellectual property in new territories • Identifying suitable industrial partners with access to new geographies and customers

The Company seeks to keep its strategy consistent with its purpose and values and its responsibilities for long-term success and to contribute to wider society.

The QCA Corporate Governance Code

In accordance with Aim Rule 26 of the AIM rules for companies, the corporate governance code that the Board of Directors has chosen to apply and benchmark against is The QCA Corporate Governance Code.

The Company acknowledges the new QCA Code but notes that it is not required to comply with it yet. However, its adoption is being considered for future periods, notably the period commencing 1 January 2025, which is the first period in which Eden will be required to comply with the new Code.

This information is reviewed annually: Last review date 20 March 2024.

Published Disclosures:

Principle No.	Principle	Location of disclosure
1	**Establish a strategy and business model which promote long-term value for shareholders**	ANNUAL REPORT & ACCOUNTS See page XII WEBSITE
2	**Seek to understand and meet shareholder needs and expectations**	ANNUAL REPORT & ACCOUNTS WEBSITE
3	**Take into account wider stakeholder and social responsibilities and their implications for long-term success**	WEBSITE
4	**Embed effective risk management, considering both opportunities and threats, throughout the organisation**	ANNUAL REPORT & ACCOUNTS See pages 8-9 WEBSITE
5	**Maintain the board as a well-functioning, balanced team led by the chair**	ANNUAL REPORT & ACCOUNTS See pages 20-21 WEBSITE

Disclosure Detail Required	Disclosure status	Explanation	Link
DISCLOSURE: Explain the Company's business model and strategy, including key challenges in their execution (and how those will be addressed).	Compliant ✓	The Company seeks to keep its strategy consistent with its purpose and values and its responsibilities for long-term success and to contribute to wider society.	**Business model and strategy**
DISCLOSURE: Explain the ways in which the Company seeks to engage with shareholders and how successful this has been. This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.	Compliant ✓	The CEO + CFO communicate regularly with shareholders, investors and analysts, including at our half yearly results roadshows. The full Board is available at the Annual General Meeting (AGM) to communicate with shareholders.	**Shareholder engagement**
DISCLOSURE: Explain how the business model identifies the key resources and relationships on which the business relies. Explain how the Company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products).	Compliant ✓	The Board has identified the main stakeholders in the business and regularly discusses how employees, suppliers and customers and others might be affected by decisions and developments in the business. We constantly strive to enhance our environmental and social credentials. In order to obtain feedback from stakeholders, management meets regularly with them. The Company's website, email footers and business cards all provide contact details of the relevant person at the Company that they can use, should they need to get in touch.	**Stakeholder engagement and social responsibility**
DISCLOSURE: Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	Compliant ✓	Both the Board and Audit Committee regularly review risks, including new threats and the processes to mitigate and contain them. Whilst the Board is responsible for risk, our culture seeks to encourage all colleagues to manage risk effectively.	**Effective risk management**
DISCLOSURE: Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.	Compliant ✓	The Board works well together as a team. Meetings are characterised by lively discussion and active idea generation and management are rigorously challenged and held to account.	**Board composition, Board culture, dynamics and contribution**

The QCA Corporate Governance Code continued

Principle No.	Principle	Location of disclosure	Disclosure Detail Required
6	**Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**	ANNUAL REPORT & ACCOUNTS See page 23 WEBSITE	**DISCLOSURE:** Identify each director. Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term. • Explain how each director keeps his/her skillset up-to-date. • Where the board or any committee has sought external advice on a significant matter, this must be described and explained. • Where external advisers to the board or any of its committees have been engaged, explain their role. • Describe any internal advisory responsibilities, such as the roles performed by the Company secretary and the senior independent director, in advising and supporting the board.
7	**Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**	WEBSITE	**DISCLOSURE:** Include a high-level explanation of the board performance effectiveness process. Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed. **DISCLOSURE:** Include a more detailed description of the board performance evaluation process/cycle adopted by the Company. This should include a summary of: • The criteria against which board, committee, and individual effectiveness is considered; • How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and • How often board evaluations take place. Explain how the Company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process.
8	**Promote a corporate culture that is based on ethical values and behaviours**	ANNUAL REPORT & ACCOUNTS See Chairman's Letter on pages 2-3 WEBSITE	**DISCLOSURE:** Include in the Chair's corporate governance statement how the culture is consistent with the Company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present. **DISCLOSURE:** Explain how the board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected.

Disclosure status	Explanation	Link
Compliant ✓	We assess the adequacy of the Board's collective skills and experience and Directors' individual development needs are discussed annually with the Chairman.	**Professional development and training**
Compliant ✓	The Board regularly considers the effectiveness and relevance of its contributions. Any learning and development needs are reviewed and continual improvement implemented.	**Board performance**
Compliant ✓	The Board sets the framework of values within which the desired corporate culture can evolve and thrive. Ownership of the values is strengthened by a collaborative approach by both the leadership and the workforce being involved in a two-way process to define the Company's values.	**Corporate culture**

The QCA Corporate Governance Code continued

Principle No.	Principle	Location of disclosure	Disclosure Detail Required
9	**Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**	WEBSITE	**DISCLOSURE:** In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement: • Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder Groups). • Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration. • Describe which matters are reserved for the board. • Describe any plans for evolution of the governance framework in line with the company's plans for growth.
10	**Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**	ANNUAL REPORT & ACCOUNTS WEBSITE	**DISCLOSURE:** Describe the work of any board committees undertaken during the year. Include an audit committee report (or equivalent report if such committee is not in place). Include a remuneration committee report (or equivalent report if such committee is not in place). If the Company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained. **WEBSITE DISCLOSURE:** Disclose the outcomes of all votes in a clear and transparent manner. Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the Company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote. Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.

Disclosure status	Explanation	Link
Compliant ✓	The Board is responsible for the Company's overall strategic direction and management and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Company's operations.	**Corporate governance structure**
Compliant ✓	The Investors section of our website includes our results, presentations and communications to shareholders. We release the results of general meetings through a regulatory news services and also on the Regulatory News Section of our website.	**Audit committee terms of reference** **Audit committee report** **Remuneration committee report** **Remuneration committee terms of reference** **AGM Voting outcomes** **Annual reports** **Notices of general meetings**

Remuneration Report

Introduction

The Remuneration Policy for Eden Research plc includes the three main elements of remuneration; salary, cash bonus and equity incentive.

The policy is based on market facing structures, precedented in other AIM listed companies. The policy has been prepared for the Executive Directors, however it is intended that the principles should apply to all staff.

An important principle is that the elements of remuneration should not overlap (to ensure that an Executive is not rewarded more than once for the same achievement).

Salary is a reward for the day to day execution of a role (which is documented in a job description).

The cash bonus is a reward for the achievement of challenging milestones in a year, such as exceeding revenue and EBITDA targets, or signing new distribution agreements over a certain value, over and above the day to day role and linked to significant commercial progress.

The equity incentive should deliver value to the Executive in the medium to long term, based on a sustainable increase in the share price over the corresponding period of time, and of a magnitude related to the actual increase in share price, in order to align management's incentive with the interests of shareholders.

The Remuneration Committee has absolute discretion in the application of these principles and may make adjustments, where appropriate, and acting reasonably.

Salary

A salary review usually occurs in Q4 each year, to take effect from 1 January in the following year, unless a market adjustment is required at a different time.

Generally, salaries are benchmarked and comparable to similar positions in similar sized AIM listed companies in similar industry segments.

Cash Bonus

Bonuses are paid to the extent their payment does not shorten the funded runway of the business to less than eighteen months, based upon an up-to-date forecast using reasonable assumptions, as agreed by the Board (the "cash override"). This figure may be adjusted by the Remuneration Committee.

The Target bonus levels are a percentage of salary.

The Target is generally made up of, and released incrementally by:

- the achievement of new commercial partnership deals and other commercial milestones (e.g. regulatory approvals)
- the return received on such agreements
- meeting or exceeding revenue, EBITDA and earnings targets

As the business matures, the balance between deal value, other commercial milestones and revenue/contribution/profit is expected to transition in weighting (i.e. from deals through other milestones towards profit).

Bonus payments are calculated prior to completion of (and included in) the Annual Report and paid out after the Annual Report has been approved by the Board and the auditors.

Equity Incentive

Unapproved share option scheme

The Company operated an unapproved share option scheme for Executive Directors, senior management and certain employees up to 28 September 2017.

Long-Term Incentive Plan ("LTIP")

Since September 2017 Eden has operated an option scheme for Executive Directors, senior management and certain employees under a LTIP which allows for certain qualifying grants to be HMRC approved.

In 2021, certain changes were made to the LTIP in connection with a financing round completed in 2020, further details of which can be found below.

Application of the Policy

Emoluments

Details of the remuneration of those who served as Directors during the year are set out below.

	Base salary	
	2023 £	2022 £
Executive Directors		
S Smith	289,030	273,240
A Abrey	217,100	205,200
Non-Executive Directors		
L van der Broek	45,000	45,000
R Cridland	40,000	40,000
R Horsman	35,000	*35,000

* R Horsman was appointed on 1 September 2022 and was paid a proportionate amount of the base salary.

The changes to the Executive Directors salaries in 2023 were the result of an external benchmarking exercise.

The Company operates its annual, discretionary cash bonus scheme for the Executive Directors only.

For 2023, the target bonus levels and actual bonus achieved for Executive Directors were:

Sean Smith	70% of base salary, achieved 54.25% (£156,799), (2022: 70% of base salary, achieved 47.25% (£129,106)**)
Alex Abrey	70% of base salary, achieved 54.25% (£117,777), (2022: 70% of base salary, achieved 47.25% (£96,957)**)

* In accordance with operation of the cash override referred to above in the cash bonus policy, and in the interest of cash preservation and to ensure continued investment in the business, the Executive Directors offered, and the Board agreed and accepted, that bonuses earned in 2022 by reference to the relevant targets, would not be paid and have been cancelled.

The Committee considers that the performance metrics underpinning the annual, discretionary cash bonus scheme are in line with shareholders' reasonable expectations.

Pensions

For the Executive Directors, the Company makes contributions to a defined contribution pension scheme. The Company contributes a maximum of 7% provided that the Director makes a minimum 4% contribution. Below this, the Company contributes the same percentage as the Director.

Share-based payments

The share options granted to individual Directors to date are shown below and include grants made in prior years.

Non-Executive Directors

Non-Executive Directors receive a fee only, with no additional benefits, bonuses or option grants.

Directors' contracts

The Executive Directors have a service contract of indefinite term with a notice period of no more than six months.

Non-Executive Directors have Letters of Appointment which are terminable by the Director or the Company with three months' notice.

Share option scheme grants

Long Term Incentive Plan ("LTIP")

In 2017, the Company established a LTIP to incentivise the Executives to deliver long-term value creation for shareholders and ensure alignment with shareholder interests. Awards were generally made annually subject to continued service and challenging performance conditions over a three year period. The performance conditions were reviewed on an annual basis to ensure they remained appropriate and were based on increasing shareholder value. Awards were structured as nil cost options with a seven year life after vesting.

Other than in exceptional circumstances, awards were up to 100% of salary in any one year and granted subject to achieving challenging performance conditions set at the date of the grant. A percentage of the award vested for "Threshold" performance with full vesting taking place for equalling or exceeding the performance "Target". In between the Threshold and Target there was pro rata vesting. All grants under this scheme have now lapsed.

LTIP Plan Update

In 2021, the Company made changes to the LTIP in line with the requirements of a fundraise completed in 2020. The new plan was deemed a more appropriate scheme to incentivise management given the Company's stage of development and replaced the scheme used from 2017.

Pursuant to the updated plan, in 2021 the Company granted options over 10.5 million new Ordinary Shares, at a strike price of 6p each, in the amounts of 6 million awarded to Sean Smith and 4.5 million awarded to Alex Abrey. The options vested immediately and lapse in three equal tranches in June 2022, June 2023 and June 2024. For the first five years following grant, no shares arising from the exercise of these options may be sold unless the Company's prevailing share price is equal to, or in excess of, 10p.

Remuneration Report continued

The shares arising from exercise of options are subject to a one-year lock-in restriction, followed by a one-year orderly market restriction.

Further details can be found in note 22.

2021 Award

Also in 2021, the Company made a further grant of options in order to ensure continuity of long term incentive of options over 7,183,784 new Ordinary Shares in Eden, at a strike price of 10.37p each, in the amounts of 4,102,703 awarded to Sean Smith and 3,081,081 awarded to Alex Abrey.

These grants expire on 31 July 2025 and vest as follows:

1/3 upon grant

1/3 12 months from the date of grant

1/3 24 months from the date of grant

2023 Award

During the year, the Company made a grant to the Executive Directors in respect of 2022, in order to ensure continuity of long term incentive, of options over 8,698,909 new Ordinary Shares in Eden at a strike price of 5.05p each, being the 2022 Volume Weighted Average Price, in the amounts of 4,968,000 awarded to Sean Smith and 3,730,909 awarded to Alex Abrey.

The Options expire on 31 August 2027 and vest as follows:

1/3 upon grant

1/3 12 months from the date of grant

1/3 24 months from the date of grant

Accordingly, at 31 December 2023, the Directors had the following interests in share option schemes:

Date from which exercisable	Expiry Date	Exercise price £	Number at 1 January 2023	Granted in the year	Exercised in the year	Lapsed in the year	Number at 31 December 2023
A J Abrey							
30/06/2021	30/06/2023	0.06	1,500,000	–	–	1,500,000	–
30/06/2021	30/06/2024	0.06	1,500,000	–	–	–	1,500,000
22/07/2021	31/07/2025	0.10	1,027,027	–	–	–	1,027,027
22/07/2022	31/07/2025	0.10	1,027,027	–	–	–	1,027,027
22/07/2023	31/07/2025	0.10	1,027,027	–	–	–	1,027,027
30/08/2023	31/08/2027	0.05	–	1,243,636	–	–	1,243,636
30/08/2024	31/08/2027	0.05	–	1,243,636	–	–	1,243,636
30/08/2025	31/08/2027	0.05	–	1,243,637	–	–	1,243,637
			6,081,081	3,730,909	–	1,500,000	8,311,990
S M Smith							
30/06/2021	30/06/2023	0.06	2,000,000	–	–	2,000,000	–
30/06/2021	30/06/2024	0.06	2,000,000	–	–	–	2,000,000
22/07/2021	31/07/2025	0.10	1,367,567	–	–	–	1,367,567
22/07/2022	31/07/2025	0.10	1,367,568	–	–	–	1,367,568
22/07/2023	31/07/2025	0.10	1,367,568	–	–	–	1,367,568
30/08/2023	31/08/2027	0.05	–	1,656,000	–	–	1,656,000
30/08/2024	31/08/2027	0.05	–	1,656,000	–	–	1,656,000
30/08/2025	31/08/2027	0.05	–	1,656,000	–	–	1,656,000
			8,102,703	4,968,000	–	2,000,000	11,070,703

Lykele van der Broek
Remuneration Committee Chairman

Audit Committee Report

Introduction

On behalf of the Audit Committee, I present this report to shareholders. The purpose of the report is to highlight the areas that the Committee has reviewed and how we have discharged our responsibilities effectively during the year.

Responsibilities

The key responsibility of the Committee is to provide effective governance over the Company's financial reporting to ensure its appropriateness. Under its terms of reference, the Committee is required, amongst other things, to:

- monitor the integrity of the financial statements of the Company including the appropriateness of the accounting policies adopted and whether the Annual Report is fair, balanced and understandable;
- review, understand and evaluate the effectiveness of the Company's internal controls and risk management systems, particularly, but not exclusively, as they pertain to financial matters;
- appraise the Board on how the Company's prospects are assessed;
- oversee the relationship with the external auditors, making recommendations to the Board in relation to their appointment, remuneration and terms of engagement;
- monitor and review the effectiveness of the external audit including the external auditors' independence, objectivity and effectiveness and to approve the policy on the engagement of the external auditors to supply non-audit services; and
- monitor and review the requirement for and activities of (as applicable) internal audit activities in the Company.

The Committee's terms of reference can be found on the Company's website www.edenresearch.com.

Composition of Committee and meetings

During the year, the Audit Committee comprised the three Non-Executive Directors; Robin Cridland, who is Chairman of the Committee, Richard Horsman and Lykele van der Broek. The Chairman of the Committee has recent and relevant financial experience and collectively the members of the Committee have experience of the chemical, agricultural and animal health industries. Details of Committee members' qualifications can be found on page 23. The Audit Committee met three times during the year, and has a rolling agenda linked to the Company's financial calendar. It invites the Chief Executive Officer, the Chief Financial Officer and the external auditors to attend its meetings. The Committee Chairman aims to have an open dialogue with the external auditors and accordingly had discussions with the external audit partner before, during and at the conclusion of the audit without the Executive Directors being present. The Committee has also met since the end of the financial year to consider the results and the Annual Report for the year ended 31 December 2023.

Main activities during the year

Set out below is a summary of the key areas considered by the Committee during the year and up to the date of this report.

Financial reporting

During the year, the Audit Committee reviewed reports and information provided by the Chief Financial Officer in respect of the half year and by both the Chief Financial Officer and the external auditors in respect of the annual financial report. An important responsibility of the Audit Committee is to review and agree significant estimates and judgements made by management. To satisfy this responsibility, the Committee reviewed a written formal update from the Chief Financial Officer on such issues at the two meetings that reviewed the half year and year end results, as well as reports from the external auditors in respect of the year end results. The Committee carefully considered the content of these reports in evaluating the significant issues and areas of judgement across the Company.

The key areas of review, including those requiring significant judgements to be made, in the year were as follows:

- Revenue recognition
- Going Concern
- Impairment of intangible assets including intellectual property and investments
- Management override of controls

Audit Committee Report continued

Other areas reviewed in the year were as follows:

- Consolidation
- Share based payments
- Accruals and provisions
- Related party transactions

Internal control and risk management

During the year, the Committee continued to review the effectiveness of the Company's internal control and risk management systems.

External audit

During the year, the Audit Committee reviewed and approved the terms of engagement and remuneration of the external auditors for the 2023 financial year. PKF's current engagement partner is Adam Humphreys, and he has been in place since being appointed for the Company's 2022 year end. The Audit Committee annually assesses the qualification, expertise and independence of the auditors and the effectiveness of the audit process.

Auditor effectiveness

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. PKF presented its detailed audit plan to the Audit Committee identifying its assessment of these key risks. The Audit Committee's assessment of the effectiveness and quality of the audit process in addressing these key risks is informed by, amongst other things, the reporting from the auditors. In addition, each year, the Audit Committee assesses its performance and the effectiveness of the external auditor in liaison with the Chief Financial Officer. The Committee has so far been satisfied with the performance and the effectiveness of the external auditor.

Auditor independence

The Company meets its obligations for maintaining an appropriate relationship with the external auditors through the Audit Committee, whose terms of reference include an obligation to consider and keep under review the degree of work undertaken by the external auditor other than the statutory audit, to ensure the auditor's objectivity and independence is safeguarded. The Audit Committee also considers the period of the auditor's appointment and any considerations of rotation of auditors.

In accordance with the relevant regulations pertaining to ethical standards, the Company's external auditor must implement rules and requirements which include that none of their employees working on our audit can hold any shares in Eden.

The external auditor is also required to tell the Company about any significant facts and matters that may reasonably be thought to bear on their independence or on the objectivity of the lead partner and the audit team. The lead partner in the audit team must change every five years.

For the 2023 financial year end, there was no non-audit work undertaken by the Company's auditors, other than an informal review of the Company's 2023 interim financial statements, and the Committee considers the external auditor to be independent, taking into account the factors described above.

Internal audit

Due to the size of the business, the Company does not have a separate internal audit function. The Company's Risk Management Team takes this into account when deciding how to mitigate risks associated with not having an internal audit function and manages the situation accordingly. Every year the Audit Committee reviews the appropriateness of this arrangement and specifically whether an internal audit function is necessary. The Committee's view remains that an internal audit function is not yet necessary.

Other activities

In respect of 2023, and as part of a continuous process, the Committee assessed the clarity of the financial statements and the need for changes in presentation to enable and assist understanding of users of the accounts as the operations of the Group continue to evolve.

During the year, the Committee also worked to its rolling agenda, reviewing areas such as Treasury Policy, Directors' expenses, Disclosures Report, Review of Significant Transactions and also undertook a review of the Company's insurance policies, ensuring relevant, adequate coverage of various risks was in place.

Environmental Impact

The Company continues to review its Environmental, Sustainable and Corporate Governance ("ESG") credentials with external advisors.

In part, the aim of the review is to better understand the impact that Eden, including its supply chain partners, has on the environment.

Robin Cridland
Audit Committee Chairman

Directors' Report

The Directors present their annual report and financial statements for the year ended 31 December 2023.

General information

Eden Research plc ("Eden") is a public limited company incorporated in England and Wales (company number 03071324). The principal activity of the Company is the development and sale of biopesticides.

Eden's registered office and its principal place of business is 67c Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RQ, United Kingdom.

Eden is the parent and ultimate parent company of the Group.

Results and dividends

The Group's loss for the year after taxation amounted to £6,491,936 (2022: £2,243,879). The Directors are unable to recommend any dividend.

Research and development

An indication of research and development activities is included within the Chief Executive Officer's Report.

Future developments

An indication of future developments is included within the Chief Executive Officer's Report.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Abrey

R Cridland

R Horsman (resigned 31 January 2024)

S Smith

L van der Broek

Political donations

The Company did not make any political donations during the year (2022: £nil).

Directors' indemnity

Details of Directors' indemnity can be found in the Strategic Report.

Financial instruments

Details of Financial instruments can be found in note 30 to the financial statements.

Corporate Governance

The Directors acknowledge the importance of the principles set out in the UK Corporate Governance Code. Although the Corporate Governance Code is not compulsory for AIM quoted companies, the Directors have tried to apply the principles as far as practicable and appropriate for a relatively small public company by following QCA Corporate Governance Code as follows:

The Board currently comprises two Executive Directors and two Non-Executive Directors. The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary and the Chief Financial Officer, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Directors have established Audit, Nominations, Remuneration and AIM Compliance Committees.

The Audit Committee has Robin Cridland as Chairman and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of shareholders. The Audit Committee meets at least twice a year. Lykele van der Broek and Richard Horsman were the other members of the Audit Committee during the year.

Streamlined Energy and Carbon Reporting ("SECR")

The UK government's SECR policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. The regulations require that quoted companies and large unquoted companies that have consumed more than 40,000 kilowatt-hours (kWh) of energy in the reporting period must include energy and carbon information within their Directors' report. The Company is not currently required to report under SECR and does not currently exceed this threshold.

Directors' Report continued

The Company will comply with applicable reporting obligations in line with the SECR regulations as they become applicable. The Board is conscious of its corporate governance responsibilities and ensures appropriate financial reporting and disclosures. As such, the Board is keeping in mind the SECR requirements to ensure adequate disclosure when applicable.

The Nominations Committee had Lykele van der Broek as Chairman during the year and identifies and nominates for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nominations Committee meets at least twice a year. Robin Cridland and Richard Horsman were the other members of the Nominations Committee during the year.

The Remuneration Committee had Lykele van der Broek as Chairman during the year and reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of shareholders. The Remuneration Committee meets at least twice a year. Robin Cridland and Richard Horsman were the other members of the Remuneration Committee during the year.

The AIM Compliance Committee had Lykele van der Broek as Chairman during the year and meets at least once a year with the NOMAD to discuss AIM compliance and related issues. The other members of the committee are Robin Cridland and Richard Horsman. The Directors comply with Rule 21 of the AIM Rules relating to directors' dealings and there are procedures in place to ensure compliance by the Company's applicable employees. The Company has adopted a share dealing code which is appropriate for an AIM quoted company.

The shareholdings of the Directors of the Company are as follows:

	Total Holdings	% of share capital
Alex Abrey	1,774,192	0.33%
Lykele van der Broek	1,621,808	0.30%
Sean Smith	1,372,577	0.26%
Robin Cridland	745,552	0.14%
Richard Horsman*	475,000	0.09%

Richard Horsman resigned as a Director of Eden on 31 January 2024.

During the year, the Directors purchased the following shares in Eden at a price of 6.5p per share, being the fair value on the market at that time:

Alex Abrey	153,846
Lykele van der Broek	692,308
Robin Cridland	615,385
Richard Horsman	475,000
Sean Smith	461,538

The Company has been notified that the following are substantial shareholders of Eden, each holding more than 3% of the Company's issued share capital, as at 31 December 2023:

Entity	Total Holdings	% of Share Capital
Hargreaves Lansdown	53,364,313	10.01%
Gresham House Asset Management	52,882,786	9.92%
Octopus Investments	41,551,047	7.79%
Sipcam Oxon SpA	39,285,138	7.37%
Interactive Investor Services	33,363,457	6.26%
Cannacord Genuity Group	30,276,307	5.68%
Unicorn Asset Management	23,076,923	4.33%
Rathbones	23,040,287	4.32%
Atul Unadkat	22,099,924	4.14%
JM Finn & Co	20,147,562	3.78%
Amati Global Investors	16,744,070	3.14%
BGF Investment Management Limited	16,000,576	3.00%

Directors' remuneration

For details of Directors' remuneration, please see note 7 to the financial statements.

Suppliers

The Company agrees terms and conditions for business transactions with its suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group and Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the Group's profit or loss for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Statement as to disclosure information to auditors

Each Director in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Company is compliant with AIM Rule 26 regarding the Company's website.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of PKF as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

Sean Smith
Director
2 May 2024

Financial Statements

Sustainability lies at the heart of what we do at Eden. We are focused on providing innovative and sustainable solutions to the global agriculture industry and beyond.

Independent Auditor's Report

to the members of Eden Research plc

Opinion

We have audited the financial statements of Eden Research plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements 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 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 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 evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- consideration of the Group's objectives, policies and processes in managing its working capital as well as exposure to financial, credit and liquidity risks;
- reviewing management's forecast and going concern memorandum covering the period to 31 December 2025 and discussing with management the future plans and availability of funding;
- reviewing the cash flow forecast to ensure mathematical accuracy;
- obtaining corroborative and contradictory documentation for the key assumptions and estimates used in the cashflow forecast and challenging the reasonableness of these with management;
- performing sensitivity analysis on the cash flow forecasts prepared by management, and assessing management's assessment of the worst case scenario and cash flows;
- reviewing performance of the Group subsequent to the year end and other events impacting the going concern assumption; and
- reviewing the adequacy and completeness of 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 or 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.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Materiality for the Group financial statements was set at £244,000 (2022: £196,000). This was calculated based on 1.5% of gross assets which we determined to be the principal benchmark relevant to stakeholders in assessing the financial performance of the Group, given that the key focus of the Group is to develop and commercialise products for sale. The ongoing performance of the Group is dependent on the success of these developed products held as intangible assets.

Materiality for the significant component of the Group, being the Company, was £240,000 (2022: £195,000) based on 1.5% of gross assets of the component and capped below Group materiality.

Performance materiality for the Group and Company financial statements was set at £146,400 (2022: £117,600) and £144,000 (2022: £117,000) respectively, being 60% of materiality for the financial statements as a whole.

In determining performance materiality, we considered the following factors:

- our cumulative knowledge of the Group and its environment, including industry specific trends;
- the change in the level of judgement required in respect of the key accounting estimates;
- significant transactions during the year;
- the stability in key management personnel; and
- the level of misstatements identified in prior periods.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £12,200 (2022: £9,800) and for the Company a value in excess of £12,000 (2022: £9,750). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

We applied the concept of materiality in planning and performing our audit and in evaluating the effect of misstatement. No significant changes have come to light during the audit which required a revision to our materiality for the financial statements as a whole.

Our approach to the audit

Our audit was risk based and was designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

The Group includes the Company and its subsidiaries, TerpeneTech Limited ('TT Ireland') and Eden Research Europe Limited ('Eden Ireland').

The Company and TT Ireland were trading entities, whilst Eden Ireland was dormant during the year.

The scope of our audit was based on the significance of component's operations and materiality. Each component was assessed as to whether they were significant or not to the Group by either their size or risk. The Company was identified as the only significant component due to its size and identified risks. As a result, a full scope audit of the Company was carried out by us as the Group auditor.

TT Ireland and Eden Ireland were trivial to the Group financial statements and therefore Group analytical procedures were performed in respect of these entities.

Independent Auditor's Report continued

to the members of Eden Research plc

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain. These areas of estimate and judgement included:

- The capitalisation and carrying value of the intangible assets;
- The useful-life of intangible assets;
- The carrying value of investments;
- Revenue recognition;
- Going concern; and
- The fair value of share based payments.

We also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The Group's and Company's accounting function is based in the United Kingdom and the audit was performed by our team in London with regular contact maintained with the Group and Company throughout.

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
Capitalisation and recoverability of the carrying value of intangible assets (Note 12) As at 31 December 2023, the carrying value of intangible assets was £4.7m (2022: £8.4m). These intangible assets comprise of licences, intellectual property and capitalised product development costs. During the year, the Group recognised an impairment charge of £4.97m following their impairment assessment. This assessment requires significant judgement and estimation, including allocating costs to cash generating units and the future revenue to be generated which may involve management bias. There were also additions to the balance in the year, capitalised in accordance with IAS 38 *Intangible Assets*. Following the impairment, there is a risk that additions are not eligible for capitalisation and that the carrying value is misstated. Due to the above and the fact that intangibles are a material balance in the financial statements, the capitalisation and valuation of the intangible assets are considered to be a key audit matter.	Our work in this area included: • Updating our understanding of management's process and controls in relation to capitalisation and their impairment assessment of the intangible assets, including a separate assessment of the different cash generating units ("CGUs"); • Testing ownership of the assets within the CGUs by agreeing to underlying documentation, including verifying the validity of patents and good standing over the other assets held; • Testing additions during the year to supporting documentation assessing the point and eligibility of capitalisation in line with IAS 38 criteria; • Obtaining management's formal assessment in relation to impairment and performing procedures to determine the mathematical accuracy, reasonableness and sensitivity of estimates and judgements used. The assessment included reviewing the methodology and assumptions made for consistency with the prior year; • Undertaking sensitivity analysis on the projections to assess the impact on the headroom of possible changes in the key underlying assumptions, and ensuring the discount rate has been appropriately risk adjusted; • Challenging the key assumptions used and obtaining supporting and contradicting evidence to assess the reasonableness of these assumptions; and • Reviewing the disclosures and presentation in the financial statements.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the Group and Company 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 the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the light of the knowledge and understanding of the Group and the Company and their 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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' responsibility statement within the director's report, the directors are responsible for the preparation of the Group and Company 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 Group and Company financial statements, the directors are responsible for assessing the Group and the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report continued

to the members of Eden Research plc

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

- We updated our understanding of the Group, the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and experience of the sector or similar sectors. We also selected a specific audit team with experience of auditing entities facing similar audit and business risks.

- We determined the principal laws and regulations relevant to the Group in this regard to be those arising from:
  - AIM Rules for Companies;
  - UK–adopted international accounting standards;
  - UK Companies Act 2006;
  - UK Employment Laws and Health and Safety Regulations;
  - UK Tax Laws;
  - Local Plant Protection Regulations and Patent Laws;
  - General Data Protection Regulations;
  - Anti–Bribery Act; and
  - Anti–Money Laundering Regulations.

- We designed our audit procedures to ensure the audit considered whether there were any indications of non–compliance by the Group with those laws and regulations. These procedures included, but were not limited to:
  - enquiries of management;
  - reviewing the board minutes and RNS announcements; and
  - reviewing the nature of legal and professional fees incurred in the year to assess for any evidence of non–compliance with laws and regulations.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non–rebuttable presumption of a risk of fraud arising from management override of controls, whether key management judgements could include management bias. Key management judgements identified included:
  - The capitalisation and carrying value of the intangible assets;
  - The useful–life of intangible assets;
  - The carrying value of investments;
  - Revenue recognition;
  - Going concern; and
  - The fair value of share based payments.

  We addressed these areas by challenging management's estimates/judgements and designing audit procedures to either recalculate the balance or review management's workings agreeing key assumptions to supporting document and sensitising to assess the reasonableness of the inputs used.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures, which included, but were not limited to testing of journals, reviewing key accounting judgement and estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

- Compliance with laws and regulations as the subsidiary level was ensured through enquiry of management, review of the subsidiary ledgers and correspondence for any evidence of instances of non-compliance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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 our 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.

Adam Humphreys (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

2 May 2024

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Notes	2023 £	2022 £
Revenue	4	3,192,027	1,827,171
Cost of sales		(1,426,547)	(997,011)
Gross profit		1,765,480	830,160
Other operating income		20,689	-
Amortisation of intangible assets	12	(418,651)	(495,818)
Administrative expenses		(2,997,633)	(2,749,240)
Share-based payments	22	(236,576)	(152,135)
Operating loss	5	(1,866,691)	(2,567,033)
Interest income	8	34,014	192
Finance costs	9	(17,207)	(22,046)
Foreign exchange (losses)/gains	9	(68,802)	52,736
Impairment of intangible assets	12	(4,968,529)	-
Share of loss of equity accounted Investee, net of tax	15	(33,047)	(31,444)
Loss before taxation		(6,920,262)	(2,567,595)
Income tax credit	10	428,326	323,716
Loss and total comprehensive loss for the year		(6,491,936)	(2,243,879)
Total comprehensive loss for the year is attributable to:			
- Owners of the Parent Company		(6,494,249)	(2,237,262)
- Non-controlling interests		2,313	(6,617)
		(6,491,936)	(2,243,879)
Loss per share	11		
Basic		(1.54p)	(0.59p)
Diluted		(1.54p)	(0.59p)

The income statement has been prepared on the basis that all operations are continuing operations.

The accompanying notes from page 57 to 91 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December 2023

	Notes	2023 £	2022 £
Non-current assets			
Intangible assets	12	4,710,511	8,447,226
Property, plant and equipment	13	230,091	198,786
Right-of-use assets	14	212,437	332,814
Investments	15	297,197	330,244
		5,450,236	9,309,070
Current assets			
Inventories	17	964,552	625,458
Trade and other receivables	18	2,449,623	658,866
Current tax recoverable	10	317,201	323,716
Cash and cash equivalents		7,413,107	1,994,472
		11,144,483	3,602,512
Current liabilities			
Trade and other payables	19	2,819,153	1,813,341
Lease liabilities	20	142,849	139,547
		2,962,002	1,952,888
Net current assets		8,182,481	1,649,624
Non-current liabilities			
Lease liabilities	20	86,920	215,776
		86,920	215,776
Net assets		13,545,797	10,742,918
Equity			
Called up share capital	23	5,333,529	3,808,589
Share premium account	24	6,413,652	39,308,529
Warrant reserve	25	758,234	701,065
Merger reserve	26	–	10,209,673
Retained earnings		1,013,567	(43,309,440)
Non-controlling interest	27	26,815	24,502
Total equity		13,545,797	10,742,918

The accompanying notes from page 57 to 91 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 2 May 2024 and are signed on its behalf by:

Sean Smith
Director

Company statement of financial position

As at 31 December 2023

	Notes	2023 £	2022 £
Non-current assets			
Intangible assets	12	4,630,856	8,354,299
Property, plant and equipment	13	230,091	198,786
Right-of-use assets	14	212,437	332,814
Investments	15	297,197	330,244
		5,370,581	9,216,143
Current assets			
Inventories	17	964,552	625,458
Trade and other receivables	18	2,559,651	786,791
Current tax recoverable	10	317,201	323,716
Cash and cash equivalents		7,413,107	1,994,472
		11,254,511	3,730,437
Current liabilities			
Trade and other payables	19	2,819,153	1,813,341
Lease liabilities	20	142,849	139,547
		2,962,002	1,952,888
Net current assets		8,292,509	1,777,549
Non-current liabilities			
Lease liabilities	20	86,920	215,776
		86,920	215,776
Net assets		13,576,170	10,777,916
Equity			
Called up share capital	23	5,333,529	3,808,589
Share premium account	24	6,413,652	39,308,529
Warrant reserve	25	758,234	701,065
Merger reserve	26	–	10,209,673
Retained earnings		1,070,755	(43,249,940)
Total equity		13,576,170	10,777,916

The accompanying notes from page 57 to 91 form an integral part of these financial statements.

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the year was £6,496,561 (2022: £2,230,645).

The financial statements were approved by the Board of Directors and authorised for issue on 2 May 2024 and are signed on its behalf by:

Sean Smith
Director

Company Registration No. 03071324

Consolidated statement of changes in equity

As at 31 December 2023

	Notes	Share Capital £	Share premium account £	Merger reserve £	Warrant reserve £	Retained earnings £	Total £	Non-controlling interest £	Total £
Balance at 1 January 2022		3,803,402	39,308,529	10,209,673	937,505	(41,460,753)	12,798,356	31,119	12,829,475
Year ended 31 December 2022:									
Loss and total comprehensive loss		–	–	–	–	(2,237,262)	(2,237,262)	(6,617)	(2,243,879)
Transactions with owners in their capacity as owners:									
Issue of share capital	23/24	5,187	–	–	–	–	5,187	–	5,187
Options granted	22	–	–	–	152,135	–	152,135	–	152,135
Options lapsed	22	–	–	–	(388,575)	388,575	–	–	–
Balance at 31 December 2022		3,808,589	39,308,529	10,209,673	701,065	(43,309,440)	10,718,416	24,502	10,742,918
Balance at 1 January 2023		3,808,589	39,308,529	10,209,673	701,065	(43,309,440)	10,718,416	24,502	10,742,918
Year ended 31 December 2023:									
Loss and total comprehensive loss		–	–	–	–	(6,494,249)	(6,494,249)	2,313	(6,491,936)
Transactions with owners in their capacity as owners:									
Issue of share capital – net of costs	23/24	1,524,940	7,533,299	–	–	–	9,058,239	–	9,058,239
Capital reduction	24	–	(40,428,176)	–	–	40,428,176	–	–	–
Transfer of merger reserve	26	–	–	(10,209,673)	–	10,209,673	–	–	–
Options granted	22	–	–	–	236,576	–	236,576	–	236,576
Options lapsed	22	–	–	–	(179,407)	179,407	–	–	–
Balance at 31 December 2023		5,333,529	6,413,652	–	758,234	1,013,567	13,560,982	26,815	13,545,797

The accompanying notes from page 57 to 91 form an integral part of these financial statements.

Company statement of changes in equity

As at 31 December 2023

	Notes	Share Capital £	Share premium account £	Merger reserve £	Warrant reserve £	Retained earnings £	Total £
Balance at 1 January 2022		3,803,402	39,308,529	10,209,673	937,505	(41,407,870)	12,851,239
Year ended 31 December 2022:							
Loss and total comprehensive loss		–	–	–	–	(2,230,645)	(2,230,645)
Transactions with owners in their capacity as owners:							
Issue of share capital	23/24	5,187	–	–	–	–	5,187
Options granted	22	–	–	–	152,135	–	152,135
Options lapsed	22	–	–	–	(388,575)	388,575	–
Balance at 31 December 2022		3,808,589	39,308,529	10,209,673	701,065	(43,249,940)	10,777,916
Balance at 1 January 2023		3,808,589	39,308,529	10,209,673	701,065	(43,249,940)	10,777,916
Year ended 31 December 2023:							
Loss and total comprehensive loss		–	–	–	–	(6,496,561)	(6,496,561)
Transactions with owners in their capacity as owners:							
Issue of share capital – net of costs	23/24	1,524,940	7,533,299	–	–	–	9,058,239
Capital reduction	24	–	(40,428,176)	–	–	40,428,176	–
Transfer of merger reserve	26	–	–	(10,209,673)	–	10,209,673	–
Options granted	22	–	–	–	236,576	–	236,576
Options lapsed	22	–	–	–	(179,407)	179,407	–
Balance at 31 December 2023		5,333,529	6,413,652	–	758,234	1,070,755	13,576,170

The accompanying notes from page 57 to 91 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flow from operating activities					
Cash absorbed by operations	31		(2,130,252)		(1,586,531)
R&D tax credit received			434,841		903,244
Net cash outflow from operating activities			(1,695,411)		(683,287)
Investing activities					
Development of intangible assets	12	(1,650,465)		(1,023,262)	
Purchase of property, plant and equipment	13	(102,391)		(30,929)	
Interest received	8	34,014		192	
Net cash used in investing activities			(1,718,842)		(1,053,999)
Financing activities					
Issue of share capital – net of costs	23	9,058,239		–	
Payment of lease liabilities	20	(139,539)		(128,301)	
Interest on lease liabilities	20	(17,009)		(22,046)	
Net cash generated from/(used in) financing activities			8,901,690		(150,347)
Net increase/(decrease) in cash and cash equivalents			5,487,437		(1,887,633)
Cash and cash equivalents at beginning of year			1,994,472		3,829,369
Effect of foreign exchange rates			(68,802)		52,736
Cash and cash equivalents at end of year			7,413,107		1,994,472
Relating to:					
Bank balances			7,413,107		1,994,472

Non-cash movement on account of financing activities:

Note

14 Right of use asset additions of £14,963 (2022: £87,228).

22 Share-based payment charge of £236,576 (2022: £152,135).

23 Issue of shares of £nil (2022: £5,187) where proceeds remain unpaid at the year end.

The accompanying notes from page 57 to 91 form an integral part of these financial statements.

Company statement of cash flows

For the year ended 31 December 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flow from operating activities					
Cash absorbed by operations	31		(2,130,252)		(1,586,531)
R&D tax credit received			434,841		903,244
Net cash outflow from operating activities			(1,695,411)		(683,287)
Investing activities					
Development of intangible assets	12	(1,650,465)		(1,023,262)	
Purchase of property, plant and equipment	13	(102,391)		(30,929)	
Interest received	8	34,014		192	
Net cash used in investing activities			(1,718,842)		(1,053,999)
Financing activities					
Issue of share capital – net of costs	23	9,058,239		–	
Payment of lease liabilities	20	(139,539)		(128,301)	
Interest on lease liabilities	20	(17,009)		(22,046)	
Net cash generated from/(used in) financing activities			8,901,690		(150,347)
Net increase/(decrease) in cash and cash equivalents			5,487,437		(1,887,633)
Cash and cash equivalents at beginning of year			1,994,472		3,829,369
Effect of foreign exchange rates			(68,802)		52,736
Cash and cash equivalents at end of year			7,413,107		1,994,472
Relating to:					
Bank balances			7,413,107		1,994,472

Non-cash movement on account of financing activities:

Note

14 Right of use additions of £14,963 (2022: £87,228).

22 Share-based payment charge of £236,576 (2022: £152,135).

23 Issue of shares of £nil (2022: £5,187) where proceeds remain unpaid at the year end.

The accompanying notes from page 57 to 91 form an integral part of these financial statements.

Notes to the group financial statements

For the year ended 31 December 2023

1 Accounting policies

Company information

Eden Research plc (the "Company") is a public company limited by shares incorporated in England and Wales. The registered office is 67C Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RQ.

The Group is defined as, and consists of, Eden Research plc, its subsidiaries, TerpeneTech Limited (Ireland), Eden Research Europe Limited (Ireland) (see note 16) and its associate company, TerpeneTech Limited (UK) (see note 15).

The Group and Company's principal activities and nature of its operations are disclosed in the Directors' report.

1.1 Accounting convention

The Group and Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

The financial statements are prepared in pound sterling, which is the functional currency of the Group and Company. Monetary amounts in these financial statements are rounded to the nearest £.

They have been prepared on the historical cost basis, except for the re-measurement of certain financial instruments that are measured at fair value at the end of each reporting period. The principal accounting policies adopted are set out below.

The Company applies accounting policies consistent with those applied by the Group except where specified within the accounting policies disclosed below.

See note 2 for further information on changes to standards adopted during the year and standards that have been issued but are not yet effective at the year end.

The preparation of the Group and Company financial statements involves making accounting estimates and assumptions concerning the future. The critical accounting estimates and assumptions that have a significant risk to the carrying amounts of assets and liabilities within the next financial year are discussed in note 3.

1.2 Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December each year. The profits and losses of the Company and its subsidiary undertakings are consolidated from the date from which control is achieved. All members of the Group have the same reporting period.

Subsidiary undertakings are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity, or where the Company has a lower interest but the right to appoint a Director. The Company acquired 29.9% of TerpeneTech Limited ("TerpeneTech (UK)") during 2015; TerpeneTech (UK) is an associated undertaking.

Application of the equity method to associates

The investment in TerpeneTech (UK) is accounted for using the equity method. The investment was initially recognised at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses and any separable intangible assets. The financial statements include the Company's share of the total comprehensive income and equity movements of TerpeneTech (UK), from the date that significant influence commenced.

Merger accounting

The merger reserve detailed in note 26 arose on historical acquisitions of subsidiary undertakings for which merger relief was permitted under the Companies Act 2006.

During the year, the carrying value of the intellectual property which had arisen from an acquisition in 2003 had been reduced to £nil. As such, under the Companies Act 2006, the full balance of the merger reserve of £10,209,673 was transferred to retained earnings.

1.3 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least 12 months from the approval of the financial statements. Thus, the financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business.

Notes to the group financial statements continued

The Group has reported a loss for the year after taxation of £6,491,936 (2022: £2,243,879). Net current assets at that date amounted to £8,182,481 (2022: £1,649,624). Cash at that date amounted to £7,413,107 (2022: £1,994,472).

The Company has reported a loss for the year after taxation of £6,496,561 (2022: £2,230,645). Net current assets at that date amounted to £8,292,509 (2022: £1,777,549). Cash at that date amounted to £7,413,107 (2022: £1,994,472).

Net cash outflow from operating activities for the Group was £1,695,411 (2022: £683,287) and net cash used in investing activities was £1,718,842 (2022: £1,053,999).

The Directors have prepared budgets and projected cash flow forecasts, based on forecast sales provided by the Group's distributors where available, for a period of at least 12 months from the date of approval of the financial statements and they consider that the Group and Company will be able to operate with the cash resources that are available to it for this period.

The forecasts adopted include revenue derived from existing contracts as well as expected new contracts in respect of products not yet available for use.

The Group has relatively low fixed running costs, as production is undertaken through toll manufacturers, and the Directors have previously demonstrated ability and willingness to delay certain costs, such as research and development expenditure, where required and are willing and able to delay costs in the forecast period should the need arise. A positive cash balance is forecasted to be maintained in this base scenario throughout the entire forecast period.

The Directors have also considered a downside scenario which includes reductions to revenue derived from existing contracts as well as elimination of revenue from products not yet available for use offset by mitigations around research and development expenditure as well as some reductions in expansionary overheads. Under this scenario, a positive cash balance would be maintained over the forecast period.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The Group's achievement of long-term positive cash generation is reliant on the completion of ongoing product development and successful initial approval and registration of these products with various regulatory bodies, as well as the registration of existing products in new territories.

In 2023, the Company raised £9.9m (gross) through a placing of its shares. As such, the Directors believe that the Group is currently sufficiently funded to take it through to cash generation.

The Group has planned its cashflows taking into account its current cash availability and is satisfied that it can continue for the foreseeable future, albeit with careful management of the levels of investment in the short term, depending on the positive outcome and/or timing of certain commercial and regulatory events.

However, given the plethora of opportunities and strong interest that the Group is presented with, the Board of the Company may seek to invest to a greater extent than it is currently able to and to expedite the commercialisation of its product portfolio. To that end, the Board continues to assess all funding and commercial opportunities, taking into account commercial and market conditions.

1.4 Revenue

Revenue received by the Group is recognised net of any taxes and in accordance with IFRS 15. Policies for each significant revenue stream are as follows:

Milestone payments

The Group receives milestone payments from other commercial arrangements, including any fees it has charged to partners for rights granted in respect of distribution agreements.

These agreements are bespoke, and any such revenue is specific to the particular agreement. Consequently, for each such agreement, the nature of the underlying performance obligations is assessed in order to determine whether revenue should be recognised at a point in time or over time.

Revenue is then recognised based on the above assessment upon satisfaction of the performance obligation.

The Corteva agreement entered into in 2021 included milestone payments of £141,293 received in 2021, a further £164,148 in 2022 and £195,884 in 2023. These milestone payments were assessed to relate to a performance obligation being satisfied at a point in time.

By the year end, this first performance obligation had been reached and, consequently, the amounts received have been recorded as revenue in the year.

The second performance obligation relates to product sales and will be accounted for in line with the product sales policy disclosed below once the commercial sales have commenced.

Upfront and annual payments made by customers at commencement and for renewal of distribution and other agreements are recognised in accordance with the terms of the agreement. Where there is no ongoing obligation on the Group under the agreement, the payment is recognised in full in the period in which it is made. Where there is an ongoing obligation on the Group, the separate performance obligations under the agreement are identified and revenue allocated to each performance obligation. Revenue is then recognised when a corresponding performance obligation has been met.

R & D charges

The Group sometimes charges its partners for R&D costs that it has incurred which usually relate to specific projects and which it has incurred through a third party.

Upon agreement with a partner, or if a specific milestone is met, then the Group will raise an invoice which is usually payable between 30 and 120 days. Revenue is recognised upon satisfaction of the underlying performance obligation.

Royalties

The Group receives royalties from partners who have entered into a licence arrangement with the Group to use its intellectual property and who have sold products, which then gives rise to an obligation to pay the Group a royalty on those sales.

Generally, royalties relate to specific time periods, such as quarterly or annual dates, in which product sales have been made. Revenue is recognised in line with when these sales occur.

Once an invoice is raised by the Group, following the period to which the royalties relate, payment is due to the Company in 30 to 60 days.

Sales-based royalty income arising from licences of the Group's intellectual property is recognised in accordance with the terms of the underlying contract and is based on net sales value of product sold by the Group's licensees. It is recognised when the underlying sales occur.

Product sales

Generally, where the Group has entered into a distribution agreement with a partner, the Group is responsible for supplying product to that partner once a sales order has been signed.

At that point, the Group has the product manufactured through a third-party, toll manufacturer. At the point at which the product is finished and is made available to the partner to collect, or, if the Group is responsible for the shipping, the product has been delivered to the partner, the partner is liable for the product and obliged to pay the Group. Normal terms for product sales are 90 to 120 days. Returns are accepted and refunds are only made when product supplied is notified as defective within 60 days.

The Group does not have any contract assets or liabilities other than the liability in respect of the Corteva milestone payments noted in the milestone section (2022: none, other than the Corteva milestone payment).

Product sales are recorded once the ownership and related rights and responsibilities are passed to the customer and the product is made available to the partner to collect, or, if the Group is responsible for the shipping, the product has been delivered to the customer.

No warranty provision is required as products are sold on the basis of meeting an agreed specification, confirmation of which is provided by way of a certificate of analysis.

Segmental information

The Group reports on operating segments in a manner consistent with the internal reporting provided to the chief operating decision-maker in accordance with IFRS 8. Please see note 4 for further details.

1.5 Intangible assets other than goodwill

Intellectual property, which is made up of patent costs, trademarks and development costs, is capitalised and amortised on a straight-line basis over its remaining estimated useful economic life of 7 years (2022: 8 years) in line with the remaining life of the Group's master patent, which was originally 20 years, with additional Supplementary Protection Certificates having been granted in the majority of the countries in the EU in which the Group is selling Mevalone® and Cedroz™. The useful economic life of intangible assets is reviewed on an annual basis.

Notes to the group financial statements continued

An internally generated intangible asset arising from the Group's development activities is recognised only if all the following conditions are met:

- the project is technically and commercially feasible;
- an asset is created that can be identified;
- the Group intends to complete the asset and use or sell it and has the ability to do so;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably; and
- there are sufficient resources available to complete the project.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives from the date they are available for use. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following straight-line basis:

Leasehold land and buildings	Over the term of the lease
Fixtures and fittings	5 years
Motor vehicles	Over the term of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Impairment of tangible and intangible assets

The Directors regularly review the intangible assets for impairment and provision is made if necessary. Assets that are subject to amortisation and those that are under development are reviewed 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 an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. See note 12 for further details in the intangible asset impairment review completed in the year.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price, less costs to complete and sell. Cost is based on the first-in-first-out principle. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

1.9 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities (including trade payables) are initially recognised when the Group becomes a part to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable with a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in associates accounted for using the equity method and subsidiaries are carried at cost less impairment.

(a) Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term highly liquid investments with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group 's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

(iii) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. During the year, an expected credit loss provision of £nil (2022: £107,188) has been recognised on trade receivables over 12 months old, on which payment is uncertain.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Notes to the group financial statements continued

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.10 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. The current tax charge includes any research and development tax credits claimed by the Group.

R&D tax credits are accounted for on an accruals basis by reference to IAS 12 and are calculated based on development costs incurred by the Group through third party contractors, as well as members of staff who are involved in research and development of the Group's products.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Share-based payments

The Company has applied the requirements of IFRS 2 Share-Based Payments.

Unapproved share option scheme

The Company operated an unapproved share option scheme for executive directors, senior management and certain employees up to September 2017.

Long-Term Incentive Plan ('LTIP')

In 2017, the Company established a LTIP to incentivise the Executives to deliver long-term value creation for shareholders and ensure alignment with shareholder interest. Awards were made annually and were subject to continued service and challenging performance conditions usually over a three-year period. The performance conditions were reviewed on an annual basis to ensure they remained appropriate and were based on increasing shareholder value. Awards were structured as nil cost options with a seven-year lift after vesting.

Other than in exceptional circumstances, awards were up to 100% of salary in any one year and granted subject to achieving challenging performance conditions set at the date of the grant. A percentage of the award vested for 'Threshold' performance with full vesting taking place for equalling or exceeding the performance 'Target'. In between the Threshold and Target there was pro rata vesting.

The LTIP was adopted by the Board of Directors of the Company on 28 September 2017.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted, as long as other vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification is also charged to the Statement of Profit or Loss and Other Comprehensive Income over the remaining vesting period.

In June 2021, the Company made changes to the LTIP. Details can be found on pages 39 to 40.

The changes to the LTIP have been treated as a modification of the existing plan for financial reporting purposes which means that the Fair Value of previous awards has been recognised over their remaining term and the incremental Fair Value of the new options granted has been recognised separately over their own vesting period.

The Company issued options under the modified LTIP, details of which can be found in note 22. These include graded vesting.

Notes to the group financial statements continued

Share options which vest in instalments over a specified vesting period (graded vesting) where the only vesting condition is service from grant date to vesting date of each instalment are accounted for as separate share-based payments. Each instalment's fair value is assessed separately based on its term and the resulting charge recognised over each instalment's vesting period.

Other share options

In addition to the LTIP grants, the Company awarded certain employees approved options. Details of these options can be found in note 22. The accounting treatment for these options is consistent with that indicated under the LTIP section at the start of this page.

1.14 Leases

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Group's estimate of the amount expected to be payable under a residual value guarantee; or the Group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

Whilst the majority of the Group's revenue is in Euros, the Company also incurs a significant level of expenditure in that currency. As such, the Company does not currently use any hedging facilities and instead chooses to keep some of its cash at the bank in Euros.

1.16 Functional and presentation currency

The Group's consolidated financial statements are presented in pound sterling, which is the Group's functional currency due to its own operations and assets being based in the UK. For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Company's financial statements are prepared and presented in sterling, which is its functional currency.

1.17 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

1.18 Financial risk management
The Group 's activities expose it to a variety of financial risks: market risks (including currency risk and interest rate risks), credit risk and liquidity risk. Risk management focuses on minimising any potential adverse effect on the Company's financial performance and is carried out under policies approved by the Board of Directors. See note 30 for further information.

1.19 Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation (where items are remeasured). Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All foreign exchange gains and losses are presented in the income statement within administrative expenses.

Translation differences related to items classified through other comprehensive income are recognised in other comprehensive income (OCI), while remaining translation differences are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) or the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

1.20 Current versus non-current classification
The Group classifies assets and liabilities in the statement of financial position as either current or non-current.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

1.21 Equity and reserves
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds over nominal value in share premium. Share premium represents the proceeds from shares, less the nominal value and directly attributable costs.

Notes to the group financial statements continued

1.22 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effects of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

2 New standards and interpretations

The IASB and IFRS Interpretations Committee have issued the following standards and interpretations with an effective date of implementation for accounting periods beginning after the date on which the Group's financial statements for the current year commenced.

i) New standards and amendments – applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

Standard or Amendment	Material impact on financial statements
IFRS 17 – Insurance Contracts	No
Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Making Materiality Judgements: Disclosure of material accounting policies	No
Amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates	No
Amendment to IAS 12 – Income Taxes: Deferred tax assets and liabilities arising from a single transaction	No
Amendment to IAS 12 – Income Taxes: International tax reform and temporary exception for deferred tax assets and liabilities related to the OECD pillar two income taxes	No

ii) Forthcoming requirements

As at 31 December 2023, the following standards and interpretations had been issued but were not mandatory for annual reporting periods commencing on or after 1 January 2024:

Standard or Amendment	Effective for accounting periods beginning on or after	Expected Impact
Amendment to IFRS 16 – Leases: Leases on sale and leaseback	1 January 2024	None
Amendment to IAS 1 – Presentation of Financial Statements: Non-current liabilities with covenants	1 January 2024	None
Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Supplier finance	1 January 2024	None
Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability	1 January 2025	None

3 Critical accounting estimates and judgements

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Going concern

The Directors have considered the ability of the Group and the Company to continue as a going concern and this is considered to be a significant judgement made by the Directors in preparing the financial statements.

The ability of the Group and Company to continue as a going concern is ultimately dependent upon the amount and timing of cash flows arising from the exploitation of the Group and Company's intellectual property and the availability of existing and/or additional funding to meet the short-term needs of the business until the commercialisation of the Group and Company's portfolio is reached. The Directors consider it is appropriate for the financial statements to be prepared on a going concern basis based on the estimates they have made. See note 1 for further information.

Associate

A judgement has been made that the Group exerts significant influence on TerpeneTech (UK) such that it is an associate company and, as such, adoption of equity accounting is appropriate. See note 1.2 for further information of assumptions made.

Impairment assessment of intangibles and investments

The Group and Company have made estimates of future revenues that are likely to be derived from the business when considering the carrying value of intangible assets owned by the Group. Assumptions have been made the products will be successfully developed, registered and commercialised in reasonable timescales and at reasonable cost. Estimates have also been made for weighted average cost of capital and profit margins. See note 12 and note 15 for further information of assumptions and estimates made.

Assessment of useful life of intangible assets

The Group and Company have estimated the useful life of intangible assets by considering intellectual property protection that it owns, such as patents which have a known expiry date. See note 12 for further information on assumptions and estimates made.

Share-based payments

The Group and Company have used appropriate models to value share options granted by the Company. Please refer to note 22 for information on estimates and judgements used.

Other accounting judgements

In addition to the above, the Group and Company have made other judgements which are considered of lesser significance.

Capitalised development costs and Intellectual property

The Directors have exercised a judgement that the development costs incurred meet the criteria in IAS 38 *Intangible Assets* for capitalisation. In making this judgement, the Directors considered the following key factors:

- The availability of the necessary financial resources and hence the ability of the Group and Company to continue as a going concern.
- The assumptions surrounding the perceived market sizes for the products and the achievable market share for the Group and Company.
- The successful conclusion of commercial arrangements, which serves as an indicator as to the likely success of the projects and, as such, any need to potential impairment.

£37,627 of research expenditure, not including R & D payroll costs, has been recognised as an expense in the current year in the P&L in excess of the amortisation of intangible assets as disclosed in note 12 (2022: £64,273).

Revenue - Performance obligations

The Directors exercised a judgement that the performance obligations set out in a contract with a customer had not yet been met and, as such, did not recognise revenue which had been invoiced and paid at the prior year end. See note 1.4 for further information on policies applied.

Notes to the group financial statements continued

4 Revenue and Segmental Information

IFRS 8 requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for the resource allocation and assessing performance of the operating segments has been identified as the Executive Directors as they are primarily responsible for the allocation of the resources to segments and the assessment of performance of the segments.

The Executive Directors monitor and then assess the performance of segments based on product type and geographical area using a measure of adjusted EBITDA. This is the operating loss of the segment after excluding the share-based payment charge, amortisation of intangible and Right of Use assets and depreciation of plant, property and equipment. These items, together with interest income and expense are allocated to Agrochemicals, being the Group and Company's primary focus.

The segment information for the year ended 31 December 2023 is as follows:

	Agrochemicals £	Consumer products £	Total £
Revenue			
R & D charges	501,324	9,133	510,457
Royalties	17,391	50,811	68,202
Product sales	2,613,368	–	2,613,368
Total revenue	3,132,083	59,944	3,192,027
Adjusted EBITDA[(1)]	(1,064,982)	59,944	(1,005,038)
Share Based Payment charge	(236,576)	–	(236,576)
EBITDA	(1,301,558)	59,944	(1,241,614)
Amortisation of intangible assets	(405,379)	(13,272)	(418,651)
Depreciation of plant, property and equipment and right-of-use assets	(206,426)	–	(206,426)
Finance costs, foreign exchange and investment revenues	(51,995)	–	(51,995)
Impairment of intangible assets	(4,968,529)	–	(4,968,529)
Income Tax	428,326	–	428,326
Share of Associate's loss	–	(33,047)	(33,047)
(Loss)/Profit for the Year	(6,505,561)	13,625	(6,491,936)
Total Assets	16,458,177	136,542	16,594,719
Total assets includes:			
Additions to Non-Current Assets	1,730,280	37,539	1,767,819
Total Liabilities	3,048,922	–	3,048,922

(1) Adjusted EBITDA is adjusted to remove the effect of the non-cash share based payment charge only.

The segment information for the year ended 31 December 2022 is as follows:

	Agrochemicals £	Consumer products £	Total £
Revenue			
R & D charges	75,334	14,309	89,643
Royalties	17,694	100,038	117,732
Product sales	1,619,796	–	1,619,796
Total revenue	1,712,824	114,347	1,827,171
Adjusted EBITDA	(1,841,805)	114,347	(1,727,458)
Share Based Payment charge	(152,135)	–	(152,135)
EBITDA	(1,993,940)	114,347	(1,879,593)
Amortisation of intangible assets	(482,546)	(13,272)	(495,818)
Depreciation of plant, property and equipment and right-of-use assets	(191,622)	–	(191,622)
Finance costs, foreign exchange and investment revenues	30,882	–	30,882
Income Tax	323,716	–	323,716
Share of Associate's loss	–	(31,444)	(31,444)
(Loss)/Profit for the Year	(2,313,510)	69,631	(2,243,879)
Total Assets	12,812,579	99,003	12,911,582
Total assets includes:			
Additions to Non-Current Assets	1,141,418	–	1,141,418
Total Liabilities	2,168,664	–	2,168,664

	2023 £	2022 £
Revenue analysed by geographical market		
UK	59,944	114,347
Europe	3,132,083	1,712,824
	3,192,027	1,827,171

The above analysis represents sales to the Group's direct customers who further distribute these products to their end markets.

Revenues of approximately £2,464,372 (2022: £1,655,329) are derived from two customers who each account for greater than 10% of the Group's total revenues:

Customer	2023 £	2023 %	2022 £	2022 %
A	1,594,410	49.9%	–	–
B	869,962	27.3%	1,450,518	79.4
C	–	–	204,811	11.2

100% of the revenue generated in the year (2022: 100%) was recognised at a point in time.

Notes to the group financial statements continued

5 Operating loss

	2023 £	2022 £
Operating loss for the year is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements*	78,000	67,000
Fees payable to the Company's auditor for interim review of half-yearly results	8,000	3,500
Depreciation of right-of-use assets (note 14)	135,340	127,201
Depreciation on property, plant and equipment (note 13)	71,086	64,421
Amortisation of intangible assets (note 12)	418,651	495,818
Provision for doubtful debts	–	107,188
Research expenses	37,627	64,273
Share-based payment charge (note 22)	236,576	152,135

* Included in the fees payable to the Company's auditor for the audit of the Company's financial statements are overruns from the prior year audit of £10,000 (2022: £nil).

6 Employees

The average monthly number of persons (including Directors) employed by the Group and Company during the year was:

	2023 Number	2022 Number
Management	5	4
Operational	14	13
	19	17

Their aggregate remuneration (including Directors) comprised:

	2023 £	2022 £
Wages and salaries	1,569,096	1,205,424
Social security costs	154,538	145,871
Pension costs	54,991	47,964
Benefits in kind	7,186	6,486
Share-based payment charge	236,576	152,135
	2,022,387	1,557,880

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	780,706	478,440
Company pension contributions to defined contribution schemes	31,010	33,491
Non-executive Directors' fees	120,000	96,667
Share-based payment charge relating to all Directors	198,749	119,083
	1,130,465	727,681
Benefits in kind	7,186	6,486
Social security costs	77,384	71,708
	1,215,035	805,875

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022: 2).

The number of Directors who are entitled to receive shares under long term incentive schemes during the year is 2 (2022: 2).

Remuneration disclosed above includes the following amounts paid to the highest paid Director:

	2023 £	2022 £
Remuneration for qualifying services (including pension and excluding share-based payment charge)	463,539	292,367

The Executive Directors are considered to also be the key management personnel of the Company and Group. Details of Directors' share options can be found on page 35 in the Remuneration report.

2023	Salary £	Bonus £	Fees £	Pension £	Share-based Payments £	Total £
A Abrey	217,100	117,777	–	13,300	85,242	433,419
S Smith	289,030	156,799	–	17,710	113,507	577,046
R Cridland	–	–	40,000	–	–	40,000
L van der Broek	–	–	45,000	–	–	45,000
R Horsman	–	–	35,000	–	–	35,000
	506,130	274,576	120,000	31,010	198,749	1,130,465

2022	Salary £	Bonus £	Fees £	Pension £	Share-based Payments £	Total £
A Abrey	205,200	–	–	14,364	51,074	270,638
S Smith	273,240	–	–	19,127	68,009	360,376
R Cridland	–	–	40,000	–	–	40,000
L van der Broek	–	–	45,000	–	–	45,000
R Horsman	–	–	11,667	–	–	11,667
	478,440	–	96,667	33,491	119,083	727,681

Benefit in kind relates to cumulative life insurance charge and cannot be allocated to individual directors.

Notes to the group financial statements continued

8 Interest income

	2023 £	2022 £
Interest income		
Bank Deposits	34,014	192

Total interest income for financial assets that are not held at fair value through profit or loss is £34,014 (2022: £192).

9 Finance costs and foreign exchange differences

	2023 £	2022 £
Interest on lease liabilities	17,009	22,046
Credit charges	198	–
Finance costs	17,207	22,046
Foreign exchange (losses)/gains	(68,802)	52,736

10 Income tax credit

	2023 £	2022 £
Current tax		
UK corporation tax on loss for the current year	(317,201)	(323,716)
Adjustments in respect of prior years	(111,125)	–
Total UK current tax income	(428,326)	(323,716)

The credit for the year can be reconciled to the loss per the income statement as follows:

	2023 £	2022 £
Loss before tax	(6,920,262)	(2,567,595)
Expected tax credit based on a corporation tax rate of 23.52% (2022: 19.00%)	(1,627,683)	(487,843)
Ineligible fixed asset differences	138,762	9,489
Expenses not deductible for tax purposes	72,069	75,663
Additional deduction for R&D expenditure	(324,836)	(239,754)
R&D claim	(317,201)	(323,716)
Surrender of tax losses for R&D tax credit refund	660,006	424,180
Adjustment in respect of prior years	(111,125)	–
Deferred tax not recognised	1,081,682	218,265
Taxation credit for the year	(428,326)	(323,716)

The rate of UK Corporation tax increased from 19% to 25% on 6 April 2023. There are no future factors at the reporting date that are expected to impact the Group's future tax charge. The Group is not within the scope of the OECD Pillar Two model rules.

The taxation credit for the year represents the research and development credit for the year ended 31 December 2023.

The current tax recoverable as at 31 December 2023 represents R&D tax credits and is made up as follows:

	2023 £	2022 £
Current tax		
R & D cash tax credit for the current year	(317,201)	(323,716)
Total UK current tax recoverable	(317,201)	(323,716)

Deferred Tax

The losses carried forward, after the above offset, for which no deferred tax asset has been recognised, amount to approximately £29,635,304 (2022: £29,199,472).

The unprovided deferred tax asset of £7,408,826 (2022: £7,299,868) arises principally in respect of trading losses. It has been calculated at 25% (2022: 25%) and has not been recognised due to the uncertainty of timing of future profits against which it may be realised.

Only U.K. tax is considered as most of the operations are in the U.K and Ireland is immaterial in terms of operations.

11 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Share options outstanding are anti-dilutive in nature due to the loss incurred and therefore are not considered for computing diluted EPS.

	2023 £	2022 £
Weighted average number of ordinary shares for basic and diluted earnings per share	420,921,123	380,549,418
Earnings (all attributable to equity shareholders of the Company)		
Loss for the period	(6,494,249)	(2,243,879)
Basic earnings per share	(1.54p)	(0.59p)
Diluted earnings per share	(1.54p)	(0.59p)

Notes to the group financial statements continued

12 Intangible assets

Group	Licences and trademarks £	Development costs £	Intellectual property £	Total £
Cost				
At 1 January 2022	456,684	8,150,140	9,407,686	18,014,510
Additions	–	923,891	99,371	1,023,262
At 31 December 2022	456,684	9,074,031	9,507,057	19,037,772
Additions	–	1,605,299	45,166	1,650,465
At 31 December 2023	456,684	10,679,330	9,552,223	20,688,237
Amortisation and impairment				
At 1 January 2022	448,896	2,709,205	6,936,627	10,094,728
Amortisation charge for the year	1,296	284,174	210,348	495,818
At 31 December 2022	450,192	2,993,379	7,146,975	10,590,546
Impairment charge for the year	2,545	3,260,862	1,705,122	4,968,529
Amortisation charge for the year	1,388	253,811	163,452	418,651
At 31 December 2023	454,125	6,508,052	9,015,549	15,977,726
Carrying amount				
At 31 December 2023	2,559	4,171,278	536,674	4,710,511
At 31 December 2022	6,492	6,080,652	2,360,082	8,447,226

Company	Licences and trademarks £	Development costs £	Intellectual property £	Total £
Cost				
At 1 January 2022	456,684	8,150,140	9,274,943	17,881,767
Additions	–	923,890	99,371	1,023,261
At 31 December 2022	456,684	9,074,030	9,374,314	18,905,028
Additions	–	1,605,299	45,166	1,650,465
At 31 December 2023	456,684	10,679,329	9,419,480	20,555,493
Amortisation and impairment				
At 1 January 2022	448,896	2,709,205	6,910,083	10,068,184
Amortisation charge for the year	1,296	284,174	197,075	482,545
At 31 December 2022	450,192	2,993,379	7,107,158	10,550,729
Impairment charge for the year	2,545	3,260,862	1,705,122	4,968,529
Amortisation charge for the year	1,388	253,811	150,180	405,379
At 31 December 2023	454,125	6,508,052	8,962,460	15,924,637
Carrying amount				
At 31 December 2023	2,559	4,171,277	457,020	4,630,856
At 31 December 2022	6,492	6,080,651	2,267,156	8,354,299

Intellectual property represents intellectual property in relation to use of encapsulated terpenes in agrochemicals in the form of licences, patents and development costs. Intellectual property includes patents and know-how acquired by the Group. The remaining useful economic life of these assets is 7 years (2022: 8 years) to 31 December 2030.

Licences and trademarks include an inward licence in respect of a patented technology.

Development costs includes trials and study costs relating to products that have been, or are being developed, by the Group and Company.

£ 1,096,545 (2022: £3,799,161) of development costs relate to assets under development for which no amortisation has been charged in 2023 or 2022. The decrease of £1.6m in such development costs in the year is due to the impact of the impairment review at 30 June 2023 as discussed below.

Impairment review at 30 June 2023

The impairment review that was undertaken as part of the Group's 2022 accounts preparation resulted in headroom over the carrying value of only £0.9m (down from £8.3m in 2021), a small margin given intangible assets amounted to £8.4m at that time.

Given the marginal headroom and general downward trend, the management team and Audit Committee agreed it was appropriate to undertake a further impairment review of the Group's intangible assets, as part of the preparation of the Group's 2023 Interim reporting.

The need for an interim impairment review was also driven by external factors such as continuing high interest rates and inflation which it was felt might impact the discount rate used in the Cash Generating Unit (CGU) calculations. The Board agreed to appoint an independent advisor to undertake an impairment review, based on the current position of the Group and Company, and the current financial environment.

The total carrying value of the intangible assets was allocated to the Agrochemicals CGU as the largest CGU in which cash inflows are generated. The recoverable amounts of the intangible assets were determined based on value in use calculations based on the Agrochemicals CGU.

The Directors prepared a discounted cash-flow forecast, based on product sales forecasts including those provided by the Group's commercial partners, and have taken into account the market potential for the Group's products and technologies using third party market data that the Group has acquired licences to. The discounted cash-flow forecast is limited to those products which are already being sold, or are expected to be sold in 2023, or early 2024.

The forecast covered a period of 7.5 years to 31 December 2030, with no terminal value, reflecting the useful economic life of the patent in respect of the underlying technology. Financial forecasts were based on the approved budget. Financial forecasts were used on the approved long-term plan.

The discount rate was derived from the Group's weighted average cost of capital, taking into account the cost of equity and debt, to which specific market-related premium and company-related premium adjustments were made. The discount rate used was 16.36%.

Tax rate was assumed at 25% which is in line with the rate in the years the Group have earnings, however the current losses brought forward as at 30 June 2023 exceed £30m so not tax charge was included in the forecasted years where the Group is profitable.

Based on the above assumptions, the value in use of the intangible assets was £4,968,529 lower than the carrying value of the intangible assets indicating that an impairment of intangible assets is required at 30 June 2023. The impairment charge of £4,968,529 was charged immediately to the statement of comprehensive income.

Impairment review at 31 December 2023

An annual impairment review is undertaken by the Board of Directors. The Directors have considered the progress of the business in the current year, including a review of the potential market for its products, the progress the Group and Company have made in registering its products and other key commercial factors to perform the review.

As with the interim review at 30 June 2023, the Board agreed to appoint an independent advisor to undertake an impairment review, based on the current position of the Group and Company, and the current financial environment.

The total carrying value of the intangible assets was allocated to the Agrochemicals CGU as the largest CGU in which cash inflows are generated. The recoverable amounts of the intangible assets were determined based on value in use calculations based on the Agrochemicals CGU.

The Directors prepared a discounted cash-flow forecast, based on product sales forecasts including those provided by the Group's commercial partners, and have taken into account the market potential for the Group's products and technologies using third party market data that the Group has acquired licences to. The discounted cash-flow forecast is limited to those products which are already being sold, or are expected to be sold in 2024.

Notes to the group financial statements continued

The forecast covered a period of 7 years to 31 December 2030, with no terminal value, reflecting the useful economic life of the patent in respect of the underlying technology. Financial forecasts were based on the approved budget. Financial forecasts for 2024-2028 were used on the approved long-term plan. Financial forecasts for 2029-2030 were extrapolated based on a long-term growth rate of 3.93%.

The discount rate was derived from the Group's weighted average cost of capital, taking into account the cost of equity and debt, to which specific market-related premium and company-related premium adjustments were made. The discount rate used was 16.62%.

Tax rate was assumed at 25% which is in line with the rate in the years the Group have earnings, however the current losses brought forward as at 31 December 2023 exceed £30m so not tax charge was included in the forecasted years where the Group is profitable.

The estimated recoverable amount of the CGU exceeded its carrying amount by £1.25m and based on the review carried out, the Board is satisfied that intangible assets are not impaired further.

The key assumptions of the forecast are the future cash flows, driven primarily by level of sales, and the discount rate. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The rate used was 16.62% (2022: 13.5%). The increase in the rate reflects wider market movements as well as increased forecasting risk given high, current inflation rates.

As part of the advisor's impairment review, a sensitivity analysis was conducted to stress test the impairment review. The assumed sensitivities included increasing the discount rate by 1%, increasing the working capital investment as a percentage of revenue growth by 1% and reducing the growth rate in which YE2029 and YE2030 are projected on by 1%. On a sensitised scenario, the headroom calculated is £0.4m with no impairment required.

The Board is therefore satisfied that reasonable changes in assumptions have been considered and no further impairments have been identified at 31 December 2023.

As set out in the Strategic Report, the business is in a critical phase of its development as the development of products is transitioned to revenue generation. The value of the CGU is supported by forecasts of continued revenue growth of existing products and the successful introduction and growth of sales of products currently under development. The forecasts are highly sensitive to the revenue growth assumptions and are reliant on the Group meeting the forecast sales, with small deviations from this leading to impairment indicators. The Board has determined to not reverse the impairment charge recognised at 30 June 2023 given the results of the sensitivity analysis to allow for further review of the CGU's performance in 2024.

13 Property, plant and equipment

Group and Company

	Fixtures and Fittings £	Total £
Cost		
At 1 January 2022	302,027	302,027
Additions – owned	30,929	30,929
At 31 December 2022	332,956	332,956
Additions – owned	102,391	102,391
At 31 December 2023	435,347	435,347
Accumulated depreciation and impairment		
At 1 January 2022	69,749	69,749
Charge for the year	64,421	64,421
At 31 December 2022	134,170	134,170
Charge for the year	71,086	71,086
At 31 December 2023	205,256	205,256
Carrying amount		
At 31 December 2023	230,091	230,091
At 31 December 2022	198,786	198,786

14 Right-of-use assets

Group and Company

	Leasehold premises £	Motor vehicles £	Total £
Cost			
At 1 January 2022	443,777	86,073	529,850
Additions	–	87,228	87,228
Disposals	–	(35,865)	(35,865)
At 31 December 2022	443,777	137,436	581,213
Additions	–	14,963	14,963
Disposals	–	(22,282)	(22,282)
At 31 December 2023	443,777	130,117	573,894
Accumulated depreciation and impairment			
At 1 January 2022	119,865	37,198	157,063
Charge for the year	90,876	36,325	127,201
Eliminated on disposals	–	(35,865)	(35,865)
At 31 December 2022	210,741	37,658	248,399
Charge for the year	90,876	44,464	135,340
Eliminated on disposals	–	(22,282)	(22,282)
At 31 December 2023	301,617	59,840	361,457
Carrying amount			
At 31 December 2023	142,160	70,277	212,437
At 31 December 2022	233,036	99,778	332,814

15 Investments

	Current		Non-current	
Group and Company	2023 £	2022 £	2023 £	2022 £
Investment in associates	–	–	297,197	330,244

Details of the Group's associates at 31 December 2023 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% held Direct	% held Voting
TerpeneTech Limited (UK)	United Kingdom	Research and experimental development on biotechnology	Ordinary	29.90	29.90

Notes to the group financial statements continued

	2023 £	2022 £
Non-current assets	315,918	378,271
Current assets	311,599	382,753
Non-current liabilities	(23,819)	(92,341)
Current liabilities	(309,349)	(340,419)
Net assets (100%)	294,349	328,264
Company's share of net assets	88,010	98,151
Separable intangible assets	96,059	118,965
Goodwill	412,649	412,649
Impairment of investment in associate	(299,521)	(299,521)
Carrying value of interest in associate	297,197	330,244
Revenue	515,647	497,292
100% of loss after tax	(61,802)	(56,440)
29.9% of loss after tax	(18,479)	(16,876)
Amortisation of separable intangible	(14,568)	(14,568)
Company's share of loss including amortisation of separable intangible asset	(33,047)	(31,444)

The separable intangible assets relate to the biocide registration for geraniol which TerpeneTech (UK) co-owns which was originally valued using discounted cashflows.

The associate is included in the Consumer Products operating segment.

TerpeneTech Limited's ("TerpeneTech (UK)") registered office is Kemp House, 152 City Road, London, EC1V 2NX and its principal place of business is 3 rue de Commandant Charcot, 22410, St Quay Portrieux, France.

The Directors have considered the progress of the business in the current year, including a review of the potential market for its products, the progress TerpeneTech (UK) has made in registering its products and other key commercial factors to determine whether any indicators of impairment exist. As a result of identification of indicators of impairment, an impairment review of the investment in TerpeneTech (UK) was undertaken by the Board of Directors.

The Directors have used discounted cash-flow forecasts, based on product sales forecasts provided by TerpeneTech (UK), and have taken into account the market potential for those products. These forecasts cover a 7-year period, with no terminal value, in line with the patent of the underlying technology.

The key assumptions of the forecast are the growth rate and the discount rate. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the asset. The rate used was 16.62% (2022: 13.5%). The increase in the rate reflects the wider market movements as based on the comparable group as well as increased forecasting risk given high, current inflation rates.

Based on the review the Directors carried out, it was determined that the Investment was not impaired and, as such, no impairment charge (2022: £nil) was recognised.

An increase in the discount rate of 0.21% would result in an impairment.

The growth rates are derived from discussions with the Company's commercial partner, TerpeneTech (UK), as described above.

The average annual growth rate has been assumed at 20% (2022: 15%) and is based on the sales of geraniol only.

With no growth in the forecast geraniol sales from 2024 over the entire forecast period, there would be an impairment of £181,117.

The Directors have also considered whether any reasonable change in assumptions would lead to a material change in impairment recognised and are satisfied that this is not the case.

16 Subsidiaries

Details of the Company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% held	
				Direct	Voting
TerpeneTech Limited	Republic of Ireland	Sale of biocide products	Ordinary	50.00	50.00
Eden Research Europe Limited	Republic of Ireland	Dormant	Ordinary	100.00	100.00

TerpeneTech Limited ("TerpeneTech (Ireland)"), whose registered office is 108 Q House, Furze Road, Sandyford, Dublin, Ireland, was incorporated on 15 January 2019 and is jointly owned by both the Company and TerpeneTech (UK), the Company's associate.

The Company has the right to appoint a director as chairperson who will have a casting vote, enabling the Group to exercise control over the Board of Directors in the absence of an equivalent right for TerpeneTech (UK). The Company owns 500 ordinary shares in TerpeneTech (Ireland).

Eden Research Europe Limited, whose registered office is 108 Q House, Furze Road, Sandyford, Dublin, Ireland, was incorporated on 18 November 2020 and is wholly owned by the Company.

Non-controlling interests

The following table summarises the information relating to the Group's subsidiary with material non-controlling interest, before intra-Group eliminations:

	2023	2022
Non-controlling interest (NCI) percentage	50%	50%
	£	£
Non-current assets	79,655	92,927
Current assets	56,887	6,076
Non-current liabilities	–	–
Current liabilities	(166,914)	(134,000)
Net liabilities (100%)	(30,372)	(34,997)
Carrying amount of NCI (50% of net liabilities)	(15,186)	(17,499)
Revenue	50,811	50,038
Profit/(loss) after tax	4,625	(13,234)
Other comprehensive income	–	–
Total comprehensive loss	4,625	(13,234)
Share of NCI (50% of total comprehensive profit/(loss))	2,313	(6,617)
Cash flows from operating activities	–	–
Cash flows from investing activities	–	–
Cash flows from financing activities	–	–
Net increase / (decrease) in cash and cash equivalents	–	–
Dividends paid to non-controlling interests	–	–

Notes to the group financial statements continued

17 Inventories

	Group and Company	
	2023 £	2022 £
Raw materials	149,644	115,929
Goods in transit	27,736	411,181
Finished goods	787,172	98,348
	964,552	625,458
Inventory above is shown net of a provision of:		
Provision for obsolete inventory	–	76,250
	–	76,250

Raw materials of £1,276,677 (2022: £580,851) were consumed during the year. This has been recognised within cost of sales in the Consolidated statement of comprehensive income.

18 Trade and other receivables

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Trade receivables	1,788,151	322,489	1,788,151	322,489
VAT recoverable	386,684	179,214	386,684	179,214
Other receivables	112,375	67,410	222,403	195,335
Prepayments and accrued income	162,413	89,753	162,413	89,753
	2,449,623	658,866	2,559,651	786,791

	Group and Company	
	2023 £	2022 £
Trade receivables above are shown net of a provision for doubtful debt of:		
Provision for doubtful debts	–	107,188
	–	107,188

Trade receivables disclosed above are measured at amortised cost. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Trade receivables of £1,355,690 (2022: £184,746) at the reporting date were held in Euros and £111,654 (2022: £117,229) were held in USD, with the remainder being in GBP. Please see note 30 for further details.

19 Trade and other payables

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Current				
Trade payables	1,925,559	1,150,873	1,925,559	1,150,873
Accruals and deferred income	640,342	515,860	640,342	515,860
Social security and other taxation	56,841	52,849	56,841	52,849
Other payables	196,411	93,759	196,411	93,759
	2,819,153	1,813,341	2,819,153	1,813,341

Trade payables of £597,876 (2022: £233,410) at the reporting date were held in Euros and £382,852 (2022: £460,470) were held in USD, with the remainder being in GBP. Please see note 30 for further details.

20 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	Group and Company	
	2023 £	2022 £
Current liabilities	142,849	139,547
Non-current liabilities	86,920	215,776
	229,769	355,323

Maturity analysis – total future payments due under leases:

	Group and Company	
	2023 £	2022 £
Within one year	152,694	156,548
In two to five years	89,285	226,541
Total undiscounted liabilities	241,979	383,089
Future finance charges and other adjustments	(12,210)	(27,766)
Lease liabilities in the financial statements	229,769	355,323

Set out below are the future undiscounted cash outflows to which the lessee is exposed to that are reflected in the measurement of lease liabilities, categorised by type of leased item:

Land and buildings	2023 £	2022 £
Within one year	106,735	106,735
Between two and five years	59,949	166,684
	166,684	273,419

Motor vehicles	2023 £	2022 £
Within one year	45,959	49,813
Between two and five years	29,336	59,857
	75,295	109,670

Cash paid in respect of lease liabilities in the year was £156,548 (2022: £128,301) excluding interest and expenses relating to leases of low-value assets.

The Group holds eight leases, for two properties and six vehicles. All leases have fixed lease repayments and average remaining terms of 1.6 years (2022: 2.6 years) for the properties and 1.7 years (2022: 2.3 years) for the vehicles.

The incremental borrowing rates applied to lease liabilities recognised in the statement of financial position at the date of initial application of IFRS 16 were 4.75% for land and buildings and 8.71% for other assets.

Amounts recognised in profit or loss include the following:

	2023 £	2022 £
Interest on lease liabilities	17,009	22,046
Expense relating to leases of low-value assets	740	740

Notes to the group financial statements continued

21 Retirement benefit schemes

Defined contribution schemes

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The total costs charged to the income statement in respect of defined contribution plans is £54,991 (2022: £47,964).

22 Share-based payment transactions

Long-Term Incentive Plan ("LTIP")

Since September 2017 the Group has operated an option scheme for executive directors, senior management and certain employees under an LTIP which allows for certain qualifying grants to be HMRC approved. Further details can be found on page 34 of the Remuneration Report.

LTIP Replacement Award

In 2021, the Company made changes to the LTIP in line with the requirements of a fundraise completed in 2020. The new plan was deemed a more appropriate scheme to incentivise management given the Company's stage of development and replaced the 2019 Award, which lapsed in its entirety in 2021.

Pursuant to the updated plan, in 2021 the Company granted options over 10.5 million new Ordinary Shares, at a strike price of 6p each, in the amounts of 6 million awarded to Sean Smith and 4.5 million awarded to Alex Abrey. The options vested immediately and lapse in three equal tranches in June 2022, June 2023 and June 2024. For the first five years following grant, no shares arising from the exercise of these options may be sold unless the Company's prevailing share price is equal to, or in excess of, 10p.

The shares arising from exercise of options are subject to a one-year lock-in restriction, followed by a one-year orderly market restriction.

For accounting purposes, the options granted under the LTIP Replacement Award have been treated as a modification of the 2019 Award as per IFRS 2. Where awards previously granted have been deemed to be modified, IFRS 2 requires the share-based payment charge to comprise the original fair value of the awards, together with an incremental fair value.

The following information is relevant in the determination of the fair value of options granted under the LTIP Replacement Award.

	Replacement Awards
Grant date	30/06/2021
Number of awards	10,500,000
Share price	£0.10
Exercise price	£0.06
Expected dividend yield	-%
Expected volatility	55%
Risk free rate	0.03%
Vesting period	Nil
Expected Life (from date of grant)	0.5/1/1.5 years

As the options have been issued at a significant discount to the share price, the expected exercise has been assumed to equal the midpoint between the vest and lapse date.

During the year, 3,500,000 (2022: 3,500,000) of the above options lapsed and £171,251 (2022: £171,251) was transferred from the warrant reserve to retained earnings.

At 31 December 2023, there were 3,500,000 (2022: 7,000,000) options still in issue. The share-based payment charge for the year ended 31 December 2023 in respect of the above LTIP Replacement Awards was £nil (2022: £nil).

2021 Award

Also in 2021, the Company made a further grant of options in order to ensure continuity of long-term incentive of options over 7,183,784 new Ordinary Shares in the Company, at a strike price of 10.37p each, in the amounts of 4,102,703 awarded to Sean Smith and 3,081,081 awarded to Alex Abrey.

These grants expire on 31 July 2025 and vest as follows:

- 1/3 upon grant;
- 1/3 12 months from the date of grant; and
- 1/3 24 months from the date of grant.

The share-based payment charge for the year ended 31 December 2023 in respect of the above 2022 LTIP awards was £119,083 (2022: £119,083).

Other share options

2021 Award

In addition to the options granted under the LTIP, certain employees were awarded approved options over a total of 996,220 shares in 2021. These have been issued at a strike price of 10-10.37p with expiry date between 30 June 2022 and 30 June 2024.

640,664 of these vested immediately with the remainder vesting over a 3-year period. The share-based payments charge in respect of all these options for the year ended 31 December 2023 was £nil (2022: £nil). During the year, none (2022: 518,738) of these options were exercised and none (2022: 355,556) lapsed and £nil (2022: £63,498) was transferred from the warrant reserve to retained earnings.

2022 Award

In 2022, the Company granted to employees a total of 2,006,939 options at an average exercise price of 6p. No awards were made to directors in 2022.

50% of the options vest immediately, with the remaining 50% vesting after one year.

The following information is relevant in the determination of the fair value of options granted under the 2022 Award.

Grant date	30/6/22
Number of awards	2,006,939
Share price	£0.04
Exercise price	£0.06
Expected dividend yield	–
Expected volatility	63%
Risk free rate	0.95%
Vesting period	1 year
Expected Life (from date of grant)	3 years

The share-based payments charge in respect of all these options for the year ended 31 December 2023 was £nil (2022: £33,052). During the year, 250,000 (2022: none) of these options were exercised and none (2022: none) lapsed and £8,156 (2022: £nil) was transferred from the warrant reserve to retained earnings.

2023 Award to Directors

The Company made a further grant of options in order to ensure continuity of long-term incentive of options over 8,698,909 new Ordinary Shares in the Company, at a strike price of 5.1p each, in the amounts of 4,968,000 awarded to Sean Smith and 3,730,909 awarded to Alex Abrey.

The Options expire on 31 August 2027 and vest as follows:

- 1/3 upon grant;
- 1/3 12 months from the date of grant; and
- 1/3 24 months from the date of grant.

Notes to the group financial statements continued

The following information is relevant in the determination of the fair value of options granted under the 2023 Award to Directors.

Grant date	30/8/23
Number of awards	8,698,909
Share price	£0.06
Exercise price	£0.05
Expected dividend yield	–
Expected volatility	65.6%
Risk free rate	5.4%
Vesting period	2 years
Expected Life (from date of grant)	3 years

The share-based payments charge in respect of all these options for the year ended 31 December 2023 was £79,666. During the year, none of these options were exercised and none lapsed and £nil was transferred from the warrant reserve to retained earnings.

2023 Award to Employees

In addition to the above options granted to Directors, the Company granted employees a total of 2,224,976 options at an average exercise price of 6p.

The Options expire on 30 June 2026 and vest as follows:

- 1/2 upon grant; and
- 1/2 12 months from the date of grant.

The following information is relevant in the determination of the fair value of options granted under the 2023 Award to Employees.

Grant date	18/12/23
Number of awards	2,224,976
Share price	£0.04
Exercise price	£0.05
Expected dividend yield	–
Expected volatility	65.4%
Risk free rate	5.4%
Vesting period	2 years
Expected Life (from date of grant)	3 years

The share-based payments charge in respect of all these options for the year ended 31 December 2023 was £37,827 (2022: £nil). During the year, none (2022: none) of these options were exercised and none (2022: none) lapsed and £nil (2022: £nil) was transferred from the warrant reserve to retained earnings.

A summary of all the above options is set out in the table below.

Options awards

	Number of share options		Weighted average exercise price (pence)	
	2023	2022	2023	2022
Outstanding at 1 January	16,312,649	18,680,004	8	7
Granted during the year	10,923,885	2,006,939	5	5
Exercised during the year	(250,000)	(518,738)	1	1
Lapsed during the year	(3,500,000)	(3,855,556)	6	6
Exercisable at 31 December	23,486,534	16,312,649	7	8

The exercise price of options outstanding at the end of the year ranged between 5p and 10p (2022: 6p and 10p) and their weighted average contractual life was 2.2 years (2022: 1.9 years.)

The share-based payment charge for the year, in respect of options, was £236,576 (2022: £152,135).

A total of £179,407 (2022: £234,749) was transferred from the warrant reserve to retained earnings in relation to share options that lapsed in the year.

Warrants

	Number of warrants		Weighted average exercise price (pence)	
	2023	2022	2023	2022
Outstanding at 1 January	–	2,989,865	–	19
Granted during the year	–	–	–	-
Exercised during the year	–	–	–	-
Lapsed during the year	–	(2,989,865)	–	19
Exercisable at 31 December	–	–	–	–

The exercise price of warrants outstanding at the end of the year was nil p (2022: nil p) and their weighted average contractual life was nil years (2022: nil years.)

The share-based payment charge for the year, in respect of warrants, was £nil (2022: £nil).

During the prior year, 2,989,865 of these warrants lapsed and £153,826 was transferred from the warrant reserve to retained earnings, resulting in a total transfer of £388,575 from the warrant reserve to retained earnings in the prior year including the lapsed share options and warrants.

For all options and warrants, fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions.

23 Share capital

Ordinary share	2023 Number	2022 Number	2023 £	2022 £
Issued and fully paid				
At the beginning of the year	380,858,607	380,240,229	3,808,589	3,803,402
Issue of shares	152,493,916	618,378	1,524,940	5,187
At the end of the year	533,352,523	380,858,607	5,333,529	3,808,589

Each ordinary share of £0.01 has voting and dividend rights attached to them.

Shares issued in the year

17 May 2023 – Exercise of Options

On 17 May 2023, the Company issued 250,000 ordinary shares of 1 pence each in the Company following the exercise of 250,000 options with an exercise price of 1 pence per share under the Company's share option scheme.

This share issue has been recognised as £2,500 in share capital.

Net proceeds of £2,500 have been recognised in the statement of cash flows.

3 August 2023 – Placing, Subscription and Retail Offer

Following the closing of the Retail Offer on the BookBuild Platform on 2 August 2023, 6,090,070 ordinary shares were issued on 3 August 2023 at a price of 6.5 pence per Retail Offer Share in connection with the Retail Offer.

In addition, 13,945,076 "Firm Placing" ordinary shares and 2,978,001 "Firm Subscription" ordinary shares were issued at a price of 6.5 pence per ordinary share, resulting in a total of 23,013,147 new ordinary shares in relation to the Placing, Subscription and Retail Offer. This raised total gross proceeds of £1,495,855. Issue costs of £146,076 were incurred and have been deducted from the share premium account on recognition.

This share issue has been recognised as £230,131 in share capital and £1,119,648 in share premium.

Net proceeds of £1,349,779 have been recognised in the statement of cash flows.

Notes to the group financial statements continued

6 October 2023 – Conditional Placing

On 6 October 2023, 129,230,769 ordinary shares were issued via the Conditional Placing, raising gross proceeds of £8,400,000. Issue costs of £694,040 were incurred and have been deducted from the share premium account on recognition.

This share issue has been recognised as £1,292,309 in share capital and £6,413,651 in share premium.

Net proceeds of £7,705,960 have been recognised in the statement of cash flows.

Total net proceeds after deduction of issue costs for all new ordinary shares recognised in the statement of cash flows are £9,058,239.

All new ordinary shares rank, *pari passu*, with the existing ordinary shares in issue.

24 Share premium account

	Group and Company	
	2023 £	2022 £
At the beginning of the year	39,308,529	39,308,529
Issue of shares	8,373,415	–
Share issue costs	(840,116)	–
Capital reduction	(40,428,176)	–
At the end of the year	6,413,652	39,308,529

Please see note 23 for information on the issue of shares and resulting £7,533,299 increase in share premium, being the excess of proceeds over par value less issue cost, in the year.

Capital reduction

The Company had accumulated losses of £43,309,440, largely offset by the credit of its share premium account shown by its audited accounts for the period to 31 December 2022.

During the year, and pursuant to a Court order, the Company cancelled £40,428,176 of its share premium account which had the effect of leaving it with distributable reserves of £1,033,568 at 31 December 2023.

Whilst the Board and management remain focussed on the continued execution of the Company's stated growth strategy as the primary means of delivering shareholder value in the near term and has no current intention of declaring dividends, the Capital Reduction provides greater scope to do so in the future if the Board determined that the declaration of dividends were appropriate.

In addition, the Capital Reduction provides the Board with the option, should it so wish, and should it be appropriate to do so, of purchasing the Company's own Ordinary Shares pursuant to the power granted at the Company's annual general meeting on 29 June 2023, which requires sufficient distributable reserves to do so.

25 Warrant reserve

	Group and Company £
Balance at 1 January 2022	937,505
Share-based payment expense in respect of options granted	152,135
Share-based payment expense in respect of options/warrants lapsed/exercised	(388,575)
Balance at 1 January 2023	701,065
Share-based payment expense in respect of options granted	236,576
Share-based payment expense in respect of options/ warrants lapsed/ exercised	(179,407)
Balance at 31 December 2023	758,234

The warrant reserve represents the fair value of share options and warrants grants, and not exercised or lapsed, in accordance with the requirements of IFRS 2 Share Based Payments.

26 Merger reserve

	Group and Company	
	2023 £	**2022 £**
At the beginning of the year	10,209,673	10,209,673
Transfer of merger reserve	(10,209,673)	–
At the end of the year	–	10,209,673

The merger reserve arose on historical acquisitions of subsidiary undertakings for which merger relief was permitted under the Companies Act 2006.

During the year, the carrying value of the intellectual property which had arisen from an acquisition in 2003 had been reduced to zero. As such, under the Companies Act 2006, the full balance of the merger reserve of £10,209,673 was transferred to retained earnings.

27 Non-controlling interest

	Group	
	2023 £	**2022 £**
At the beginning of the year	24,502	31,119
Share of total comprehensive profit/(loss) for the year	2,313	(6,617)
At the end of the year	26,815	24,502

The non-controlling interest arose from the Company's 50% share in TerpeneTech (Ireland) Limited. See note 16 for further information.

28 Other interest-bearing loans and borrowings – Group and Company

Change in liabilities, arising from financing activities are presented below:

	2023 £	**2022 £**
Balance at 1 January	355,323	398,352
Changes from financing cashflows		
Payment of lease liabilities*	(139,539)	(128,301)
Total changes from financing cashflows	(139,539)	(128,301)
Other changes		
New leases	14,963	87,228
Adjustment to Right of Use Assets	(978)	33,909
Surrender of lease	–	(35,865)
Total other changes	13,985	85,272
Balance as at 31 December	229,769	355,323

* excluding lease interest of £17,009 (2022: £22,047)

Notes to the group financial statements continued

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including Directors, is set out in note 7 in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Group

During the year, the Group invoiced its associate, TerpeneTech (UK), £9,133 for administration charges (2022: £7,212) and invoiced income of £nil (2022: £50,000) for minimum royalties due under the head-lice agreement.

Also, during the year the Group recharged £7,054 (2022: £7,096) of expenses to TerpeneTech (UK) and incurred consultancy charges of £13,274 (2022: £nil).

At the year end, an amount of £233,686 was due from TerpeneTech (UK) (2022: £238,375) to the Company. This amount is included within Trade Receivables.

At the year end, an amount of £99,820 was due to TerpeneTech (UK) (2022: £93,759) from the Company. This amount is included within Other Payables.

At the year end, a net amount of £56,887 was due to TerpeneTech (Ireland) from TerpeneTech (UK) (2022: £6,076 due to TerpeneTech (Ireland) from TerpeneTech (UK)). It represents the amount due in respect of the intangible asset reduced by fees receivable in respect of sales which amounted to £50,811 (2022: £50,038). This amount is included within Other Receivables.

Company

During the year, the Company invoiced its associate, TerpeneTech (UK), £9,133 for administration charges (2022: £7,212) and invoiced income of £nil (2022: £50,000) for minimum royalties due under the head-lice agreement.

Also, during the year the Company recharged £7,054 (2022: £7,096) of expenses to TerpeneTech (UK) and incurred consultancy charges of £13,274 (2022: £nil).

Further, at year end, £10,000 has been accrued in respect of management recharges from the Company to TerpeneTech (Ireland) (2022: £50,000) and £22,914 has been recharged for audit fees (2022: £nil). An amount of £166,914 (2022: £134,000) is included within the Other Receivables.

At the year end, an amount of £233,686 was due from TerpeneTech (UK) (2022: £238,375). This amount is included within Trade Receivables.

At the year end, an amount of £99,820 was due to TerpeneTech (UK) (2022: £93,759). This amount is included within Other Payables.

30 Financial risk management

Credit risk

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Cash and cash equivalents	7,413,107	1,994,472	7,413,107	1,994,472
Trade receivables*	1,788,151	322,489	1,788,151	322,489
VAT recoverable*	386,684	179,214	386,684	179,214
Other receivables*	112,375	67,410	222,403	195,335
	9,700,317	2,563,585	9,810,345	2,691,510

* See note 18

The average credit period for sales of goods and services is 204 days (2022: 64). No interest is charged on overdue trade receivables. At 31 December 2023, trade receivables of £262,322 (2022: £219,727) were past due. During the year the Group and Company provided for doubtful debts in the amount of £nil (2022: £107,188).

Trade receivables of £1,355,690 (2022: £184,746) at the reporting date were held in Euros and £111,654 (2022: £117,229) were held in USD.

Cash at bank of £48,515 (2022: £1,824,866) at the reporting date were held in Euros and £28,510 (2022: £10,829) were held in USD.

The Group's policy is to recognise loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considered reasonable and supportable information that is relevant and available without undue cost of effect. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and information credit assessment and including forward-looking information.

The largest trade debtor at the year is Corteva, which owed gross £1,339,072 to the Group at the year-end (2022: TerpeneTech (UK), the Group's associate company, which owed gross £238,375).

The Group has had no issue of collecting debtors due from Corteva or TerpeneTech (UK) before and does not expect to have any going forward.

Considering these factors, the Directors consider the ECL to be immaterial.

Liquidity risk (excluding lease liabilities)

		Group and Company	
	Notes	2023 £	2022 £
Trade payables	19	1,925,559	1,150,873
Other payables	19	196,411	93,759
Social security and other taxation	19	56,841	52,849
		2,178,811	1,297,481

The carrying amount of trade and other payables approximates their fair value.

The average credit period on purchases of goods is 117 days (2022: 141 days). No interest is charged on trade payables. The Group has policies in place to ensure that trade payables are paid within the credit timeframe or as otherwise agreed.

Trade payables of £597,876 (2022: £233,410) at the reporting date were held in Euros and £382,852 (2022: £460,470) were held in USD.

Maturity of financial liabilities (excluding lease liabilities)

The maturity profile of the Group's financial liabilities at 31 December 2023 was as follows:

	2023 £	2022 £
In one year or less, or on demand	2,178,811	1,297,481
Over one year	–	–
	2,178,811	1,297,481

Liquidity risk is managed by regular monitoring of the Group's level of cash and cash equivalents, debtor and creditor management and expected future cash flows. See note 1 for further details on the going concern position of the Group and Company. For details of lease liabilities, see note 20.

Market price risk

The Group's exposure to market price risk comprises currency risk exposure. It monitors this exposure primarily through a process known as sensitivity analysis. This involves estimating the effect on results before tax over various periods of a range of possible changes in exchange rates. The sensitivity analysis model used for this purpose makes no assumptions about any interrelationships between such rates or about the way in which such changes may affect the economies involved. As a consequence, figures derived from the Group's sensitivity analysis model should be used in conjunction with other information about the Group's risk profile.

The Group's policy towards currency risk is to eliminate all exposures that will impact on reported results as soon as they arise. Based on the foreign currency break down provided under credit risk and liquidity risk, the impact of 5%-10% movement in foreign exchange will not have material effect.

Notes to the group financial statements continued

Capital risk management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group seeks to enhance shareholder value by capturing business opportunities as they develop. To achieve this goal, the Group maintains sufficient capital to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

The Group looks to maintain a reasonable debt position by repaying debt or issuing equity, as and when it is deemed to be required.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 10% (2022: below 10%). The Group includes within net debt, any interest-bearing loans and borrowings (none in the current or prior year), any loans from a venture partner (none in the current or prior year), trade and other payables, less cash and cash equivalents.

The Group is not subject to any externally imposed capital requirements.

31 Cash absorbed by operations

Consolidated

	2023 £	2022 £
Loss for the year after tax	(6,491,936)	(2,243,879)
Adjustments for:		
Taxation credited	(428,326)	(323,716)
Finance costs	17,009	22,046
Interest income	(34,014)	(192)
Foreign exchange currency (gains)/losses	68,802	(74,782)
Amortisation and impairment of intangible assets	5,387,180	495,818
Xinova liability written off	-	43,855
Depreciation and property, plant and equipment and right-of-use assets	206,426	191,622
Share of associate's loss	33,047	31,444
Share-based payment expense	236,576	152,135
Inventory provision	-	76,250
Doubtful debt provision	-	107,188
Movements in working capital:		
Increase in inventories	(339,094)	(180,357)
(Increase)/decrease in trade and other receivables	(1,790,757)	125,720
Increase/(decrease) in trade and other payables	1,004,833	(9,683)
Cash absorbed by operations	(2,130,252)	(1,586,531)

Company

	2023 £	2022 £
Loss for the year after tax	(6,496,561)	(2,230,645)
Adjustments for:		
Taxation credited	(428,326)	(323,716)
Finance costs	17,009	22,046
Interest income	(34,014)	(192)
Foreign exchange currency (gains)/losses	68,802	(74,782)
Amortisation and impairment of intangible assets	5,373,908	482,546
Xinova liability written off	-	43,855
Depreciation and property, plant and equipment and right-of-use assets	206,426	191,622
Share of associate's loss	33,047	31,444
Share-based payment expense	236,576	152,135
Inventory provision	-	76,250
Doubtful debt provision	-	107,188
Movements in working capital:		
Increase in inventories	(339,094)	(180,357)
(Increase)/decrease in trade and other receivables	(1,772,860)	75,720
Increase in trade and other payables	1,004,833	40,355
Cash absorbed by operations	(2,130,252)	(1,586,531)

32 Capital commitments

As at 31 December 2023, an amount of £481,557 (2022: £102,109) had been committed to by the Group and Company, for work not yet completed, or invoiced. In the prior year, the work related to on-going field trials and other regulatory studies and was invoiced during 2024.

33 Contingent liabilities

The Company provides a two-year warranty for one of its products which solely relates to the product not being defective.

Given the quality control processes that are in place, the Company is satisfied that no provision is required in this respect.

34 Post balance sheet events

There were no adjusting or significant non-adjusting events between 31 December 2023 and the approval of the financial statements.

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