Company Registration No. 03071324 (England and Wales)

Eden Research plc

Annual report and consolidated financial statements for the year ended 31 December 2019

Eden Research plc

Company information

Directors	A Abrey R Cridland S Smith L Van Der Broek
Secretary	A Abrey
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Independent auditor	KPMG LLP 66 Queen Square Bristol BS1 4BE

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Introduction

It has been another pleasing year for Eden characterised by product development and pursuit of new opportunities. We find ourselves in an energised crop protection industry which is undergoing significant changes through fast-paced innovation. This is driven by macro-economic factors including an increasing global population and demand for food, set against a backdrop of increasing regulatory scrutiny of long-established pest and disease control solutions. Current regulatory pressures stem from empowered global consumers who are increasingly concerned and vocal about the pesticide residues in their food, associated health concerns, and demand to live in a more sustainable society. Most recently, agriculture has been identified as a key global industry during the Coronavirus COVID-19 pandemic. All together these factors favour Eden's business proposition.

Market opportunity

It is evident that the agriculture industry has been forced to shift to new, sustainable solutions including the new products and technologies that Eden offers.

Eden is a pioneer in an industry where being able to react and respond to fast changing dynamics is a clear strength and one that Eden possesses. The biopesticides sector of the crop protection market is currently enjoying a 15% compound annual growth rate and is expected to have a market value of over $10 billion by 2025. This is a significant leap for a market that barely existed twenty years ago.

In anticipation of the market opportunity that Eden's management has identified, it has developed, registered and built an ever-expanding portfolio of sustainable, biopesticide products based on the three active ingredients that are registered in Europe. Eden's first two products, Mevalone™ and Cedroz®, have been proven to have high efficacy and the added benefits of maximum residue level exemption, short pre-harvest intervals, competitive pricing, and strong alignment with current regulatory developments.

Eden's Sustaine™ microencapsulation system is also receiving inbound interest from external parties. Sustaine can add value to other products by offering an effective encapsulation system, with high loading capacity, versatility, stability and sustained delivery. Eden had already identified that third party active ingredients could also benefit from using Sustaine for a variety of reasons such as dose reduction, resistance management and patent protection expansion. One key application for Sustaine, which has evolved in tune with the changing market dynamics, is its role in helping to solve the microplastics issue.

Microplastics have been well-publicised as causing problems for the environment and the European Union recently announced its intention to publish new regulations which could ban the use of polymers in certain industries, including crop protection, where polymers are widely used to formulate active ingredients. Such bans could come into force within five years which, in crop protection terms, is rapid change. Since this announcement, Eden has seen a significant increase in the number of enquiries from some of the major players in the crop protection industry looking for more sustainable solutions for their existing (and often largest selling) products.

Recent product expansion

In January 2020, Eden announced that it had partnered with Corteva Agriscience, the fourth largest agriculture input company in the world, to develop a product for a specific use in the seed treatment market which has, as yet, been a known, yet untapped opportunity for Eden. If successful, the product could generate revenues for the Company of up to c.€40m. There are many additional opportunities in seed treatments, and we are actively pursuing these both alone, and in partnership.

Eden's successful fundraise of £10.4m (gross) in March 2020 will allow it to bolster its existing product offering, with part of the proceeds to be used for the development of its first insecticide product. Eden's effective bio-insecticide targeting a range of key insect pests across numerous crops, is in the early stages of being registered and commercialised on a global basis, allowing Eden to enter into a significant new market. This is an opportunity where the addressable market in the EU and US alone is over €850 million.

Looking ahead

While the COVID-19 pandemic has introduced uncertainty in a number of areas, in particular the timing of approvals, the team at Eden has worked hard to ensure that it is well placed to capitalise on the opportunities that exist for the Company across what we acknowledge is a fast growing and dynamic industry.

Eden has a wealth of relevant experience; disruptive, innovative platform technologies; a strong patent portfolio; a strong balance sheet; a diverse and growing portfolio of efficacious, sustainable products; and an expanding, capable, enthusiastic team.

For the benefit of all our stakeholders, we shall continue to focus on delivering sustainable performance and long-term value, which are the primary areas of focus for the Board and executive leadership team.

Lykele van der Broek
Non-Executive Chairman

6 May 2020

Eden Research plc

Chief Executive Officer's Review

For the year ended 31 December 2019

"We are determined to build a company that will prosper in the long term. After a successful capital raise in March 2020, it is clear our shareholders (existing and new) agree that now is the right time to invest in and capitalise on the opportunities in our pipeline. We have a clear ambition to be a global leader in sustainable chemistry, and we are poised to enter new and significant markets from a position of strength." Sean Smith, Chief Executive

Throughout the year, we have made consistent commercial progress and significantly advanced our position in the rapidly growing biopesticides market. The wheels are in motion across many areas of our business to expand our footprint, both geographically and through new product development, which should in turn generate growing future revenue from product sales. I am very proud of the company we are building and our contribution to more sustainable agriculture practices around the world where we make and sell our products.

Creating value

The global economy is facing a time of extreme volatility following the outbreak of the COVID-19 pandemic, with significant challenges to international trade and the institutions that have underpinned prosperity for many decades. Our business will not be immune to the disruption, but the strength and relevance of our current portfolio of products and projects, as well as the vital role of agriculture at this time, gives us confidence in our resilience as we support our partners and farmers across the world.

Eden is currently the only UK-quoted company focused on biopesticides for sustainable agriculture, and we are well-positioned to capitalise on this rapidly growing biopesticides market, which is projected to be worth over £10 billion by 2025.

Our strategy remains unchanged. Our near-term focus is to maximize the opportunity for sales of our two approved products, Mevalone and Cedroz, further the use of Sustaine with third party active ingredients, develop seed treatment opportunities with Corteva Agriscience (and others) and advance development of our first insecticide products. The Company continues to explore additional business line diversification including ongoing work with Bayer Animal Health, as well as the potential for consumer product launches. In addition, the Company will seek to expand the crops, diseases and pests treated by its products and will look to undertake further geographic diversification which will ultimately help to minimise the effect of regional weather, pest and disease pressure variations.

We have continued to improve the quality and pace of execution in every part of our business. The successful capital raise in March 2020 has placed us well to deliver increased value for our shareholders.

Performance

Fiscal year 2019 has been another year of pleasing performance, and the Company is well funded. Eden remains debt-free and has a strengthened balance sheet allowing us to pursue our exciting plans. Our outsourced manufacturing model means that we retain maximum flexibility over our choice of manufacturing locations with a low fixed cost base.

- Operating loss for the year of £1.4m is in line with market expectations
- The majority of the £2.0m of revenue was derived from product sales of £1.7m (2018: £1.6m), achieved despite unfavourable growing conditions in the Southern EU, with milestone and upfront payments making up the balance
- First marketing authorisations received for Cedroz, the Company's second commercial product which is being marketed by Eastman Chemical

- Cedroz™ gained entry into the important US agricultural import market as a result of the first marketing authorisation for the product in Mexico.
- Exclusive distribution agreement signed with SumiAgro Europe for Mevalone™ in five new markets across central Europe, including Germany and Poland, for use as a fungicide on grapes as well as treatment to prevent storage diseases on apples.
- One-year exclusive Evaluation Agreement signed with Corteva (NYSE: CTVA), the fourth largest agriculture input company in the world, covering seed treatments (post year-end)
- Attainment of organic status for our three active ingredients in Europe with subsequent organic product status certificates in key countries (post year-end)
- Successful fund-raise of £10.4m (gross) from a combination of a placing, open offer and subscription. Key current shareholders Sipcam Oxon SpA, Gresham House and others participated, and we welcome 12 new institutional shareholders to the register, including the Business Growth Fund (BGF), Canaccord Genuity, Amati, and Rathbones (post year-end).

In 2020, the Company expects to build on the sales achieved in the territories where it received approvals during 2019 and early 2020, including the acceptance of Mevalone for organic agriculture in key countries. Moreover, the Company expects to see sales arising from new approvals for Cedroz in Spain, Italy, France, Belgium, the Netherlands and the United Kingdom where the applications for registrations have now been outstanding from the early part of 2019 and the constituent active ingredients are already approved.

With the recent appointment of an experienced Director of Regulatory Affairs, we are better placed than ever to expand our regulatory and commercial footprints (and consequently, our addressable market) with increasing speed, however, we do expect that the current COVID-19 pandemic will slow the progress of many regulatory agencies, and we are keeping a careful eye on developments in this area to help ensure we are able to accurately forecast developing sales in new territories. As normal, the pace of regulatory clearances controls the commencement of new revenues in this highly regulated industry. With the current restrictions on travel, there may be an impact on face to face sales meetings which could also impact revenue.

The Company continues to expect the US EPA to approve the sale of Mevalone and Cedroz in the United States during 2020. However, there is little doubt that the current situation with COVID-19 and the consequential shut-down of certain services coupled with a fundamentally changed working dynamic, will have an impact on operations at EPA and, subsequently, the pace of approvals. Although the Company might expect to see some level of channel stocking, the overall levels of sales in 2020 will depend largely upon the timing of approvals relative to the growing season.

Making an impact

"Plant protection products play a fundamental role in agricultural production. The biopesticides market outlook remains undoubtedly positive, with a clear demand from consumers for sustainably grown produce and in response, a notable shift towards more sustainable farming practices. As we step into the 'new normal' post the COVID-19 pandemic, consumer demand for a chemical-free supply chain will only be more prevalent."

Our core business proposition is more relevant than ever. The growing demands of consumers are driving increased transparency around agricultural practices, with clear emphasis on improving sustainability from the bottom up. Our current portfolio of products is helping farmers across southern Europe integrate greener processes which not only benefit consumers, but also protect agricultural ecosystems.

As we develop our portfolio by expanding the uses of our products, we will be able to help a broader range of growers in more regions implement more sustainable processes in their production. Additionally, we are particularly excited by the potential of the Company's patented microencapsulation technology, Sustaine™, a naturally sourced, plastic-free, biodegradable formulation technology derived from yeast, which has applications beyond agriculture. We will continue to assess how the technology can be applied to the animal and consumer product sectors to help these industries reduce their use of microplastics.

Financial Review

Revenue for the year decreased to £2.0m (2018: £2.8m) primarily due to the reduction in one-off receipts to £0.4m (2018: £1.2m) following the exercise of an option by Sipcam Oxon SpA in 2018 which was not repeated in 2019.

Going forward, the focus for the business remains to grow revenue through product sales which will ultimately provide a sustainable, consistent source of income for the Company. This was the case in 2019 with product sales increasing to £1.7m (2018: £1.6m).

The cash position at the year-end was £0.5m (2018: £2.5m), though this was significantly increased after the year end following the successful fundraise in March 2020 with gross proceeds of £10.4m.

Administrative expenses in the year were similar to last year at £1.5m (2018: £1.5m) though operating loss increased to £1.4m (2018: £0.5m). Despite the similar overhead cost base and the increase in product sales, the increase in operating loss is due to the aforementioned reduction in one-off receipts, as well as increased share-based payment charges of £0.2m (2018: £0.1m) and amortisation of £0.5m (2018: £0.4m).

Throughout the year, the Company remained debt free with no long-term debt or lending facilities in place or expected to be required.

Following the fundraise in March 2020, the Company is well funded and well placed to execute its business plan which involves investing in product trials and marketing authorisations which are required to increase product sales revenue and the geographical footprint in which Eden can operate, in addition to growing the team which should enable the Company to meet its ambitious growth targets.

BREXIT

The impact of Brexit is still somewhat uncertain for many UK companies and this is now complicated further by what are likely to be delays to key trade negotiations with the EU, in particular due to the COVID-19 pandemic and its impact on Government operations and priorities. However, the Company understands that the ownership of its EU approvals of Mevalone and its constituent active substances should not be impacted by Brexit, since guidance has been published stating that the owner of such approvals can continue to be a UK resident company. However, seeking regulatory approval in the UK for Eden products has become somewhat more challenging, and the Company is now weighing up market opportunities and costs under the various Brexit scenarios. We are now better placed than before to navigate what are likely to be complex regulatory challenges.

From an operational perspective, the Company does not foresee any significant issues with continuing to have toll-manufacturing facilities in mainland Europe, though it is monitoring this situation. The Company also has manufacturing capabilities in the UK as well as the US which provide some flexibility. In addition, it is feasible for Eden to manage some of its operations through its Irish subsidiary, should this be necessary.

Raw materials are currently sourced from outside of the EU and so there is expected to be minimal impact on this part of the supply chain.

COVID-19

During this difficult time, the agriculture industry requires a unified effort from all involved in the provenance of fresh food and produce. Eden is committed to continuing to provide biopesticide products and natural microencapsulation technologies to the global crop protection industry through its network of partners across the world. Whilst trading in the first part of the year have been in line with management's expectations, with low direct operation impact from COVID-19 at this time, there remains significant uncertainties regarding the severity and duration of the pandemic and the measures required to combat it. However, we want to make Eden's current position clear to our stakeholders.

1 We Are Funded for Future Growth

In March 2020, we raised £10.4 million (gross) from investors, a feat that the whole team is proud of given the volatility and uncertainty in the markets at the time. The resounding vote of confidence from our shareholders (both existing and new) will help us capitalise on the global shift towards more environmentally friendly methods of crop protection, driving us to become a leading provider of sustainable solutions for global agriculture. Though the coming months will certainly present challenges for the Company, our employees and our partners, Eden remains debt-free and has a strengthened balance sheet allowing us to execute on our exciting plans. Our out-sourced manufacturing model means that we retain maximum flexibility over our choice of manufacturing locations with a low fixed cost base.

2 Our Industry Has a Pivotal Role to Play

As demand soars for food supply during the lockdown periods across the UK and beyond, the agriculture industry has a vital role to play in feeding the world through the crisis and minimising the economic fallout. ***"Plant protection products play a fundamental role in agricultural production - without them, we would not be able to cope adequately with global emergencies such as COVID-19. The biopesticides market outlook remains undoubtedly positive, with a clear demand from consumers for sustainably grown produce and in response, a notable shift from growers towards greener farming practices. As we step into the 'new normal', consumer demand for a chemical-free supply chain journey will only be more prevalent."***

Not only do people need food to survive, they remain conscious of where it comes from and care about the supply chain journey. The choices people are making to put healthy food on the table are driving what farmers grow in their fields and how they grow them with an increasing emphasis on sustainable practices and produce that is free from pesticide residues. This is the future of farming, and Eden is at the forefront of the movement towards sustainable farming practices.

3 Supporting Our Employees and Partners

As always, we are working closely with our partners as they continue to maintain their business of supplying our product to growers in an increasing number of countries. Our team is reviewing the situation every day so that we can adapt to any changes that may be experienced by our partners and ensure the health and safety of their workers is paramount. Closer to home, Eden's team are avoiding unnecessary travel and working remotely during the crisis.

I want to thank our partners and, of course, the farmers who cannot carry out their work remotely and who are working hard each day to ensure that we have enough to eat now and in the future. Their work cannot not stop, and we are grateful now more than ever for all that they do to feed us. We hope you stay safe and well.

TerpeneTech (UK)

TerpeneTech secured a CE mark for its head-lice treatment product in European Economic Area ("EEA") in 2018, which is the first step in the marketing and sales of such products. TerpeneTech has also established its first channel distribution partner who will target the UK market. The first product launch in the UK is currently expected to coincide with the back-to-school schedule in the autumn of 2020. Sales will commence in other countries in the EEA once arrangements with additional distribution partners have been finalised.

Dividends

There is no dividend to be paid or proposed in respect of 2019. The Board continues to monitor its dividend policy.

Summary

Today, Eden is a stronger, more established business than it has ever been, and this trend continues as we move ahead with a robust financial position, an expanding regulatory and commercial footprint, a strong and growing network of partners, and a growing product portfolio, all allowing us to significantly increase the size of our addressable market. We have embedded a culture of efficiency and reduced complexity, and we seek continuously to strengthen and improve our operations. We are increasingly able to anticipate and adapt to changing consumer and regulatory trends as well as global economic conditions, and we benefit from the strong alignment of our sustainable business model with ongoing regulatory changes in our industry – an industry in which regulation is creating tremendous disruption and opportunities that we are well-placed to respond to.

Eden remains the UK's only quoted company focussed upon sustainable chemistry for the biopesticides industry, and we are excited to be contributing to the growth of our industry and supporting the all-important work of farmers and our partners.

Sean Smith
Chief Executive Officer

6 May 2020

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, Eden's associate company, 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 Company's products and the management of its cash position.

Revenue derived from product sales, licence fees and milestone payments are all considered to be key financial performance indicators. Maintaining a low overhead base and progress towards profitability are also key indicators.

Revenue in 2019 consisted of upfront and milestone payments in relation to new and existing agreements, royalties and product sales. Revenue in 2019 was £2.0 million in comparison to £2.8 million in 2018. The operating loss for the year was £1.4 million compared to £0.5 million for the previous year. The loss before tax for 2019 was £1.5 million, up from £0.5 million in the previous year.

The loss per share for 2019 was 0.54 pence (2018: 0.16 pence).

Administrative expenses for the year were £1.5 million (2018: £1.5 million).

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

The Company has capitalised £0.9m (2018: £0.4m) of development expenditure in the year which is a reflection of the continued development of the Company's products.

Cash is safeguarded by close working capital management, including tightly controlling the Company's creditor position. The cash position at the year-end was £0.5m (2018: £2.5m), though this was significantly increased after the year end following the successful fundraise in March 2020 with gross proceeds of £10.4m.

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.

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

The registration of the Company's first product, Mevalone, for use as a pesticide in Europe is not only a key milestone in terms of its commercialisation, but also indicative of 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 in Kenya, Malta, Greece, Bulgaria, Spain, Italy, France, Cyprus, Albania, Portugal and Macedonia.

Eden's second product, Cedroz™, is a nematicide which has been authorised for sale in Malta, Belgium and Mexico in 2019.

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.

Successful trial results are also significant in showing the technical and commercial viability of our intellectual property.

Principal risks and uncertainties

The Company's prime risk is the on-going commercialisation of its intellectual property, which involves testing of the Company's products, obtaining regulatory approvals 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 Company's Board of Directors.

The Company'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 Company 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 Company 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. 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.

COVID-19

Whilst, to date, the Board has not seen a significant, direct operational impact on the business from COVID-19, clearly the full extent of the effects is not yet known and, as such, there is an inherent risk that the Company is negatively affected.

The Company has not seen a significant change, thus far, on its toll manufacturing operations. In addition, our customers are not expecting any significant impact on sales of agrochemicals.

We have, however, seen regulatory authorities working at reduced capacity, which is expected to impact on-going product approvals that we have around the world, though it is difficult at this stage to assess what, if any, commercial and financial impact there may be.

Employee diversity and inclusion

The Board remains committed to developing further 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 Company'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 Company) 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 more to its local environments by getting involved in local initiatives and also to look 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.

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:

- our 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 per annum with information about shareholder meetings and the company's financial results. We have regular meetings with institutional investors and analysts to understand their 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 allow an efficient and successful process to take place. 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

6 May 2020

Lykele van der Broek, Non-Executive Chairman

Appointed	**Independent**	**Full-time (FT) or part-time (PT)**
October 2017 (Board) January 2018 (Chairman)	Yes	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)

Sean Smith, Chief Executive Officer

Appointed	**Independent**	**Full-time (FT) or part-time (PT)**
September 2014	No	FT

Background and experience
Sean has a bachelors 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 focussed on technology commercialization 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	Independent	Full-time (FT) or part-time (PT)
September 2007	No	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 eighteen years' experience in both practice and industry.

Committee membership
None

External appointments
Ricewood Ltd (Director)

Robin Cridland, Non-Executive Director

Appointed	Independent	Full-time (FT) or part-time (PT)
May 2015	Yes	PT – 10 days per year

Background and experience
Rob served as Chief Financial Officer and Company Secretary of Itaconix plc until September 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 was also 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
None

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 annual plans.

The scheduled Board and Committee meetings and attendance during the year ended 31 December 2019 were as follows:

Director	Role	Board (6 meetings)	AIM Compliance (1 meeting)	Remuneration & Nominations (10 meetings)	Audit (6 meetings)
A Abrey	Chief Financial Officer	●●●●●●	●	-	-
R Cridland	Non-Executive Director	●●●●●●	●	●●●●●●●●●●	●●●●●●
L van der Broek	Chairman	●●●●●●	●	●●●●●●●●●●	●●●●●●
S Smith	Chief Executive Officer	●●●●●●	●	-	-

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 Chartered Certified Accountants.

Robin Cridland is a Chartered Accountant. As part of his professional development, he attends relevant courses and maintains his qualification through Continuing Professional Development under the Institute of Chartered Accountants in England and Wales.

Sean Smith is a member of the Institute of Directors with 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, corporate governance, and liaising with consultants who inform the board of changes in legislation, best practice or public perception.

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 Company Secretary is the only internal advisor the Company currently has. The Secretary is responsible for the efficient administration of the company, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the board of directors are implemented.

Eden Research plc

Corporate governance statement – Chairman's Letter

For the year ended 31 December 2019

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 by 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 they expect from others and communicate what they consider to be acceptable business practice and they consider chosen 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 risk-taking and management consistently communicate values and expected behaviours widely and clearly across the company and ensure that they are understood by the workforce.

Management also encourage 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

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 and employees

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

Eden Research plc

Corporate governance statement – Business model and strategy

For the year ended 31 December 2019

The Company's business model can be found on the Company's website www.edenresearch.com and in the Company Overview section, at the front of the Annual Report.

Key challenges

Our vision is to be the leader in sustainable products enabled or enhanced by our novel Sustaine encapsulation and delivery technology 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 commercialise products • Ensuring a well-funded balance sheet
Product development Growing a diverse product development pipeline	• Further 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

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2019

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

The QCA Corporate Governance page on the Company's website contains links to the required compliance documents and published disclosures which explain how Eden Research 'complies with or explains against' the code.

Published Disclosures:

Principle No.	Principle	Location of disclosure	Disclosure Detail Required	Disclosure status	Explanation	Link
1	Establish a strategy and business model which promote long-term value for shareholders	ANNUAL REPORT & ACCOUNTS See page 17 WEBSITE	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

2	Seek to understand and meet shareholder needs and expectations	ANNUAL REPORT & ACCOUNTS WEBSITE	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

3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	WEBSITE	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 its workforce, customers, shareholders 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

4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	ANNUAL REPORT & ACCOUNTS See page 37 WEBSITE	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

5	Maintain the board as a well-functioning, balanced team led by the chair	ANNUAL REPORT & ACCOUNTS See pages 12-14 WEBSITE	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. Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors). Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.	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

6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	ANNUAL REPORT & ACCOUNTS See pages 12-14 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 bene t 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.	Compliant	We assess adequacy of the Boards collective skills and experience and directors' individual development needs are discussed annually with the Chairman.	Professional development and training

			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.	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

			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 15-16 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.	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

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.	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

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	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

			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.			

Eden Research plc

Remuneration Policy

For the year ended 31 December 2019

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 over and above the day to day role and linked to an increase in the value of the business through the achievement of 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 should be 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. This figure may be adjusted by the Remuneration Committee.

The Target bonus levels are a percentage of salary.

The Target bonus 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
- contribution and profit earned.

As the business matures, the balance between deal value, other commercial milestones and 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 auditors and the Board.

Equity incentive

Unapproved share option scheme

The Company operated an unapproved share option scheme for executive directors, senior management and certain employees. This scheme was used for any options awarded prior to 28 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 interests. Awards have been made annually and are subject to continued service and challenging performance conditions over a three year period. The performance conditions have been reviewed on an annual basis to ensure they remain appropriate and are based on increasing shareholder value. Awards have been structured as nil cost options with a seven year life after vesting.

Other than in exceptional circumstances, awards have been 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 vests for "Threshold" performance with full vesting taking place for equalling or exceeding the performance "Target". In between the Threshold and Target there may be pro rata vesting. The Remuneration Committee retains the ability to amend the performance conditions for future grants to ensure that such grants achieve the stated purpose.

After the year end, as part of the financing completed in March 2020, the Board reviewed the LTIP with a view to making adjustments to align further the interests of management with shareholders, as summarised 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 2019 £	Base salary 2018 £
Executive Directors		
S Smith	211,500	190,000
A Abrey	165,000	150,000
Non-Executive Directors		
L van der Broek	40,000	40,000
R Cridland	35,000	35,000

The Company also operates an annual, discretionary cash bonus scheme.

For 2019, the target bonus levels and actual bonus achieved for Executive Directors on meeting all of these objectives were:

Sean Smith	70% of base salary, achieved 28.88%, (2018: 70% of base salary, achieved 56.7%)
Alex Abrey	70% of base salary, achieved 28.88%, (2018: 70% of base salary, achieved 56.7%)

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

Pensions

For the Executive Directors and certain employees, 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 detailed 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

In 2017, the Remuneration Committee implemented a Long-Term Incentive Plan ("LTIP"). The awards are in respect of management performance for each financial year ending 31 December.

Further details of the awards are set out in the table below.

All of the following nil-priced options only become exercisable if the following share price performance conditions are met: 50% of the options become exercisable if the weighted average Ordinary Share price in the 45 day period ending on the vesting date is at the minimum price (as shown in the table) or above.

Between the weighted average ordinary share prices of the minimum and maximum prices, vesting shall be pro-rata and on a straight-line basis between 50% and 100%. Below the minimum price, the options are not exercisable and lapse in full.

A Abrey

Year	Number of shares under option	Vesting date	Minimum weighted average share price (p)	Maximum weighted average share price (p)
2015	810,000	30/9/2019	20	50
2016	960,000	30/9/2020	24	36
2017	1,093,333	30/6/2021	23	34.5
2018	1,333,333	30/6/2022	25	37.5

S Smith

Year	Number of shares under option	Vesting date	Minimum weighted average share price (p)	Maximum weighted average share price (p)
2015	1,098,680	30/9/2019	20	50
2016	1,148,000	30/9/2020	24	36
2017	1,775,556	30/6/2021	23	34.5
2018	1,688,889	30/6/2022	25	37.5

At 31 December 2019, the directors had the following interests in share option schemes:

Date from which exercisable	Expiry Date	Exercise price £	Number at 1 January 2019	Granted in year	Exercised in year	Lapsed in year	Number at 31 December 2019
A J Abrey							
14/08/2014	19/05/2019	0.10	450,000	-	-	450,000	-
17/01/2016	16/01/2021	0.13	1,050,000	-	-	-	1,050,000
30/09/2019	29/09/2027	Nil	810,000	-	-	810,000	-
30/09/2020	29/09/2027	Nil	960,000	-	-	-	960,000
30/06/2021	29/06/2029	Nil	-	1,093,333	-	-	1,093,333
30/06/2022	29/06/2029	Nil	-	1,333,333	-	-	1,333,333
			3,270,000	2,426,666	-	1,260,000	4,436,666
S M Smith							
01/09/2016	31/08/2019	0.16	1,000,000	-	-	1,000,000	-
30/09/2019	29/09/2027	Nil	1,098,680	-	-	1,098,680	-
30/09/2020	29/09/2027	Nil	1,148,000	-	-	-	1,148,000
30/06/2021	29/06/2029	Nil	-	1,775,556	-	-	1,775,556
30/06/2022	29/06/2029	Nil	-	1,688,889	-	-	1,688,889
			3,246,680	3,464,445	-	2,098,680	4,612,445

LTIP option awards in respect of the year ended 31 December 2019 will be made during 2020, as described below.

Following the recent fundraise in March 2020, the Company will implement a new long term incentive plan to award the performance of the executive management team. The new plan will replace the Company's existing LTIP, and is deemed a more appropriate scheme to incentivise management given the Company's stage of development.

Pursuant to the new plan, the Company will grant 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 will vest immediately and will 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 new plan will include a net cashless mechanism whereby a number of shares may be deducted from the participant's option pool upon exercise, equivalent to half the exercise cost based on the prevailing market price of the Company's Ordinary Shares, and provided the remaining exercise cost is paid in cash. The shares arising from exercise of options shall be subject to a one-year lock-in restriction, followed by a one-year orderly market restriction.

Further details of the LTIP will be announced following First Admission and Second Admission once formally implemented.

Lykele van der Broek
Remuneration Committee Chairman

Eden Research plc

Audit Committee report

For the year ended 31 December 2019

On behalf of the Audit Committee, I am pleased to 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 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

The Audit Committee comprises the two Non-Executive Directors, Robin Cridland, who is Chairman of the Committee, 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 the Company's website. The Audit Committee met six 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 met with the external auditors at the conclusion of the audit without the Executive Directors being present. The Committee has met once since the end of the financial year to consider the results and the Annual Report for the year ended 31 December 2019.

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 both the Chief Financial Officer and the external auditors in respect of the half year and 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. 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
- Potential impairment of intangible assets including intellectual property and investments
- Management override of controls

Other areas reviewed in the year were as follows:

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

Since the year end, the Audit Committee has considered the impact of COVID-19 on areas such as going concern in particular.

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. The Committee reported to the Board that it had reviewed, and was satisfied with, the effectiveness of these systems.

External audit

KPMG LLP has been the external auditor for the Company since 2017. The Audit Committee annually assesses the qualification, expertise and independence of the auditors and the effectiveness of the audit process. KPMG's current engagement partner is Andrew Campbell-Orde, and he has been in place since being appointed for the Company's 2017 year end.

Following approval by shareholders to re-appoint KPMG at last year's AGM, the Audit Committee reviewed and approved the terms of engagement and remuneration of the external auditors for the 2019 financial year.

Audit and Committee effectiveness

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. KPMG present their detailed audit plan to the Audit Committee each year, identifying their assessment of these key risks. The Committee's assessment of the effectiveness and quality of the external audit process and addressing these key risks is informed by, amongst other things, the reporting from the auditors. In addition, each year, the Audit Committee's performance and the effectiveness of the external auditor is assessed through discussions between the Audit Committee members, the Board, the external auditor and members of the Company's senior finance team (in particular the Chief Financial Officer). In respect of 2019, the Board was satisfied with the review process, the performance of the Committee 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.

In accordance with the Auditing Practices Board 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.

The Audit Committee reviewed and approved the non-audit services policy, the objective of which is to ensure that the provision of such services does not impair, or is not perceived to impair, the external auditors' independence or objectivity. The policy imposes guidance on the areas of work that the external auditors may be asked to undertake and those assignments where the external auditors should not be involved. There is a further category of services for which a case-by-case decision is necessary. The policy can be viewed on the Company's website www.edenresearch.com. In order to ensure that the policy is effective and the level of non-audit fees is kept under review, major work to be awarded to the audit firm must be agreed in advance by the Audit Committee Chairman. For the 2019 financial year end, there was no non-audit work undertaken by the Company's auditors, who continue to be considered independent.

Internal audit

Due to the size of the business, the Company does not currently 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, including requesting input from the external auditor. At the date of this report the Audit Committee does not recommend that an internal audit function is required.

Other activities

The Committee also reviewed its terms of reference, the Company's policies on whistleblowing, business ethics and on the prevention of bribery and modern slavery.

Robin Cridland
Audit Committee Chairman

The directors present their report with the financial statements of the Company for the year ended 31 December 2019.

Dividends
The loss for the year after taxation amounted to £1,132,337 (2018: £334,951). The directors are unable to recommend any dividend (2018: £nil).

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 during the year under review were:

A J Abrey
R J S Cridland
S M Smith
L J van der Broek

Details of the directors who had interests in share option schemes can be found in the Remuneration Report.

Corporate Governance
In accordance with Aim Rule 26 of the AIM rules for companies, the corporate governance code that the board of directors have chosen to apply and benchmark against is The QCA Corporate Governance Code. The directors have applied the 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 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 was the other member of the Audit Committee during the year.

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 was the other member 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 was the other member of the Remuneration Committee during the year.

The AIM Compliance Committee had Lykele van der Broek as Chairman during the year and meets twice a year with the NOMAD to discuss AIM compliance and related issues. The other member of the committee is Robin Cridland. 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	1,302,824	0.34%
Lykele van der Broek	929,500	0.24%
Sean Smith	731,039	0.19%
Robin Cridland	130,167	0.03%

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 2019:

Entity	**Total Holdings**	**% of Share Capital**
Sipcam SpA	20,494,330	9.89%
Livingbridge VC LLP	19,512,195	9.42%
HSBC Nominees	14,007,734	6.76%
JM Finn & Co	12,332,961	5.95%
Artemis Investment Management	9,645,000	4.66%
Hargreaves Lansdown Asset Management	7,816,905	3.77%
Barclays Personal Investment Management	7,485,329	3.61%
Bank of New York (Nominees)	6,972,500	3.37%
Interactive Investor Services	6,824,382	3.29%

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.

Statement of Directors' Responsibilities
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 that law, they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 company and of its profit or loss for that period. In preparing these 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 IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 Company and enable them to ensure that the 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 Company and to prevent and detect fraud and other irregularities.

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.

Statement as to disclose of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Post balance sheet events

In January 2020, the Company signed a one year, exclusive Evaluation Agreement with Corteva Agriscience.

The agreement allows Corteva time to evaluate Eden's Sustaine™ encapsulation technology and several formulations in specific biological seed treatment applications in certain major territories and, if successful, will lead to Corteva being granted exclusive distribution rights.

In March 2020, the Company concluded a successful fund-raise raising a total of approximately £10.4 million (before expenses) through the Placing, Subscription and Open Offer through the issue and allotment of 173,150,892 new Ordinary Shares, bringing on board new institutional shareholders, as well as providing existing shareholders with the ability to partake in the same funding round. In considering going concern, as discussed in note 1.3, the directors have taken into account this post balance sheet fund-raise.

On behalf of the board:

S M Smith - Director
6 May 2020

6 Priory Court
Priory Court Business Park
Poulton
Cirencester
Gloucestershire
GL7 5JB

1 Our opinion is unmodified

We have audited the financial statements of Eden Research plc ("the Company") for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cashflows, company statement of cashflows, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provision 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: Group financial statements as a whole	£62,500 (2018: £73,000) 0.71% (2018: 0.8%) of Group total assets
Key audit matters	**Vs 2018**
Recurring risks for the Group and the parent Company	
The impact of uncertainties due to the UK exiting the Europe Union on our audit	⇦⇨
Going concern	⇦⇨
Recoverability of intangible assets	⇦⇨
Revenue	⇦⇨

2 Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters (unchanged from 2018), in arriving at our audit opinion above. 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.

The impact of uncertainties due to the UK exiting the European Union on our audit
Refer to page 5 (Chief Executive Officer's report)

The risk – Unprecedented levels of uncertainty

All audits assess and challenge the reasonableness of estimates, in particular as described in the recoverability of intangible assets below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.

Our response

We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:

- **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks.
- **Sensitivity analysis:** When addressing the recoverability of intangible assets, going concern and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.
- **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on intangible assets and going concern we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.

However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern
Refer to page 37 (Audit Committee report) and note 1.3 on page 59 (accounting policy)

The risk – Disclosure quality

The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and the parent Company.

That judgement is based on an evaluation of the inherent risks to the Group's and the parent Company's business model and how those risks might affect the Group's and the parent Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.

The risks most likely to adversely affect the Group and the parent Company's available financial resources over this period are the impact of Brexit on the Group's and parent Company's supply chain and any unforeseen reductions in revenue or increases in cost resulting from the 2019 coronavirus disease (COVID-19) pandemic.

There are also less predictable but realistic second order impacts, such as the impact of Brexit on the industry specific regulations underlying the Group and the parent Company's and its suppliers operations, or the wider economic impacts of the COVID-19 pandemic which could result in a rapid reduction of available financial resources.

The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.

Clear and full disclosure of the assessment undertaken by the directors and the rationale for the use of the going concern assumption, represents a key financial statement disclosure requirement.

There is a risk that insufficient details are disclosed to allow a full understanding of the assessment undertaken by the directors.

Our response

Our procedures included:

- **Historical comparisons:** We compared previously forecast cash flows against actual cash flows to assess the historical accuracy of forecasting;
- **Sensitivity analysis:** We considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts, taking account of reasonably possible (but not unrealistic) adverse effects that could arise if the Group's forecast future sales do not materialise;
- **Evaluating directors' intent:** We evaluated the achievability of the actions the directors consider they would take to improve the position should the identified risks to the Group materialise; and
- **Assessing transparency:** We assessed the completeness and accuracy of the matters covered in the going concern disclosure by comparing it to our knowledge and understanding of the business and the industry in which it operates.

Recoverability of intangible assets

(Group £5,581,005, 2018: £5,016,508 and parent Company £5,448,262, 2018: £5,016,508)
Refer to notes 1.5 and 1.6 on page 62 (accounting policy) and note 12 on pages 80 to 82 (financial disclosures)

The risk – Forecast-based valuation

All intangible assets, including development costs, are reviewed annually for indicators of impairment.
The assessment of impairment indicators includes forecasting and discounting future cash flows (based on assumptions such as discount rates and rates of growth in revenue), which are inherently highly judgemental. In particular, due to uncertainty over the size of the potential market for the Group's products, there is a risk that the recoverable amount forecast for the intangible assets may not be supported by potential future sales. The effect of these matters is that, as part of our risk assessment, we determined that recoverable amounts estimated the for the Group's intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 12) disclose the sensitivity estimated by the Group.

Our response

Our procedures included:

- **Our sector experience:** we challenged the Group's and the parent Company's selection of discount rates and rates of growth by using our own judgement and experience to determine an appropriate range and comparing the actual rate used to that range;
- **Assessing forecasts:** we assessed whether the cash flow forecasts are consistent with current business strategies in place;
- **Comparing valuations:** we compared the market capitalisation of the Group to the carrying value of the net assets to assess whether this provides an indicator of possible impairment of the intangible assets;
- **Historical comparisons:** we compared the previously forecast cash flows to actuals to assess the historical accuracy of forecasting;
- **Sensitivity analysis:** we performed breakeven analysis to assess the sensitivity of the impairment reviews to changes in the key assumptions noted above; and
- **Assessing transparency:** we assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount forecast for intangible assets.

Revenue

Group (£2,048,075, 2017: £2,774,272)
Refer to page 3 (Chief Executive Officer's Report), note 1.4 on pages 60 and 61 (accounting policy) and note 4 on pages 74 and 75 (financial disclosures)

The risk – Revenue recognition

The Group's and the parent Company's agreements with its customers are often bespoke and vary from customer to customer in terms of ongoing performance obligations, timing, quantities and payment profiles. The directors are required to make judgements about the nature of these agreements to determine the appropriate timing of revenue recognition. The current focus of the Group and the Company is on sales growth, and the directors are incentivised on performance through a share option scheme. This and the lack of segregation of duty gives rise to the risk that revenue recognised in the year may be recognised in an inappropriate financial year. In light of this, revenue is susceptible to financial reporting being manipulated.

Our response

Our procedures included:

Test of details:

- for a sample of revenue transactions recognised in the current financial year, we agreed the amounts to bank statements (when already received) and (where relevant) to the underlying sale agreements to determine whether revenue arose and was recognised in the appropriate period;
- for a sample of product sales invoices raised either side of the balance sheet date, we inspected the documentation supporting the dispatch of goods to determine whether revenue was recognised in the appropriate financial year; and
- we obtained 100% of the journals posted in respect of revenue and analysed these to identify and investigate any entries which appeared unusual based upon the specific characteristics of the journal, considering in particular whether the non-revenue side of the journal entry was as expected, based on our business understanding.

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

Materiality for the Group financial statements as a whole was set at £62,500 (2018: £73,000), determined with reference to a benchmark of total assets of £8,864,769 (2018: £9,220,169), of which it represents 0.71% (2018: 0.8%). We consider a benchmark of total assets to be appropriate as the Group is in the early stages of development.

Materiality for the parent Company financial statements as a whole was set at £62,000 (2018: £73,000), determined with reference to a benchmark of total parent Company assets of £8,732,026 (2018: £9,220,169), of which it represents 0.71% (2018: 0.8%). We consider a benchmark of total assets to be appropriate as the parent Company is in the early stages of development.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3,000 (2018: £3,650), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We subject all of the Group's three (2018: one) components to full scope audits for group purposes. The Group audit team performed work on all the components.

4 We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the parent Company or the Group or to cease their operations, and as they have concluded that the parent Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the parent Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 41, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis

of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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.

A Campbell

Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 6 May 2020

Eden Research plc

Consolidated statement of comprehensive income

For the year ended 31 December 2019

	Notes	2019 £	2018 £
Revenue	4	2,048,075	2,774,272
Cost of sales		(1,164,214)	(1,237,151)
Gross profit		883,861	1,537,121
Amortisation of intangible assets		(496,732)	(429,871)
Other administrative expenses		(1,535,450)	(1,518,914)
Share based payments		(209,295)	(85,372)
Operating loss	5	(1,357,616)	(497,036)
Investment revenues	8	807	1,684
Finance costs	9	(81,563)	(23,581)
Share of profit/(loss) of equity accounted Investee, net of tax	13	(41,001)	(14,137)
Loss before taxation		(1,479,373)	(533,070)
Income tax (expense)/income	10	347,036	198,119
Loss and total comprehensive income for the year		(1,132,337)	(334,951)
Attributable to:-			
Equity holder of the company		(1,144,703)	(334,951)
Non-controlling interest		12,366	-
Loss and total comprehensive income for the year		(1,132,337)	(334,951)
Earnings per share	11		
Basic		(0.54)	(0.16)
Diluted		(0.54)	(0.16)

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

Eden Research plc

Consolidated statement of financial position

As at 31 December 2019

	Notes	2019 £	2018 £
Non-current assets			
Intangible assets	12	5,581,005	5,016,508
Investments	13	749,738	790,739
Property, plant & equipment	26	61,750	-
		6,392,493	5,807,247
Current assets			
Inventories	15	68,423	14,656
Trade and other receivables	16	1,901,869	919,526
Cash and cash equivalents		501,984	2,478,740
		2,472,276	3,412,922
Total assets		8,864,769	9,220,169
Current liabilities			
Trade and other payables	17	1,371,400	875,404
Net current assets		1,100,876	2,537,518
Non-current liabilities			
Trade and other payables	17	145,695	67,462
Total liabilities		1,517,095	942,866
Net assets		7,347,674	8,277,303
Equity			
Called up share capital	20	2,071,893	2,071,893
Share premium account	21	31,289,915	31,289,915
Warrant reserve	22	335,739	653,446
Merger reserve	23	10,209,673	10,209,673
Retained earnings		(36,571,912)	(35,947,624)
Non-controlling interest	24	12,366	-
Total equity		7,347,674	8,277,303

The financial statements were approved by the board of directors and authorised for issue on 6 May 2020 and are signed on its behalf by:

....

S Smith - Director

Company Registration No. 03071324

Eden Research plc

Company statement of financial position

As at 31 December 2019

	Notes	2019 £	2018 £
Non-current assets			
Intangible assets	12	5,448,262	5,016,508
Investments	13	749,738	790,739
Property, plant and equipment	26	61,750	-
		6,259,750	5,807,247
Current assets			
Inventories	15	68,423	14,656
Trade and other receivables	16	1,901,869	919,526
Cash and cash equivalents		501,984	2,478,740
		2,472,276	3,412,922
Total assets		8,732,026	9,220,169
Current liabilities			
Trade and other payables	17	1,263,388	875,404
Net current assets		1,208,888	2,537,518
Non-current liabilities			
Trade and other payables	17	145,695	67,462
Total liabilities		1,409,083	942,866
Net assets		7,322,943	8,277,303
Equity			
Called up share capital	20	2,071,893	2,071,893
Share premium account	21	31,289,915	31,289,915
Warrant reserves	22	335,739	653,446
Merger reserve	23	10,209,673	10,209,673
Retained earnings		(36,584,277)	(35,947,624)
Total equity		7,322,943	8,277,303

Eden Research plc

Company statement of financial position

As at 31 December 2019

The company has taken advantage of the exemption contained in S408 of the Companies Act 2006 and has not presented a separate income statement for the company. The company recorded a loss of £1,157,068 (2018: £334,951) for the year ended 31 December 2019.

The financial statements were approved by the board of directors and authorised for issue on 6 May 2020 and are signed on its behalf by:

....

S Smith - Director

Company Registration No. 03071324

Eden Research plc

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Notes	Share capital £	Share premium account £	Merger reserve £	Warrant reserve £	Retained earnings £	Non-controlling interest £	Total £
Balance at 1 January 2018		2,070,643	31,278,196	10,209,673	592,495	(35,637,092)	-	8,513,915
Year ended 31 December 2018:								
Loss for the year		-	-	-	-	(334,951)	-	(334,951)
Other comprehensive income:								
Total comprehensive income for the year		-	-	-	-	(334,951)	-	(334,951)
Issue of share capital	20	1,250	11,719	-	-	-		12,969
Options granted		-	-	-	85,370	-	-	85,370
Options exercised/lapsed		-	-	-	(24,419)	24,419	-	-
Balances at 31 December 2018		2,071,893	31,289,915	10,209,673	653,446	(35,947,624)	-	8,277,303
Year ended 31 December 2019:								
Adjustment on initial application of IFRS 16 (net of tax)		-	-	-	-	(6,587)	-	(6,587)
Adjusted balances at 31 December 2018		2,071,893	31,289,915	10,209,673	653,446	(35,954,211)	-	8,270,716
Loss for the year		-	-	-	-	(1,144,703)	12,366	(1,132,337)
Other comprehensive income:								
Total comprehensive income for the year		-	-	-	-	(1,144,703)	12,366	(1,132,337)
Options granted		-	-	-	209,295	-	-	209,295
Options lapsed		-	-	-	(527,002)	527,002	-	-
Balances at 31 December 2019		2,071,893	31,289,915	10,209,673	335,739	(36,571,912)	12,366	7,347,674

Eden Research plc

Company statement of changes in equity

For the year ended 31 December 2019

	Notes	Share capital	Share premium account	Merger reserve	Warrant reserve	Retained earnings	Total
		£	£	£	£	£	£
Balance at 1 January 2018		2,070,643	31,278,196	10,209,673	592,495	(35,637,092)	8,513,915
Year ended 31 December 2018:							
Loss and total comprehensive income for the year		-	-	-	-	(334,951)	(334,951)
Issue of share capital	**20**	1,250	11,719	-	-	-	12,969
Options granted		-	-	-	85,370	-	85,370
Options exercised/lapsed		-	-	-	(24,419)	24,419	-
Balances at 31 December 2018		2,071,893	31,289,915	10,209,673	653,446	(35,947,624)	8,277,303
Year ended 31 December 2019:							
Adjustment on initial application of IFRS 16 (net of tax)		-	-	-	-	(6,587)	(6,587)
Adjusted balances at 31 December 2018		2,071,893	31,289,915	10,209,673	653,446	(35,954,211)	(8,270,716)
Loss and total comprehensive income for the year		-	-	-	-	(1,157,068)	(1,157,068)
Options granted					209,295	-	209,295
Options lapsed	**22**	-	-	-	(527,002)	527,002	-
Balances at 31 December 2019		2,071,893	31,289,915	10,209,673	335,739	(36,584,277)	7,322,943

Eden Research plc

Consolidated statement of cashflows

For the year ended 31 December 2019

	Notes	£	2019 £	£	2018 £
Cash flows from operating activities					
Cash (used by)/from operations	29		(1,233,954)		(797,608)
Finance costs paid			(1,344)		(551)
Payment of interest element of lease liabilities			(7,053)		-
Foreign exchange losses			(44,475)		(23,030)
Tax refunded			272,720		119,511
Net cash outflow from operating activities			(1,014,106)		(701,678)
Investing activities					
Capitalisation of development expenditure and intellectual property costs		(835,896)		(429,736)	
Capitalisation of patents		(77,954)		(82,882)	
Interest received		807		1,684	
Net cash used in investing activities			(913,043)		(510,934)
Financing activities					
Proceeds from issue of shares		-		12,969	
Payment of principal element of lease liabilities		(20,916)		-	
Net cash (used in)/generated from financing activities			(20,916)		12,969
Net decrease in cash and cash equivalents			(1,948,065)		(1,199,643)
Cash and cash equivalents at beginning of year			2,478,740		3,678,383
Effect of exchange rate fluctuations on cash held			(28,691)		-
Cash and cash equivalents at end of year			501,984		2,478,740

Eden Research plc

Company statement of cashflows

For the year ended 31 December 2019

	Notes	£	2019 £	£	2018 £
Cash flows from operating activities					
Cash (used by)/from operations	**29**		(1,233,954)		(797,608)
Finance costs paid			(1,344)		(551)
Payment of interest element of lease liabilities			(7,053)		-
Foreign exchange losses			(44,475)		(23,030)
Tax refunded			272,720		119,511
Net cash outflow from operating activities			(1,014,106)		(701,678)
Investing activities					
Capitalisation of development expenditure and intellectual property costs		(835,896)		(429,736)	
Capitalisation of patents		(77,954)		(82,882)	
Interest received		807		1,684	
Net cash used in investing activities			(913,043)		(510,934)
Financing activities					
Proceeds from issue of shares		-		12,969	
Payment of principal element of lease liabilities		(20,916)		-	
Net cash (used in)/generated from financing activities			(20,916)		12,969
Net decrease in cash and cash equivalents			(1,948,065)		(1,199,643)
Cash and cash equivalents at beginning of year			2,478,740		3,678,383
Effect of exchange rate fluctuations on cash held			(28,691)		-
Cash and cash equivalents at end of year			501,984		2,478,740

1 Accounting policies

Company information

Eden Research plc is a public company limited by shares registered, incorporated and domiciled in England and Wales. The registered office is 6 Priory Court, Priory Court Business Park, Poulton, Cirencester, Gloucestershire, GL7 5JB.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

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') during 2015; TerpeneTech is an associated undertaking.

Application of the equity method to associates

The investment in TerpeneTech 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, from the date that significant influence commenced.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings up to 31 December 2019. The profits and losses of the company and its subsidiaries are consolidated from the date from which control is achieved. All members of the group have the same reporting period.

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

1 Accounting policies (continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis.

The Group has reported a loss for the year after taxation of £1,132,337 (2018: £334,951). Net current assets at that date amounted to £1,100,876 (2018: £2,537,518).

The Directors have prepared budgets and projected cash flow forecasts, based in part on forecasts provided by Eden's commercial partners, for a period of two years from 31 December 2019 and they consider that the Company will be able to operate with the cash resources that are available to it for this period. The ability of the Company to continue as a going concern is ultimately dependent upon the amounts and timing of cash flows from the exploitation of the 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 Company's portfolio is reached.

The forecasts adopted include only revenue derived from existing contracts and, while there is a risk these payments might be delayed if milestones are not reached, there is potential upside from on-going discussions and negotiations with other parties not yet contracted, as well as other 'blue sky' opportunities.

In addition, the Company has relatively low fixed running costs and has a demonstrable ability to delay certain other costs, such as Research and Development expenditure, in the event of unforeseen cash constraints.

The Directors have also considered a scenario whereby the Company receives no revenue from the date of this Report. On this basis, the Directors believe that the Company has sufficient cash to cover a period of at least 12 months from the date of this Report.

The Directors are closely monitoring performance against cash flow projections that have been prepared for the period to 31 December 2020 and beyond, and reasonably believe that the Company will deliver cash flows at least in line with these.

In March 2020, the Company concluded a successful fund-raise raising a total of approximately £10.4 million (before expenses) through the Placing, Subscription and Open Offer through the issue and allotment of 173,150,892 new Ordinary Shares.

The impact of COVID-19 has been reviewed as part of the going concern assessment and on the basis that the Company is well funded and our industry has a pivotal role to play in supporting agriculture, which is a basic requirement, the Board is satisfied that there is not a significant impact on going concern.

Taking all these factors into consideration, the Directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a failure by the Company to meet these forecasts.

1 Accounting policies (continued)

1.4 Revenue

Revenue is recognised only when it is probable. that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably estimated.

Revenue represents amounts receivable by the Company in respect of services rendered during the year in accordance with the underlying contract of licence, stated net of value added tax.

Sales-based royalty income arising from licences of the Company'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 Eden's licensees. It is recognised when the subsequent sales occur.

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 Company under the agreement, the payment is recognised in full in the period is which it is made. Where there is an ongoing obligation on the Company, 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.

Each sale of a licence by the Company is assessed to determine whether the licence is distinct from the sale of other goods and services, and whether the licence granted provides use of the Company's intellectual property as it exists at that point in time, with no ongoing obligation on the Company, or alternatively provides access to the intellectual property as it develops over time. Where the Company has discharged all of its ongoing obligations associated with the licence granted, revenue is recognised on receipt of the licence fee payment. Where there is an ongoing obligation on the Company, revenue is recognised in the periods to which the obligations pertain. In addition, the Company considers whether a licence is a "right to use" or a "right to access" the underlying intellectual property, the former being where the licensee for the most part acts as if it is the owner of the intellectual property of the rights granted.

Product sales are recorded once product is made available to the partner to collect, or, if the Company is responsible for the shipping, the product has been shipped to the customer, at which point the ownership and related rights are responsibilities pass to the customer.

The following is a description of the principal activities from which the Company generates its revenue.

Licensing fees

The Company receives licensing fees from partners who have taken a licence to use Eden's intellectual property, usually defined by field of use and territory.

When a licence agreement is signed with a partner, the rights conferred are immediately passed on from Eden and an invoice is raised, which is generally payable immediately.

Milestone payments

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

1 Accounting policies (continued)

1.4 Revenue (continued)

When such an agreement is signed with a partner, the rights conferred are immediately passed on from Eden and an invoice is raised, which is generally payable immediately.

Also, in some cases, there are certain commercial or other milestones which are to be met by a commercial partner which, once met, give rise to a responsibility by that partner to pay a fee to Eden, which is generally payable immediately.

R&D charges
The Company 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 some specific milestone is met, then Eden will raise an invoice which is usually payable between 30 and 120 days.

Royalties
The Company receives royalties from partners who have entered into a licence arrangement with Eden to use its intellectual property and who have sold products, which then gives rise to an obligation to pay Eden 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.

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

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

At that point, Eden 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 Company is responsible for the shipping, the product has been shipped, the partner is liable for the product and obliged to pay Eden. Normal terms for product sales are 90 to 120 days. Returns are not accepted and refunds are only made when product supplied is notified as defective within 60 days.

1 Accounting policies (continued)

1.5 Intangible assets other than goodwill

Intellectual property, including development costs, is capitalised and amortised on a straight-line basis over its remaining estimated useful economic life of 11 years in line with the remaining life of the Company'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 Eden is selling Mevalone. The useful economic life of intangible assets is reviewed on an annual basis.

1.6 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 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 as 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.

1.7 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.

1.8 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without 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; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

1 Accounting policies (continued)

1.8 Financial instruments (continued)

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 specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Cash and cash equivalents

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

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets 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.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

1 Accounting policies (continued)

1.8 Financial instruments (continued)

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

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

(a) they include no contractual obligations upon the Company 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 company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company'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 Company'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.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(iii) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

1 Accounting policies (continued)

1.8 Financial instruments (continued)

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. Trade receivables and contract assets with significant financing component are measured using the general model described above.

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.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

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.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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.

1 Accounting policies (continued)

1.8 Financial instruments (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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.

1.9 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 company'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 Company.

1 Accounting policies (continued)

1.9 Taxation (continued)

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 Company 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 company 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 Company intends to settle its current tax assets and liabilities on a net basis.

1.10 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.

A termination benefit liability is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1 Accounting policies (continued)

1.11 Share-based payments

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

Unapproved share option scheme

The Company has operated an unapproved share option scheme for executive Directors, senior management and certain employees. This scheme was used for any options awarded prior to 28 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 are made annually and are subject to continued service and challenging performance conditions usually over a three year period. The performance conditions are reviewed on an annual basis to ensure they remain appropriate and are currently based on increasing shareholder value. Awards are generally structured as nil cost options with a seven year lift after vesting.

Other than in exceptional circumstances, an award to an Executive would be up to 100% of salary in any one year and would be granted subject to achieving challenging performance conditions set at the date of the grant. A percentage of the award will vest for 'Threshold' performance with full vesting taking place for equalling or exceeding the performance 'Target'. In between the Threshold and Target there may be pro rata vesting. The Remuneration Committee retains the ability to amend the performance conditions for future grants to ensure that such grants achieve the stated purpose.

The LTIP was adopted by the Board of Directors of Eden 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 Profit or Loss and Other 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.

1 Accounting policies (continued)

1.12 Leases (policy applicable from 1 January 2019)

At inception, the company 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 company 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. Right-of-use assets are depreciated over the term of the lease.

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 company's incremental borrowing rate.

The company 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.

1.13 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 Company'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 Accounting policies (continued)

1.14 Research and development

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

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

- the project is technically and commercially feasible;
- an asset is created that can be identified;
- the Company 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. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

1.15 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company 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.

1.16 Financial risk management

The Company'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.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 16 Leases	Establishes principles for the recognition, measurement, presentation and disclosure of leases for leasees.
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	Clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax requirements.
Amendments to IFRS 9 - Prepayment features with Negative Compensation	Clarifies that prepayment features which give rise to negative compensation do not necessarily prevent a financial asset from being measured at amortised cost.
Amendments to IAS 28 - Long-term Interest in Associates and Joint Ventures	Clarifies how IAS 28 interacts with IFRS 9 when the investor applies equity accounting.
Annual Improvements to IFRS Standards 2015-201 Cycle	Minor amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.
Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement	Clarifies that updated actuarial assumptions must be used for the remainder of the reporting period after a plan amendment, curtailment or settlement.

With the exception of IFRS 16, adoption of the above standards has not impacted either the reported position or performance of the group or company.

The group adopted IFRS 16 *Leases* in accordance with the modified retrospective approach. This does not restate prior year figures, instead recognising the impact of transition in equity. The accounting policy adopted is outlined in note 1 of the financial statements.

2 Adoption of new and revised standards and changes in accounting policies (continued)

The opening balance of lease liabilities as at 1 January 2019 can be reconciled to the lease obligations note as at 31 December 2018 as follows:

	£
Operating lease obligation at 31 December 2018	106,642
Effect of discounting	(16,228)
Lease liabilities at 1 January 2019	90,414

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU). These new standards are not anticipated to have a material impact on the financial statements.

IFRS 3 Amendments to definition of a business

IAS 1 and IAS 8 Amendments to definition of material

Conceptual Framework (Revised) and amendments to related references in IFRS Standards

All of the above are effective from periods commencing 1 January 2020. None are expected to have a material effect on the financial position or performance of the group.

3 Critical accounting judgements and key sources of estimation uncertainty

The Company makes 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:

Capitalisation of development costs
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 Company to continue as a going concern.
- The assumptions surrounding the perceived market sizes for the products and the achievable market share for the 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.
- The level of upfront, milestone and royalty receipts, which also serves as a guide to the net present value of the assets and whether any impairment is required.

Impairment of intangible assets
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 Company has made in registering its products and other key commercial factors to determine whether any indicators of impairment exist. Based upon the review management have carried out they are satisfied that no such factors exist.

Further details on impairment review can be found in note 12 and 13 to the accounts.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Going concern

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

The ability of the Company to continue as a going concern is ultimately dependent upon the amount and timing of cash flows arising from the exploitation of the 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 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.

Subsidiary and associate

A judgement has been made that Eden exerts significant influence on TerpeneTech (UK) such that it is an associate company and, as such, adoption of equity accounting is appropriate. A judgement has also been made that Eden controls TerpeneTech (Ireland) and that it is, therefore, appropriate for it to be consolidated as a subsidiary. For further information, see notes 13 and 14.

COVID-19

The Company has made accounting judgements and estimates based on there being minimal impact of COVID-19 on the business in the long term. Clearly, this is still a degree of uncertainty as to exactly how and if the business could be impacted and the Directors will continue to monitor the situation closely.

4 Revenue

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 result of the segment after excluding the share-based payment charges, other operating income and the amortisation of intangibles. These items, together with interest income and expense are not allocated to a specific segment.

The segment information for the year ended 31 December 2019 is as follows:

4 Revenue (continued)

	Milestone Payments	R&D Charges	Royalties	Product Sales	Total
	£	£	£	£	£
Human health and biocides	-	6,089	-	247,304	253,393
Animal health	-	-	-	-	-
Agrochemicals	348,260	-	17,241	1,429,181	1,794,682
Total	**348,260**	**6,089**	**17,241**	**1,676,485**	**2,048,075**

The segment information for the year ended 31 December 2018 is as follows:

	Milestone Payments	R&D Charges	Royalties	Product Sales	Total
	£	£	£	£	£
Human health and biocides	-	-	48,113	-	48,113
Animal health	-	-	-	-	-
Agrochemicals	956,123	112,540	36,193	1,621,303	2,726,159
Total	**956,123**	**112,540**	**84,306**	**1,621,303**	**2,774,272**

	2019	2018
	£	£
Revenue analysed by geographical market		
UK	6,089	160,653
Europe	2,041,986	2,613,619
	2,048,075	2,774,272

5 Operating loss

	2019	2018
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	28,976	27,000
Fees payable to the company's auditor for the audit of the subsidiary's financial statements	-	-
Licences and trademarks amortisation	25,896	7,099
Development costs amortisation	231,077	183,018
Intellectual property amortisation	239,759	239,754
Depreciation of right-of-use assets	22,077	-
Equity based share-based payment charge	209,295	85,370

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Management	7	5

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	969,487	631,183
Social security costs	68,994	89,595
Pension costs	27,151	15,618
	1,065,632	736,396

7 Directors' remuneration

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 34 of the Remuneration Report.

On 7 May 2018, A Abrey exercised an option over 125,000 shares at 10.375p. The share price at the time of exercise was 15.75p, providing a gain of 5.375p per share, or £6,719 in total.

	2019 £	2018 £
Directors' remuneration	485,215	532,784
Company pension contributions to defined contribution schemes	26,355	13,600
Non-executive Directors' fees	75,000	75,000
Share based payment charge relating to all Directors	110,743	85,372
	697,313	706,756

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	287,376	305,334

2019	Salary	Bonus	Fees	Pension	Share Based Payments	Total
	£	£	£	£	£	£
A Abrey	165,000	47,644	-	11,550	48,751	**272,945**
S Smith	211,500	61,071	-	14,805	61,992	**349,368**
R Cridland	-	-	35,000	-	-	**35,000**
L van Der Broek	-	-	40,000	-	-	**40,000**
	376,500	**108,715**	**75,000**	**26,355**	**110,743**	**697,313**

2018	Salary	Bonus	Fees	Pension	Share Based Payments	Total
	£	£	£	£	£	£
A Abrey	150,000	85,050	-	6,000	37,620	**278,670**
S Smith	190,000	107,734	-	7,600	47,752	**353,086**
R Cridland	-	-	35,000	-	-	**35,000**
L van Der Broek	-	-	40,000	-	-	**40,000**
	340,000	**192,784**	**75,000**	**13,600**	**85,372**	**706,756**

8 Investment income

	2019	2018
	£	£
Interest income		
Bank deposits	807	1,684

Total interest income for financial assets that are not held at fair value through profit or loss is £807 (2018 - £1,684).

9 Finance costs

	2019	2018
	£	£
Interest on bank overdrafts and loans	1,344	551
Exchange differences on financing transactions	44,475	23,030
Effect of exchange rate fluctuations on cash	28,691	-
Interest on lease liabilities	7,053	-
	81,563	23,581

10 Income tax expense

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	(268,777)	(156,865)
Adjustments in respect of prior periods	(78,259)	(41,254)
Total UK current tax	(347,036)	(198,119)

10 Income tax expense (continued)

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

	2019 £	2018 £
Loss before taxation	(1,479,373)	(533,070)
Expected tax credit based on a corporation tax rate of 19.00%	(281,081)	(101,283)
Effect of expenses not deductible in determining taxable profit	55,868	19,836
Unutilised tax losses carried forward	83,414	48,682
Adjustment in respect of prior years	(78,259)	(41,254)
Adjustments in respect of financial assets	83,217	71,071
Research and development tax credit	(199,065)	(116,179)
Deferred tax not recognised	(11,130)	(78,992)
Taxation credit for the year	(347,036)	(198,119)
Tax charged in the financial statements	(347,036)	(198,119)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

This will increase the company's future current tax charge accordingly.

The tax credit represents the research and development tax credit for the year ended 31 December 2019.

Tax losses carried forward, for which no deferred tax asset has been recognised, amount to approximately £23,088,756 (2018: £22,291,281).

The unprovided deferred tax asset arises principally in respect of trading losses, together with other minor temporary differences at 17% (2018:17%) and has not been recognised due to the uncertainty of timing of future profits against which it may be realised.

11 Earnings per share

	2019	2018
	£	£
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	208,244,677	208,244,677
Effect of dilutive securities	-	-
Weighted average number of ordinary shares for diluted earnings per share	208,244,677	208,244,677
Earnings		
Loss for the period	(1,132,337)	(334,951)
Earnings for basic and diluted earnings per share being net profit attributable to equity shareholders of the company	(1,132,337)	(334,951)
Earnings per share		
Basic earnings per share	(0.54)	(0.16)
Diluted earnings per share	(0.54)	(0.16)

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

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

12 Intangible assets

Consolidated

	Licences and trademarks	Development costs	Intellectual property	Total
	£	£	£	£
Cost				
At 1 January 2018	447,351	3,779,353	8,887,745	13,114,449
Additions	-	429,736	82,882	512,618
At 31 December 2018	447,351	4,209,089	8,970,627	13,627,067
Additions - purchased	-	850,532	210,697	1,061,229
At 31 December 2019	447,351	5,059,621	9,181,324	14,688,296
Amortisation and impairment				
At 1 January 2018	404,756	1,765,236	6,010,696	8,180,688
Charge for the year	7,099	183,018	239,754	429,871
At 31 December 2018	411,855	1,948,254	6,250,450	8,610,559
Charge for the year	25,896	231,077	239,759	496,732
At 31 December 2019	437,751	2,179,331	6,490,209	9,107,291
Carrying amount				
At 31 December 2019	9,600	2,880,290	2,691,115	5,581,005
At 31 December 2018	35,496	2,260,835	2,720,177	5,016,508

12 Intangible assets (continued)

Company

	Licences and trademarks	Development costs	Intellectual property	Total
	£	£	£	£
Cost				
At 1 January 2018	447,351	3,779,353	8,887,745	13,114,449
Additions	-	429,736	82,882	512,618
At 31 December 2018	447,351	4,209,089	8,970,627	13,627,067
Additions - purchased	-	850,532	77,954	928,486
At 31 December 2019	447,351	5,059,621	9,048,581	14,555,553
Amortisation and impairment				
At 1 January 2018	404,756	1,765,236	6,010,696	8,180,688
Charge for the year	7,099	183,018	239,754	429,871
At 31 December 2018	411,855	1,948,254	6,250,450	8,610,559
Charge for the year	25,896	231,077	239,759	496,732
At 31 December 2019	437,751	2,179,331	6,490,209	9,107,291
Carrying amount				
At 31 December 2019	9,600	2,880,290	2,558,372	5,448,262
At 31 December 2018	35,496	2,260,835	2,720,177	5,016,508

The amortisation charge is included within administration expenses. Intellectual property represents intellectual property in relation to use of encapsulated terpenes in agrochemicals. The remaining useful economic life of that asset is 11 years.

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 Company has made in registering its products and other key commercial factors to determine whether any indicators of impairment exist. No adjustment has been made in respect of the potential impact of COVID-19 as the current expectation is that the impact to the business will not be significant in the long term.

12 Intangible assets (continued)

The Directors have used discounted cash-flow forecasts, based on product sales forecasts including those provided by the Company's commercial partners, and have taken into account the market potential for Eden's products and technologies using third party market data that Eden has acquired licences to.

The discount rate had the forecast cash-flows are two key assumptions used. 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 10% (2018: 10%)

The forecast cash-flows are derived from discussions with the Company's commercial partners, as described below.

Based on the review management has carried out, it is satisfied that the Intangible Assets are not impaired in respect of their carrying value.

As set out in the Strategic Report the business is in a critical phase of its development as the research and development of products is transitioned to revenue generation. The value of the intangible assets is supported by management's forecasts of continued revenue growth of existing products and the successful growth of future product sales. Management has used cash-flow forecasts for the next six years, which coincides with the expiration of the Group's core patents, not taking into account additional patent protection which is afforded through supplementary protection certificates. Management's forecasts include growth rates ranging from 101% in year one to 21% in year six, with an average annual growth rate of 64%. This is considered to be reasonable based on information from and discussion with strategic partners and the stage in growth that the Company is at, with a number of new products being introduced over the coming years, as well as significant new geographical markets being entered into or the first time.

However, there is a risk that if those forecasts are not achieved then the associated intangible assets could be impaired. Average annual growth in revenue would need to fall below 15% for this to be the case. In the event that there was no further growth over and above the revenue achieved in the year to December 2019, there would be an impairment of intangible assets of approximately £1.5m.

All revenues have been projected to come from the cash generating units identified in the segmental reporting and Chairman's Report, namely the key product lines of the Company.

13 Investments in associates

	Current 2019 £	Current 2018 £	Non-current 2019 £	Non-current 2018 £
Investments in associates	-	-	749,738	790,739

Details of the company's associates at 31 December 2019 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
TerpeneTech Limited	United Kingdom	29.90	29.90	Research and experimental development on biotechnology

	2019 £	2018 £
Non-current assets	565,306	627,232
Current assets	209,880	222,572
Non-current liabilities	(98,806)	(100,397)
Current liabilities	(195,415)	(182,953)
Net assets (100%)	**480,965**	**566,454**
Company's share of net assets	167,136	193,569
Separable intangible assets	169,953	184,521
Goodwill	412,649	412,649
Carrying value of interest in associate	**749,738**	**790,739**
Revenue	130,521	308,864
100% of (loss)/profit after tax	(88,404)	1,441
29.9% of (loss)/profit after tax	(26,433)	431
Amortisation of separable intangible	(14,568)	(14,568)
Company's share of profit/(loss) including amortisation of separable intangible asset	**(41,001)**	**(14,137)**

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

13 Investments in associates (continued)

TerpeneTech's 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.

An impairment review of the investment in TerpeneTech was 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 TerpeneTech has made in registering its products and other key commercial factors to determine whether any indicators of impairment exist.

The Directors have used discounted cash-flow forecasts, based on product sales forecasts provided by TerpeneTech, and have taken into account the market potential for those products.

The discount rate and the expected growth rate are two key assumptions used. 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 20% (2018: 20%). The growth rates are derived from discussions with the Company's commercial partner, TerpeneTech, as described above.

Based on the review management has carried out, it is satisfied that the Investment is not impaired in respect of its carrying value.

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

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
TerpeneTech Limited	Republic of Ireland	50.00	50.00	Sale of biocide products

14 Subsidiaries (continued)

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

The company has effective control over the entity through the significant influence it exerts over the other shareholder, TerpeneTech Limited (UK).

Eden owns 500 ordinary shares in TerpeneTech Limited (Ireland).

Non-controlling interests

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

	2019 £	2018 £
NCI percentage	50%	
Non-current assets	132,743	-
Current assets	-	-
Non-current liabilities	-	-
Current liabilities	(108,012)	-
Net assets	24,731	-
Carrying amount of NCI	-	-
Revenue	247,304	-
Profit/(loss)	24,731	-
OCI	-	-
Total comprehensive income	24,731	-
Profit/(loss) allocated to NCI	24,731	-
OCI allocated to NCI	24,731	-
Cash flows from operating activities	-	-
Cash flows from investment activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	-
Dividends paid to non-controlling interests	-	-

15 Inventories

	Group and company 2019 £	2018 £
Finished goods	68,423	14,656

16 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade receivables	1,345,648	515,279	1,345,648	515,279
Other receivables	4,694	-	4,694	-
Corporation tax receivable	268,777	194,461	268,777	194,461
VAT recoverable	127,089	133,722	127,089	133,722
Prepayments	155,661	76,064	155,661	76,064
	1,901,869	919,526	1,901,869	919,526

Trade and other receivables disclosed above are classified as measured at amortised cost. The directors consider that the carrying amount of trade and other receivables approximate their fair value.

17 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current				
Trade payables	870,563	499,186	870,563	499,186
Accruals	283,380	313,427	283,380	313,427
Social security and other taxation	26,399	15,085	26,399	15,085
Lease liabilities (note 26)	22,812	-	22,812	-
Other payables	168,246	47,706	60,234	47,706
	1,371,400	875,404	1,263,388	875,404
Non-current				
Provisions (note 25)	99,008	67,462	99,008	67,462
Lease liabilities (note 26)	46,687	-	46,687	-
	145,695	67,462	145,695	67,462

Trade and other payables disclosed above are classified as measured at amortised cost. The directors consider that the carrying amount of trade and other payables approximate their fair value.

18 Retirement benefit schemes

Defined contribution schemes

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

The total costs charged to income in respect of defined contribution plans is £27,151 (2018 - £15,618).

19 Share-based payment transactions

Unapproved option scheme

Eden Research Plc operates an unapproved option scheme for executive directors, senior management and certain employees.

	Number of share options		Weighted average exercise price (pence)	
	2019	2018	2019	2018
Outstanding at 1 January 2019	3,400,000	5,025,000	11	11
Granted during the year	-	-	-	-
Exercised during the year	-	(125,000)	-	10
Lapsed during the year	(2,350,000)	(1,500,000)	13	8
Exercisable at 31 December 2019	1,050,000	3,400,000	13	11

The options outstanding at 31 December 2019 had an exercise price of 13p (2018: ranging from 10p and 16p) and their weighted average contractual life was 1.6 years (2018: 0.9 years). None of the options have vesting conditions.

The share-based payment charge in respect of the unapproved option scheme for the year was £nil (2018: £nil). The weighted average fair value of each option granted during 2019 was £nil (2018: £nil).

Long-Term Incentive Plan ("LTIP")

Eden Research Plc operates an unapproved option scheme for executive directors, senior management and certain employees under a LTIP which it adopted in 2017. On 28 June 2019, 5,891,111 shares under the LTIP scheme were awarded to the Chief Executive Officer and the Chief Financial Officer.

Details of the existing LTIP can be found on page 34. A new LTIP scheme is expected to be put in place in 2020 of which further details can also be found on page 35.

19 Share-based payment transactions (continued)

The share-based payment charge for the year ended 31 December 2017 and subsequent years is set out as follows:

Financial year ended 31 December	Share based payment charge £
2017	27,210
2018	85,370
2019	110,743
2020	94,176
2021	51,909
2022	16,959
	386,367

The following information is relevant in the determination of the fair value of options granted during the year under the unapproved options scheme under the LTIP operated by Eden Research Plc.

	2015 Award	2016 Award	2017 Award	2018 Award
Grant date	28/09/2017	28/09/2017	28/06/2019	28/06/2019
Number of awards	1,908,680	2,108,000	2,868,889	3,022,222
Share price	0.125	0.125	0.115	0.115
Exercise price	£nil	£nil	£nil	£nil
Expected dividend yield	-%	-%	-%	-%
Expected volatility	73.20%	73.20%	50.82%	50.82%
Risk free rate	0.80%	0.80%	0.614%	0.614%
Vesting period	2 years	3 years	2 years	3 years
Expected Life (from date of grant)	10 years	10 years	2 years	3 years

For those options and warrants which were not granted under the Company's LTIP, 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.

For those options which were granted under the Company's LTIP, Monte Carlo techniques were used to simulate future share price movements of the Company to assess the likelihood of the performance criteria being met and the fair value of the awards upon vesting. The modelling calculates many scenarios in order to estimate the overall fair value based on the average value where awards vest.

Warrants

	Number of warrants		Weighted average exercise price (pence)	
	2019	2018	2019	2018
Outstanding at 1 January 2019	2,400,000	3,350,000	20	14
Granted during the year	2,589,865	-	18	-
Exercised during the year	-	-	-	-
Lapsed during the year	(2,000,000)	(950,000)	11	16
	2,989,865	**2,400,000**	**19**	**20**

19 Share-based payment transactions (continued)

The exercise price of warrants outstanding at the end of the year ranged between 12p and 30p (2018: 11p and 30p) and their weighted average contractual life was 2.5 years (2018: 2.6 years.) None of the warrants have vesting conditions.

The share based payment charge for the year, in respect of warrants, was £98,553 (2018: £nil). The weighted average fair value of each warrant granted during the year was 18p (2018: £nil).

20 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
207,189,337 Ordinary shares of 1p each	2,071,893	2,071,893
	2,071,893	2,071,893

On 4 May 2018, the Company issued 125,000 ordinary shares at 10.375p each for a total consideration of £12,969.

The number of £0.01 ordinary shares issued in the year totalled nil (2018: 125,000).

In March 2020, the Company issued 173,150,892 ordinary shares at 6p each for a total consideration of £10,389,054.

21 Share premium account

	2019	2018
	£	£
At beginning and end of year	31,289,915	31,289,915

22 Warrant reserves

	£
Balance at 1 January 2018	653,446
Options lapsed	(527,002)
Options granted	209,295
Balance at 31 December 2019	335,739

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

23 Merger reserve

	2019 £	2018 £
At beginning and end of year	10,209,673	10,209,673

The merger reserve arose on the acquisition of a subsidiary undertaking in a prior year for which merger relief was permitted under the Companies Act 2006.

24 Non-controlling interest

	2019 £	2018 £
Non-controlling interest	12,366	-

The non-controlling interest arose from Eden Research Plc's 50% share in TerpeneTech Limited (UK).

25 Contingent liabilities

In September 2015, the Company entered into a Collaboration and licence agreement with Invention Development Management Company LLC (part of Intellectual Ventures, now called Xinova LLC). As part of this agreement, upon successful completion of a number of different tasks, Xinova will be entitled to a payment which is calculated using a percentage (3.17%) of the value of the Company at a future date. This has been accounted for as a cash-settled share-based payment under IFRS 2.

An amount of £67,462, being the estimated fair value of the liability due to Xinova, was recognised during 2016 and included as a non-current liability, as disclosed in note 18 to the accounts. It is not believed that the value of the services provided by Xinova can be reliably measured, and so this amount was calculated based on the Company's market capitalisation at 31 December 2016, adjusted to reflect the percentage of work completed by Xinova at that date (10% of the 3.17%) based on a pre-determined schedule of tasks.

No further charge was made during the year, or since 2016, in respect of services rendered by Xinova which would give rise to a further payment becoming due.

The fair value of the liability has been reviewed at the balance sheet date and given the change in the Company's market capitalisation, it is deemed that a further provision of £31,546 was required, bringing the overall liability to £99,008.

There is a possibility of further amounts being owed by the Company, the amounts of which are currently uncertain, and therefore this matter is disclosed as a contingent liability.

26 Property, plant & equipment

Group and company

	Land and buildings	Vehicles	Total
	£	£	£
Cost			
At 1 January and 31 December 2018	-	-	-
Recognition of right-of-use asset on initial application of IFRS 16	78,668	35,865	114,533
At 31 December 2019	78,668	35,865	114,533
Accumulated depreciation			
At 1 January and 31 December 2018	-	-	-
Recognition of right-of-use asset on initial application of IFRS 16	26,223	4,483	30,706
Charge for the year	13,111	8,966	22,077
At 31 December 2019	39,334	13,449	52,783

26 Property, plant & equipment (continued)

	Land and buildings	Vehicles	Total
	£	£	£
Net book value			
At 1 January and 31 December 2018	-	-	-
At 31 December 2019	39,334	22,416	61,750

At 31 December 2019, all property, plant & equipment was represented solely by right-of-use assets recognised in accordance with the requirements of IFRS 16.

Leases - amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for leases in which the Group is a lessee:

	2019	2018
	£	£
Interest on lease liabilities under IFRS 16	7,053	-
Operating lease expense under IAS 17	-	26,363
	7,053	26,363

The group holds two leases, for a property and a vehicle. Both leases have fixed lease repayments and remaining terms of 3 years and 2 years respectively.

The incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application of IFRS 16 was 8.71%.

27 Capital risk management

The company is not subject to any externally imposed capital requirements.

28 Related party transactions

Disclosures required in respect of IAS 24 regarding remuneration of key management personnel are covered by the disclosure of Directors' remuneration included within note 7.

Transactions with other related parties are set out below:

Group

During the year, Eden invoiced its associate, TerpeneTech (UK), £6,089 for R&D charges (2018: £112,540) and £nil for royalties due (2018: £48,113).

Also, during the year Eden received £12,731 from TerpeneTech (UK) (2018: paid £11,440).

At the year end, a net amount of £122,661 was due from TerpeneTech (UK) (2018: £135,392). This amount is included within Trade and Other Receivables.

During the year, TerpeneTech (UK) sold an intangible asset to TerpeneTech (Ireland) for £132,743.

Also, during the year, TerpeneTech (Ireland) invoiced TerpeneTech (UK) £247,304 (2018: £nil) for sales of geraniol and incurred costs of £222,574 from TerpeneTech (UK) (2018: £nil).

At the year end, a net amount of £108,012 (2018: £nil) was due from TerpeneTech (Ireland) to TerpeneTech (UK).

Company

During the year, Eden invoiced its associate, TerpeneTech (UK), £6,089 for R&D charges (2018: £112,540) and £nil for royalties due (2018: £48,113).

Also, during the year Eden received £12,731 from TerpeneTech (UK) (2018: paid £11,440).

At the year end, a net amount of £122,661 was due from TerpeneTech (UK) (2018: £135,392). This amount is included within Trade and Other Receivables.

29 Cash flows from operating activities

Group

	2019 £	2018 £
Loss for the year after tax	(1,132,337)	(334,951)
Adjustments for:		
Taxation credited	(347,036)	(198,119)
Finance costs	81,563	23,581
Investment income	(807)	(1,684)
Depreciation of right-of-use assets	22,078	-
Amortisation and impairment of intangible assets	496,732	429,871
Share of associate's losses	41,001	14,137
Equity settled share based payment expense	209,295	85,372
Movements in working capital:		
(Increase)/decrease in inventories	(53,767)	192,158
(Increase)/decrease in trade and other receivables	(908,027)	149,114
Increase/(decrease) in trade and other payables	357,351	(1,157,087)
Cash used by operations	(1,233,954)	(797,608)

29 Cash flows from operating activities (continued)

Company

	2019 £	2018 £
Loss for the year after tax	(1,157,068)	(334,951)
Adjustments for:		
Taxation credited	(347,036)	(198,119)
Finance costs	81,563	23,581
Investment income	(807)	(1,684)
Amortisation and impairment of intangible assets	496,732	429,871
Depreciation of right-of-use assets	22,078	-
Share of associates losses	41,001	14,137
Equity settled share based payment expense	209,295	85,372
Movements in working capital:		
(Increase)/decrease in inventories	(53,767)	192,158
(Increase)/decrease in trade and other receivables	(908,027)	149,114
Increase/(decrease) in trade and other payables	382,082	(1,157,087)
Cash used by operations	(1,233,954)	(797,608)

30 Financial Risk Management

Credit risk

	2019	2018
	£	£
Cash and cash equivalents	501,984	2,478,740
Trade receivables	1,345,648	515,279
	1,847,632	**2,994,019**

The average credit period for sales of goods and services is 240 days. No interest is charged on overdue trade receivables. At 31 December 2019 trade receivables of £523,967 (2018: £56,706) were past due. During the year the Company wrote off bad debts in the amount of £nil (2018: £47,984).

Trade receivables of £1,002,763 (2018: £398,447) at the reporting date are held in Euros and £112,540 (2018: £112,656) 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 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 Group's historical experience and informed credit assessment and including forward-looking information.

The largest trade debtor at the year end is a well-established, profitable business and long-term customer of the Company with whom Eden has had no issue of collecting debts due before and does not expect to have any going forward. In addition, TerpeneTech (UK), Eden's associate company, owed £122,761 net to Eden at the year-end.

TerpeneTech (UK), is a cash-positive business, albeit in its infancy, with good shareholder support and, again, Eden has had no issue of collecting debts due from TerpeneTech (UK) before and does not expect to have any going forward.

Considering these factors, the directors' consider the ECL to be immaterial.

Financial liabilities

	2019	2018
	£	£
Trade payables	870,563	499,186
Other payables	168,246	115,168
Other taxes and social security	26,399	15,085
Lease liabilities	22,812	-
Accruals and deferred income	283,380	313,427
	1,371,400	**942,866**

The carrying amount of trade payables approximates to fair value.

30 Financial Risk Management (continued)

The average credit period on purchases of goods is 67 days. No interest is charged on trade payables. The Company has policies in place to ensure that trade payables are paid within the credit timeframe or as otherwise agreed.

Maturity of financial liabilities

The maturity profile of the group's financial liabilities at 31 December 2019 was as follows:-

	2019	2018
In one year or less, or on demand	1,348,588	875,404
Over one year	145,695	67,462
	1,494,283	**942,866**

Liquidity risk is managed by regular monitoring of the Company's levels 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 Company.

Market price risk

The company's exposure to market price risk comprises interest rate and currency risk exposures. It monitors these exposures 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 interest rates and 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 Company's sensitivity analysis model should be used in conjunction with other information about the Company's risk profile.

The Company's policy towards currency risk is to eliminate all exposures that will impact on reported results as soon as they arise. This is reflected in the sensitivity analysis, which estimates that five and ten percentage point increases in the value of sterling against all other currencies would have had minimal impact on results before tax. This is primarily due to the fact that the majority of the Company's income and cost of goods sold is in the same currency.

On the other hand, the Company's policy is to accept a degree of interest rate risk as long as the effects of various changes in rates remain within certain prescribed ranges. On the basis the Company does not rely on interest received from loans or investments and does not have any borrowings, it is considered that any increase in interest rates would not have had an impact on the Company's loss before tax for the year.

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

30 Financial Risk Management (continued)

The Company seeks to enhance shareholder value by capturing business opportunities as they develop. To achieve this goal, the Company maintains sufficient capital to support its business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

The Company 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 2019 and 31 December 2018.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 10% (2018: below 10%). The Company includes within net debt, interest bearing loans and borrowings, a loan from a venture partner, trade and other payables, less cash and cash equivalents.

31 Post balance sheet events

In January 2020, the Company signed a one year, exclusive Evaluation Agreement with Corteva Agriscience.

The agreement allows Corteva time to evaluate Eden's Sustaine™ encapsulation technology and several formulations in specific biological seed treatment applications in certain major territories and, if successful, will lead to Corteva being granted exclusive distribution rights.

In March 2020, the Company concluded a successful fund-raise raising a total of approximately £10.4 million (before expenses) through the Placing, Subscription and Open Offer through the issue and allotment of 173,150,892 new Ordinary Shares, bringing on board new institutional shareholders, as well as providing existing shareholders with the ability to partake in the same funding round.

COVID-19 has also occurred since the balance sheet date, though this is deemed to be a non-adjusting event.