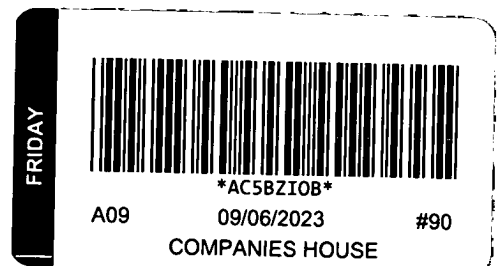


**Eden Research plc**

**Annual report and consolidated financial statements  
for the year ended 31 December 2022**



## Eden Research plc

### Company information

---

**Directors**                    A Abrey  
                                     R Cridland  
                                     S Smith  
                                     L Van der Broek  
                                     R Horsman (appointed 1 September 2022)

**Secretary**                    A Abrey

**Company number**            03071324

**Registered office**            67c Innovation Drive  
                                     Milton Park  
                                     Abingdon  
                                     Oxfordshire  
                                     England  
                                     OX14 4RQ

**Independent auditor**        PKF Littlejohn LLP  
                                     15 Westferry Circus  
                                     London  
                                     E14 4HD

---

## **Eden Research plc**

### **Contents**

	<b>Page</b>
2022 Highlights	I
At a Glance	II
Investment Case	III
Our Products	IV
Our Markets	IX
Our Business Model	XI
Our Strategy	XIII
Chairman's Statement	1 - 2
Chief Executive Officer's Review	3 - 9
Strategic Report	10 – 20
Corporate governance statement	21 – 38
Remuneration Report	39 – 43
Audit Committee Report	44 – 47
Directors' Report	48 – 51
Independent Auditor's Report to the members of Eden Research plc	52 – 58
Consolidated statement of comprehensive income	59
Consolidated statement of financial position	60 – 61
Company statement of financial position	62 – 63
Consolidated statement of changes in equity	64
Company statement of changes in equity	65
Consolidated statement of cash flows	66 - 67
Company statement of cash flows	68 - 69
Notes to the Group financial statements	70 - 126

EDEN RESEARCH PLC IS THE ONLY UK-QUOTED COMPANY FOCUSED ON SUSTAINABLE BIOPESTICIDES AND PLASTIC-FREE ENCAPSULATION TECHNOLOGY FOR USE IN GLOBAL CROP PROTECTION, ANIMAL HEALTH AND CONSUMER PRODUCTS INDUSTRIES.

#### 2022 HIGHLIGHTS

- Sales of agrochemical products Cedroz and Mevalone increased overall by approximately 55% in volume.
- Product sales increased to £1.6m (2021: £1.1m).
- Revenue for the year was £1.8m (2021: £1.2m) with a loss before tax of £2.6m (2021: £3.4m) and statutory operating loss of £2.6m (2021: £3.2m).
- Adjusted EBITDA (excluding share based payments – see note 4) was £1.7m (loss) (2021: £2.0m loss).
- Cash position at the year-end was £2.0m, in-line with management expectations (2021: £3.8m).

#### REVENUE

**£1.8m**

2021: £1.2m

#### OPERATING LOSS

**£2.6m**

2021: £3.2m loss

#### PRODUCT SALES

**£1.6m**

2021: £1.1m

- US EPA national approval received for Mevalone®, Cedroz™ and three active ingredients in September 2022.
- Initial US state approvals received before year-end with additional approvals expected in 2023.
- First sale of Mevalone to Sipcam Agro USA made in December 2022 in support of commercial sales in 2023, subject to state approvals.
- Corteva France appointed as exclusive distribution partner for Mevalone in France; a key growth opportunity.

## At a Glance

### Our vision

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

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

19 (2021: 18)

Countries have granted product authorisation

66 (2021: 46)

Crop use approvals for Eden's biopesticides

£16m (2021: £15m)

Invested in IP and registration

130 (2021: 110)

Granted and pending patents

10 (2021: 10)

Pests and disease targets addressed with Eden's registered products

### OUR GEOGRAPHIC AND REGULATORY FOOTPRINT

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

#### WHERE WE ARE NOW

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

#### COMMERCIAL PARTNERSHIPS AND REGULATORY ACTIVITY

- Our products are sold in the top 3 wine producing countries.
  - We have trials and registration work on-going in 6 continents.
  - Both Mevalone® and Cedroz™ are approved in Spain which produces 24% of the EU's fruit and vegetables.
  - Product authorisations have been granted in 19 countries.
  - We are expanding and developing our base of commercial clients and partners.
-

## Investment case

### COMMERCIAL DEVELOPMENT

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

### TECHNOLOGY EXPLOITATION

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

### FOCUS ON BIOLOGICAL SOLUTIONS

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

### REGULATORY DRIVERS FOR SUSTAINABLE SOLUTIONS

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

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

### INCREASED NUMBER OF COMMERCIAL PARTNERS

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

### STRONG PATENT PORTFOLIO

130 patents enable strong technological defensibility.

### REVENUE GROWTH

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

### CORTEVA AGREEMENT

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

Overall, the seed treatment sector is worth \$6.5 billion globally.

## Our products

### INDUSTRY APPLICATIONS

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

#### CROP PROTECTION

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

**\$33bn\***

#### CONSUMER PRODUCTS

Head-lice treatment  
Deodorants  
Odour neutralisers  
Fragrances

**\$50+bn\***

#### ANIMAL HEALTH

Companion animal  
Bio-control  
Parasite treatments  
Insect sprays

**\$51bn\***

\*Estimated addressable market size per year

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

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

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

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

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

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

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

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

## OUR PRODUCT FOCUS

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

## OUR PRODUCTS

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

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

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

- Ownership of the patents behind the Sustaine® encapsulation technology
- Significant investment in patent protection and the registration of new actives
- Proven efficacy with strong commercial validation by farmers and our partners
- Scope to exploit the core technologies beyond existing markets and products

## SUSTAINE® APPLICATIONS

### FUNGICIDES

Botrytis, powdery mildew, downy mildew

### NEMATOCIDES

Root knot nematodes

### INSECTICIDES

Mites and whiteflies (under development)

### SEED TREATMENTS

Under development

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

## PRODUCT CHARACTERISTICS

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

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



## Products in action

### MEVALONE®

#### SUSTAINABLE CONTROL

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

8%

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

Botrytis cinerea is one of the most extensively studied fungal pathogens and causes “grey mold” rot in more than 500 plant species.

\$10-100 Billion

The annual economic losses due to B. cinerea

28%

Estimated post-harvest apple losses caused by B. cinerea

50%

Potential B. cinerea yield losses in grape vines

#### FOOD WASTE SPOTLIGHT

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

*“This {authorisation} is another important opportunity to promote Mevalone® to growers and to better serve a modern and evolving agriculture responding fully to the needs of society.”*

Antoine Meyer – President of Sumi Agro Europe

#### TOP 3 EU APPLE PRODUCERS

22.9%

France

17.6%

Poland

---

17.0%

Italy

FRENCH EXPORTS

\$433.6 Million

Of apples each year are exported by France

EXPORT REGIONS

Normandy

Brittany

PACA Region

CURRENT GLOBAL FOOD WASTE

1.3bn tonnes

Food wasted around the world every year

1,000 tonnes

Food wasted every minute globally

£19 billion

Value of edible food wasted in the UK every year

## SUSTAINE®

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

## SUSTAINABLE CONTROL

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

## CHANGING REGULATION

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

## CEDROZ™

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

### SCIENCE SPOTLIGHT

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

*“In Cedroz™, we have developed a biopesticide that meets the demands of modern-day farming, whether that is in an open field or greenhouse environment.”*

Sean Smith – CEO of Eden

## Our markets

### Significant Market Potential

#### A growing global market for sustainable products

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

- Consumer concerns over food safety
- EU restrictions on intentionally added microplastics
- Increasingly challenging regulatory requirements
- Farmers seeking effective alternatives to conventional pesticides

### \$11bn

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

### 30%

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

### 15%

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

### \$300m

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

#### CROP PROTECTION MARKET

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

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

The seed treatment market is forecast to grow from USD 6.1 billion in 2016 to USD 11.3 billion by 2022, a CAGR of 10.8% during the forecast period.

#### PRODUCT COMMERCIALISATION

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

- Strong intellectual property portfolio
- A demonstrated platform for future product development
- Regulatory approvals in a growing list of key markets
- Numerous successful commercial partnerships
- Active engagement with new partners
- Growing market share
- Investment in research and development

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

**SIGNIFICANT MARKET OPPORTUNITIES**

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

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

## Our Business model

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

### WHAT WE DO AND HOW WE DO IT

#### DEVELOPING OUR PRODUCT PIPELINE

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

#### GAINING REGULATORY APPROVAL

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

#### SIGNING COMMERCIAL AGREEMENTS

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

#### IDENTIFYING SUITABLE INDUSTRIAL PARTNERS

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

#### SECURING PATENT PROTECTION FOR INTELLECTUAL PROPERTY

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

#### INVESTMENT IN RESEARCH AND DEVELOPMENT

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

#### GENERATING REVENUE

Revenue is generated through:

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

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

## **THE VALUE THIS CREATES**

### **FOR CUSTOMERS**

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

### **FOR SHAREHOLDERS**

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

### **FOR PARTNERS**

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

### **FOR THE ENVIRONMENT**

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

### **FOR EMPLOYEES**

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

## OUR STRATEGY

### BUSINESS LINE DIVERSIFICATION

#### WE WILL ADDRESS THIS BY:

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

#### KEY ACHIEVEMENTS IN 2022:

- New crops and diseases added to the Mevalone® label in Italy
- Regulatory approval of Cedroz™ and Mevalone® by EPA in the US
- Crop trials ongoing for insecticides and seed treatments
- Organic certification received for Cedroz™ and Mevalone® in Greece

### RESEARCH, DEVELOPMENT AND OPERATIONS

#### WE WILL ADDRESS THIS THROUGH:

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

#### KEY ACHIEVEMENTS IN 2022:

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

### COMMERCIAL GROWTH

#### WE WILL ADDRESS THIS THROUGH:

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

#### KEY ACHIEVEMENTS IN 2022:

- Distribution Agreement signed with Corteva France
- Progression of seed treatment work. Further field trials and initial regulatory steps
- Successful field trials of third-party actives, encapsulated in Sustaine® technology



## **STRENGTHENING AND GROWING THE TEAM**

### **WE WILL ADDRESS THIS THROUGH:**

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

### **KEY ACHIEVEMENTS IN 2022:**

- Appointment of a Non-executive director
- Lab team strengthened - formulation, analytical and biology expertise

2022 has been a positive year for Eden with a return to strong sales growth and approval for Eden's two commercial products, Mevalone® and Cedroz™, and three active ingredients granted in the US. 2023 looks set to provide a number of significant opportunities including further territorial expansion and targeted diseases, increased products sales, and the continued development of other product lines such as our seed treatment and insecticide projects.

The wine grape market in Europe has recovered well, meaning that farmers have been returning to pre-pandemic levels of pesticide applications, with further increase in demand expected in 2023 as the industry returns to normal.

This trend, in conjunction with regulatory approvals and label extensions granted for Mevalone in recent years in countries such as Australia and Spain has resulted in strong product sales growth in 2022 of around 45%, a trend which we expect to continue in 2023.

With time, we expect that the US market will provide Eden with a market opportunity which could rival that of Southern Europe, which has provided the vast majority of Eden's product sales revenue to date.

Our distribution partner for Mevalone in the US, Sipcam Agro USA, is well prepared for commercial launch in 2023. It has already ordered its first batch of product for this coming growing season.

Good progress has also been made with Corteva Agriscience, our partner for our seed treatment product. A significant effort has been made by both parties in developing the product in readiness for launch in the 2024 growing season, subject to the necessary regulatory approvals.

Towards the end of 2022, Eden expanded its relationship with Corteva by entering into an exclusive distribution agreement for Mevalone in France, a key market for that product. This new distribution agreement, in conjunction with our development projects, reflects the growing influence that Eden is building across the agrochemicals sector, particularly amongst the industry's major international corporations.

Work is well advanced to expand Mevalone's label into additional disease targets. It is expected that this will significantly increase the addressable market for Mevalone in France.

Over the past three years, Eden's team has expanded across research and development, sales and distribution, product management, and regulatory affairs functions. This increased capacity means that we are able to undertake an unprecedented level of development activity for current and new products.

To that end, Eden's insecticide product has been formulated and samples provided to multiple interested parties who are undertaking their own trial work, further to Eden running its own field trials in 2021 and 2022 which produced encouraging results.

In the background, we continue to work with several partners with our polymer-free Sustaine microencapsulation technology which enables Eden to provide a solution to incumbent products which currently use microplastics in their formulations as encapsulation systems.

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

**Eden Research plc**

**Chairman's Statement**

**For the year ended 31 December 2022**

---

Clearly, the key to Eden's success is converting this opportunity into commercial success through sustained, strong product sales growth. I believe that we have seen the start of that growth in 2022.

Whilst Eden may not have the level of resources that some of its much larger competitors may have, we do have a valuable, diverse product and technology portfolio coupled with a creative, focussed team that can deliver success using the advantages we have of nimbleness, low bureaucracy, free thinking, and individuals who know that their contribution will make a difference.

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

**Lykele van der Broek**  
**Non-Executive Chairman**

**4 May 2023**

## **Section one: Introduction**

2022 saw an immense effort by the whole Eden team to achieve a number of significant landmarks which has built the foundations for significant growth in 2023 and beyond.

In 2022, we observed some of the hottest temperatures recorded across the globe which led to dry growing conditions across Europe, high food prices, and reduced supply. Furthermore, the war in Ukraine has required companies to navigate difficult supply chain issues while also managing high energy costs against the background of a global energy crisis. This has had an adverse effect on the demand for pesticide products driven by a reduction of fungal disease and a generally reduced demand for pesticides in many major categories.

Despite this, Eden has successfully executed several key label extensions across new crop types and target diseases, as well as authorisations in new territories. We have not only beaten last year's sales performance, but we have also outperformed market expectations in terms of both volume and value.

Most notably, the Company gained US Environmental Protection Agency (EPA) approval, granting us access to the US market, paving the way for a very significant market entry. This has been the result of the regulatory team's tireless efforts over the past four years, working with the EPA to ensure Eden met its extensive list of strict requirements. At the state level we have currently received regulatory approval in 17 US states for Mevalone®, and 8 US states for Cedroz™. We continue to work to gain approvals from the other states, including key states such as California.

## **Section two: Delivering on our strategy**

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

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

The Company strategy is built on four key objectives:

- a) Business line diversification
  - Pursuit of opportunities in seed treatments
  - Development of insecticides
  - Expand crops and diseases treated, increasing the addressable market for existing products
  - Geographic diversification
- b) Research, development, and operations
  - Supply chain optimisation
  - Expansion of in-house screening and field trials capability
  - Accelerate commercialisation of Sustaine® for conventional actives
  - Increase self-reliance in R&D

- Reduce time to market
- c) Commercial growth
  - Regulatory clearance in new countries, crops, and diseases
  - Accelerate Sustaine® development
  - Partnerships for Mevalone® in new territories
  - Pursue collaboration with majors and select national partners
  - Route to market optimisation
- d) Strengthening and growing the team
  - Added capacity in R&D, including microbiology, plant biology, agronomy, and analytical chemistry
  - Robust approach to data quality
  - Expand commercial team
  - Addition of in-house regulatory expertise – accelerating time to market and reducing regulatory costs

Reflecting on these objectives, I believe that we have made significant progress with expanding the growth of our existing products while also continuing to pursue new opportunities through new product development. Eden has been delivering against these objectives in the following ways:

- a) Widening our global market opportunities

#### *USA EPA Approval*

In September 2022, Eden was granted regulatory approval from the United States EPA for all five petitions submitted, covering the Company's three active ingredients (eugenol, geraniol and thymol), formulation technology (Sustaine®) and two formulated products (Mevalone® and Cedroz™). It is worth noting that regulatory clearance on a federal level of our active ingredients will allow for easier and faster registration for all future formulations based on these ingredients.

Eden stands amongst very few British crop protection companies to obtain approvals for multiple biopesticides in the US. The market potential in the US for Mevalone® and Cedroz™ alone stands at approximately €94 million and €189 million per annum, respectively. This excludes the opportunities for bioinsecticides which are estimated to be worth an additional €237 million. With increasing regulatory pressure on conventional pesticide products across the country and a general steer towards sustainably grown produce, the market opportunities are only likely to expand.

Since receiving EPA approval at federal level, Eden has also obtained a number of important state authorisation such as Florida, Washington, Oregon, and New York. With these individual approvals now in place, our distribution partner, Sipcam Agro USA, can start to sell Mevalone® in the 2023 growing season. In December 2022, Eden fulfilled its first order for the US market.

#### *Mevalone®*

Over the course of the year, Eden received various label extensions for Mevalone®, including in Italy where Eden and Sipcam are now allowed to target two new fungal pathogens and a wide range of new crop types with an expanded Mevalone® label (sold in Italy under the brand name 3logy® by Sipcam). We estimate that this expansion of the label for 3logy® adds thousands of hectares of high-value crops to our addressable market.

## Eden Research plc

### Chief Executive Officer's Review

#### For the year ended 31 December 2022

---

We are currently hard at work to further optimise our distribution network, and we anticipate announcing new partnerships in the coming months; all aimed at adding new territories or expanding our use case in existing countries. An outstanding example of such optimisation is the appointment of Corteva France as our exclusive distribution partner in France in December of 2022, replacing the incumbent distributor. Corteva's assessment of the French market is that new opportunities have emerged as the consequence of the removal of key conventional pesticides.

Working with Corteva, Eden is pursuing the significant expansion of the label for Mevalone in France, targeting both downy mildew and powdery mildew and resulting in an up to ten-fold expansion of the addressable market in France. Preparation of the necessary regulatory submissions is well under way with the efficacy trials data required to support these submissions now complete.

Post period end, we were pleased to secure our first regulatory approval for the consumer market with clearance for Mevalone® in Italy for home garden use. This will allow Italian gardeners the same access as commercial farmers to a sustainable fungicide to protect their plants and crops from destructive fungal pathogens.

#### *Organic certification*

In November 2022, it was announced that Mevalone® and Cedroz™ received certification for organic farming in Greece. The certification, received by Eden's regional partner, K&N Efthymiadis (K&NE), follows the authorisation of Eden's three EU-registered active ingredients for use in organic farming in 2020.

#### b) Expanding our product line and applicable uses

##### *Insecticide*

Field trials in 2021 and 2022 have produced encouraging results for our insecticide candidates. The Company is pleased to be in position where it has now agreed on a final formulation, entered into testing agreements and sent trial-scale samples to multiple interested parties who are undertaking their own trial work. Eden has started to see results from its potential partners come in and we are pleased to say that they are, thus far, in line with our own results. The Company expects there to be a high level of interest for this product, particularly in the key markets of Europe and the US.

##### *Seed treatment*

We continue to make steady progress with the development of our seed treatment product, in partnership with Corteva Agriscience. During the last two years, the companies have worked closely together to undertake field trials and other development work. The field trials conducted during this time yielded positive results with efficacy that is comparable or better than the incumbent product that is being removed from the market. We are now in the final stages of collating the information that is required to make a full submission for authorisation of the product in the EU and selected additional territories. It is expected that launch of the product in the EU will occur in time for the 2024 growing season, although both companies acknowledge that this is an estimate and is subject to revision, dependent on development and product registration milestones being achieved as anticipated and the pace of regulatory action by the authorities.

Eden is also pursuing further opportunities in seed treatments, including fungicidal and nematocidal applications.

*Sustaine®*

Over the course of Sustaine's existence, Eden has received numerous enquiries about using the technology with third party active ingredients which also require an alternative solution to plastic. Field trials are currently underway with multiple partners to fully exploit its capability and decisions regarding future evaluations based on current trials are expected in due course.

c) New team additions to drive next phase of growth

Our recent growth is largely attributable to the core skills and strengths of the team that drives Eden. Over the course of the year, we have hired new staff across vital divisions of our business from regulatory affairs to research and development. The Eden team now has the necessary capabilities to formulate, develop, test and register products that it has created. Our headcount by year end stood at 19, which we view as the optimum level at this time to continue to progress along our high growth trajectory at a faster pace than possible in the past.

In September 2022, we welcomed Richard Horsman as a Non-Executive Director to the Company. Richard possesses an abundance of industry, commercial and corporate acumen and expertise which will help drive Eden through our next phase of growth. This not only applies to maximising the potential of our existing opportunities, but also driving new opportunities that share synergies with our core business.

**Section three: Financial review**

Revenue for the year was £1.8 million which marked a 50% increase on the previous year (FY21: £1.2m). This reflects a significant increase in product sales which were £1.6m, a 45% rise on last year's products sales (FY21: £1.1m).

Our earnings before tax have also improved. In 2022, we recorded a reduced loss of £2.6m which compared favourably to the previous year's performance (FY21: £3.4m loss).

Administrative expenses remained flat at £2.7m (2021: £2.7m), while additions to intangible assets, including development costs, reduced to £1.0m from £1.6m in 2021.

Our cash balance at year-end was £2.0m (2021: £3.8m).

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

**Section four: 2023 outlook**

With the groundwork having been laid throughout the course 2022, our strategy for 2023 is to maximise the sales potential of our current products in existing markets, continue to expand our geographic reach and target disease portfolio, and accelerate the development of new products and formulations based upon our terpene-based active ingredients and yeast-derived, plastic-free formulation technology.

Continuing our progress in the US market in 2022 (where in September we received authorisation for our portfolio of three active ingredients formulation system and two formulated products, Mevalone® and Cedroz™, from the US EPA), subsequently Eden applied for state-level authorisations in multiple states, including Florida, Washington, Oregon and California. A number of states – including New York State – have

already granted their authorisations with more due in 2023, including the largest US market for Eden: California.

Eden is also targeting regulatory approval in the United Kingdom where we have submitted an application for authorisation for Mevalone®. While the addressable market potential in the United Kingdom is not as significant as it is elsewhere, the opportunity as a British-based business to provide our products to the British market is exciting. Furthermore, despite its size, the market for botryticides in the UK is growing rapidly as the number of hectares dedicated to wine production increases. We are looking forward to forming close partnerships locally and being part of the UK's efforts to meet its sustainable agricultural goals.

Elsewhere, we continue to pursue other territories across the globe and have numerous applications for regulatory approvals of Mevalone® and Cedroz™ pending. This includes Germany, Poland, New Zealand, Morocco and Tunisia.

Eden is also exploring the suitability for Mevalone® application on cannabis in the US and Canada. The market potential for Eden in cannabis production could be significant considering recent legislation changes in the US and the significant need for pesticides on this crop. Furthermore, cannabis has multiple crop cycles per year which require year-round application of crop protection products. Field trials commenced in 2022 and we continue to assess the effectiveness of Mevalone® against several diseases including botrytis.

Evaluations in additional areas of significant commercial potential include black sigatoka (banana), potato blight and potato cyst nematodes. In each case, the initial evaluations have produced encouraging results.

Following our first regulatory approval for consumer home and garden use in Italy, we look forward to continuing this momentum as we look at accessing other territories worldwide so the home gardener can also benefit from the safety and efficacy that Mevalone® provides. Our breakthrough in one consumer market is the beginning and the ability to offer home gardeners the same tools serves as another demonstration of the versatility of our sustainable products and technology.

Finally, we are working hard to move forward with new products including insecticides, seed treatments, and optimised fungicides. Subject to regulatory authorisation, we expect to see the first sales of our seed treatments developed with Corteva in 2024 and the first sales of our insecticides in the US in 2024/2025 and in the EU in 2025/2026. Ongoing EU regulatory developments around the use of intentionally added microplastics in agricultural products should also prompt accelerated development and deployment of our propriety Sustaine® microencapsulation technology across a number of active ingredients in addition to our own.

#### **Section five: Driving positive impact**

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

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



## **Eden Research plc**

### **Chief Executive Officer's Review**

**For the year ended 31 December 2022**

---

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

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

#### **TerpeneTech (UK)**

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

Sales of the head-lice treatment product have still not started outside of the U.K. as had been expected. Eden is in discussion with TerpeneTech (UK) to determine the best way forward with this product.

#### **TerpeneTech (Ireland)**

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

#### **Ukraine**

Eden does not currently have any business activities in Russia or Ukraine and, as such, has not seen any direct impact on its business.

The knock-on effect of the conflict on other countries also appears to be minimal and so we do not envisage significant disruption to the current business in the short term.

#### **Section six: Summary**

Eden has pivoted from being a small agrochemical development and licensing company to an operating business with meaningful and growing product sales and a strong development pipeline. This is reflected in our 2022 results which show that we have beaten last year's sales performance and outperformed market expectations in terms of volume and value. With each milestone that we pass, Eden remains ambitious in our plans to continue expanding our regulatory and commercial footprint, growing our network of partners, and increasing the size of our addressable markets. We also remain risk-aware to changing consumer and regulatory trends as well as global climatic and economic conditions, and I can confidently say that our business model has so far proven to be resilient to all these factors and we will continue to ensure Eden remains firmly grounded.

**Eden Research plc**

**Chief Executive Officer's Review**

**For the year ended 31 December 2022**

---

I am proud of the role Eden is playing in helping create more sustainable agricultural practices as the only UK-quoted company focused on sustainable chemistry for the biopesticide industry. Today we are viewed by our peers as *the* biocontrol standard for biofungicides. I would like to take this opportunity to thank our team which has played a significant role in delivering the results for 2022, and to our shareholders who have backed us throughout the year.

**Sean Smith**  
**Chief Executive Officer**

A handwritten signature in black ink, appearing to read 'Sean Smith', is positioned to the right of the printed name and title.

**4 May 2023**

## Review of business

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

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

## Key financial performance indicators

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

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

Revenue in 2022 consisted of royalties, R & D charges and product sales and was £1.8m compared to £1.2m in 2021. The operating loss for the year was £2.6m compared to a loss of £3.2m for the previous year. The loss before tax for 2022 was £2.6m, down from a loss of £3.4m in the previous year. More information on the drivers behind the performance is included in the Chief Executive Officer's Report.

The basic loss per share for 2022 was 0.59 pence (2021: a loss of 0.73 pence).

Administrative expenses for the year were £2.7m (2021: £2.7m), which is in line with maintaining a modest overhead base, whilst ensuring the Group has the necessary skillset to drive growth.

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

The Group capitalised £0.9m (2021: £1.5m) of development expenditure in the year, which is a reflection of the continued development of the Group's products. A significant proportion of this expenditure relates to regulatory approvals which strengthens the Group's competitive advantage, ultimately supporting sales growth.

An impairment review of Eden's intangible assets led to no charge in the year (2021: £nil). Further details of this review can be found in note 12 to the financial statements.

An impairment review of Eden's investment in its associate company, TerpeneTech (UK), led to no charge in the year (2021: £nil). Further details of this review can be found in note 15 to the financial statements.

Cash is safeguarded by close working capital management, including tightly controlling the Group's creditor position. The cash position at the year-end was £2.0m (2021: £3.9m). This is in line with management's expectations which have previously been communicated to shareholders.

### Other key non-financial performance indicators

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

At the end of 2022, 19 (2021: 18) countries had granted product authorisation with 66 (2021: 46) crop use approvals for Eden's biopesticides and 10 (2021: 10) pests and disease targets addressed with Eden's registered products, which shows positive progress in this KPI and translates into an increased addressable market from a product sales perspective.

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

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

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

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

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

### Principal risks and uncertainties

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

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

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

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

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

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

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

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

#### **COVID-19**

At the start of 2022, the Board continued to see a minimal impact on the operations of the business with the restrictions on employees' ability to work at the Company's offices and laboratory facilities, in addition to the restrictions on travel which make logistics in terms of conducting field trials and attending marketing events problematic.

Commercially, there was some negative impact on the sales of our products in 2022 due to the reduction in demand for wine grapes, a knock-on effect of the substantial closure of the hospitality industry, although this was less marked than in 2021.

The Company did not see a significant change on its toll manufacturing operations.

Regulatory authorities have been working at reduced capacity, which has impacted product approval applications that we have around the world, and has led to previously forecast revenues being deferred.

Throughout, the Group has been careful to manage its cost-base and cash position given the general uncertainties that currently exist due to the global COVID-19 pandemic.

#### **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 Group's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the Group) should, as far as reasonably possible, be identical to that of other employees.

**Eden Research plc**

**Strategic Report**

**For the year ended 31 December 2022**

---

**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 environment by getting involved in local initiatives and also looks at ways of promoting environmental wellbeing amongst the staff. Employees are actively encouraged to ensure conservation of energy and resource through awareness campaigns and positive action.

**Sean Smith,  
Chief Executive Officer**

## ESG Strategy – Introduction

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

### The Transition to Sustainable Agriculture Shapes Market Needs

- In agriculture there is an urgent need to move to a safe, equitable and sustainable food system.
- Our food system accounts for over a third of global CO2 emissions and is a key driver of accelerating biodiversity loss.
- Our innovative products are positioned to serve growing markets with more sustainable solutions. They reduce on-farm impacts on nature, food waste and the risks to human safety and health from conventional agrochemicals.
- Eden's products provide effective crop protection resulting in improved crop yields and produce quality, enhancing the financial sustainability of farming businesses whilst reducing the risk to the environment.

### About our ESG Strategy

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

### Integrating ESG Into All that We Do

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

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

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

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

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

## **Our ESG Strategy**

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

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

## **Supporting the UN Sustainable Development Goals (SDGs)**

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

- Reducing food waste
- Protecting soil and ecosystems

## **A Resilient and Efficient Supply Chain**

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

## **Our Ingredients**

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

## **Our Manufacturing**

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

## **Our Priorities:**

### **Manufacturing Safely**

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

### **Protecting the environment and climate**

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

### **Protecting Human Rights**

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



**Case Study:**

**Sipcam**

**Manufacturing Excellence**

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

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

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

**Delivering our ESG standards at our laboratory**

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

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

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

**Sustainable Operations**

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

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

**Our Priorities:**

**Acting Safely**

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

**Acting Ethically**

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

**Reducing Our Environmental Impacts**

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

## **Developing a Diverse Team**

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

## **Bio-Innovation for Sustainable Agriculture**

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

Consumer demand for residue-free produce

Protecting soil health and reducing impact on biodiversity

### **Our Priorities:**

#### **Safe products**

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

#### **Reducing food waste and toxic residues**

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

#### **Protecting soil and water**

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

### **Case Study:**

#### **Our Impact on Food Waste**

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

Extending shelf life can dramatically reduce food waste in the supply chain and consumer homes. Globally, 25-30% of all food produced is wasted. Not only does this have a significant financial impact on the food industry and in homes, but it also has a significant impact on our climate with food waste accounting for up to 10% of global CO2 emissions. Tackling food waste also means we can protect nature by limiting the need for agricultural land.

### How we will deliver on ESG

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

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

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

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

### Our future plans

Our next steps on ESG are to:

- 01 Identify and address gaps in our ESG management
- 02 Establish specific ESG targets, including KPI's and metrics
- 03 Define reporting output

### ESG Drives our Future Growth

#### The sustainability challenge

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

#### Leadership in bio-innovation positions Eden Research for growth

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

#### Our ESG approach will drive impact

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

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

Sean Smith,  
Chief Executive Officer

### **Section 172 statement**

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with s172 of the Companies Act and have acted in accordance with these responsibilities during the year. The Board has identified that its key stakeholders are its:

- workforce
- shareholders
- customers
- regulators

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

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

### **Our workforce**

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

### **Shareholders**

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

### **Customers**

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

### **Regulators**

The regulatory team at Eden, which includes both employees and expert consultants, communicates directly with regulators around the world to promote an efficient and successful relationship. Clearly, regulation is a

**Eden Research plc**

**Strategic Report**

**For the year ended 31 December 2022**

---

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:**

A handwritten signature in black ink, appearing to read 'Sean Smith', is written over a horizontal line.

**Sean Smith**  
**Director**

**4 May 2023**

## Eden Research plc

### Corporate governance statement – Board of Directors

For the year ended 31 December 2022

---

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

#### Committee membership

None

#### External appointments

None

## Eden Research plc

### Corporate governance statement – Board of Directors

For the year ended 31 December 2022

---

#### Alex Abrey, Chief Financial Officer

**Appointed**  
September 2007

**Independent**  
No

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

#### Background and experience

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

#### Committee membership

None

#### External appointments

Ricewood Ltd (Director)

---

#### Robin Cridland, Non-Executive Director

**Appointed**  
May 2015

**Independent**  
Yes

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

#### Background and experience

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

Broadhey Barns Management Company Limited (Director)

Corporate governance statement – Board of Directors

For the year ended 31 December 2022

**Richard Horsman, Non-Executive Director**

**Appointed**  
September 2022

**Independent**  
Yes

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

**Background and experience**

Richard brings over 25 years of AIM and Main Market experience to the team, having worked in both Executive and Non-Executive roles across a broad spectrum of businesses and industries. He has experience in delivering both organic and acquisition-based growth that will support Eden in delivering on its strategic objectives. Richard also has hands on agricultural experience, having owned and operated a commercial farm, and gaining a Diploma from Plumpton Agricultural College.

**Committee membership**

Audit Committee  
Nominations Committee  
AIM Compliance Committee  
Remuneration Committee

**External appointments**

Toople plc (Non-Executive Chairman)  
Gardien Group (Non-Executive Director)

**Attendance at Board and Committee meetings**

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

The scheduled Board and Committee meetings and attendance during the year ended 31 December 2022 were as follows:

Director	Role	Board (10 meetings)	AIM Compliance (1 meeting)	Remuneration & Nominations (4 meetings)	Audit (5 meetings)
A Abrey	Chief Financial Officer	●●●●●●●●	●	-	-
R Cridland	Non-Executive Director	●●●●●●●●	●	●●●●	●●●●●
R Horsman*	Non-Executive Director	●●●●	-	●	●●●
S Smith	Chief Executive Officer	●●●●●●●●	●	-	-
L van der Broek	Non-Executive Chairman	●●●●●●●●	●	●●●●	●●●●●

\*R Horsman was appointed on 1 September 2022 and so only attended meetings after that date with 100% attendance.

The role of each committee can be found on pages 48 and 49.



## Eden Research plc

### Corporate governance statement – Board of Directors

For the year ended 31 December 2022

---

#### Professional development and training

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

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

Richard Horsman holds a Diploma from Plumpton Agricultural College and runs a commercial farm in the U.K., which involves keeping up to date on health and safety matters, as well as attending industry-related conferences and events.

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

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

#### Board skill-set

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

## Eden Research plc

### Corporate governance statement – Board of Directors

For the year ended 31 December 2022

---

#### External advisors

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

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

#### **The Board's Role**

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

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

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

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

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

#### **Internal advisors**

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

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

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 three Non-Executive Directors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Values and expected behaviours include:-

Honesty  
Openness  
Transparency  
Respect  
Adaptability  
Reliability  
Recognition  
Acceptance of challenge  
Accountability  
A sense of shared purpose

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

#### **Monitoring of effectiveness**

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

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

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

The Company's business model can be found on the Company's website [www.edenresearch.com](http://www.edenresearch.com).

### Key challenges

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

#### Key challenges

#### We will address these by:

##### Stable financial base and revenue growth

- Continuing to evolve our business model to focus primarily on product sales
- Signing further agreements with industry partners to expand commercialisation of our products
- Ensuring a well-funded balance sheet

##### Product development

Growing a diverse product development pipeline

- Furthering development of the encapsulation technology for new applications
- Investing in patents for new market opportunities
- Building our internal technical resources in terms of capability and capacity

##### Geographic expansion

Targeting new geographies where there is a demand for sustainable solutions

- Extending registrations for product authorisation into new territories
- Investing in patent protection for our intellectual property in new territories
- Identifying suitable industrial partners with access to new geographies and customers

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

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

This information is reviewed annually: Last review date 2 April 2023.

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 XI.  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

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

2	Seek to understand and meet shareholder needs and expectations	ANNUAL REPORT & ACCOUNTS WEBSITE	<p>DISCLOSURE: Explain the ways in which the company seeks to engage with shareholders and how successful this has been.</p> <p>This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.</p>	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
---	--	----------------------------------	---	-----------	--	------------------------

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	WEBSITE	<p>DISCLOSURE: Explain how the business model identifies the key resources and relationships on which the business relies.</p> <p>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).</p>	Compliant	<p>The Board has identified the main stakeholders in the business and regularly discusses how employees, suppliers and customers and others might be affected by decisions and developments in the business.</p> <p>We constantly strive to enhance our environmental and social credentials.</p> <p>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.</p>	Stakeholder engagement and social responsibility
---	--	---------	--	-----------	--	--



Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	ANNUAL REPORT & ACCOUNTS See pages 11 - 12  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 21 - 22  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

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	ANNUAL REPORT & ACCOUNTS See pages 23 - 24  WEBSITE	DISCLOSURE: Identify each director.  Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.  Explain how each director keeps his/her skillset up-to-date.  Where the board or any committee has sought external advice on a significant matter, this must be described and explained.  Where external advisers to the board or any of its committees have been engaged, explain their role.  Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.	Compliant	We assess the adequacy of the Board's collective skills and experience and Directors' individual development needs are discussed annually with the Chairman.	Professional development and training
---	--	--	---	-----------	--	---------------------------------------

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	WEBSITE	<p>DISCLOSURE: Include a high-level explanation of the board performance effectiveness process.</p> <p>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.</p> <p>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;</p> <p>How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and</p> <p>How often board evaluations take place.</p> <p>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.</p>	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
---	---	---------	---	-----------	--	-------------------

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

8	Promote a corporate culture that is based on ethical values and behaviours	<p>ANNUAL REPORT &amp; ACCOUNTS</p> <p>See Chairman's Letter on pages 26 - 27</p> <p>WEBSITE</p>	<p>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.</p> <p>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.</p> <p>DISCLOSURE: Explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected.</p>	Compliant	<p>The Board sets the framework of values within which the desired corporate culture can evolve and thrive.</p> <p>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.</p>	Corporate culture
---	--	--	---	-----------	---	-------------------

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	WEBSITE	<p>DISCLOSURE: In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement:</p> <p>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).</p> <p>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.</p> <p>Describe which matters are reserved for the board.</p> <p>Describe any plans for evolution of the governance framework in line with the company's plans for growth.</p>	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
---	---	---------	--	-----------	--	--------------------------------

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	ANNUAL REPORT & ACCOUNTS	<p>DISCLOSURE: Describe the work of any board committees undertaken during the year.</p> <p>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).</p> <p>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</p> <p>WEBSITE DISCLOSURE: Disclose the outcomes of all votes in a clear and transparent manner.</p> <p>Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.</p> <p>Include historical annual reports and other governance-related material, including</p>	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.	<p>Audit committee terms of reference</p> <p>Audit committee report</p> <p>Remuneration committee report</p> <p>Remuneration committee terms of reference</p> <p>AGM Voting outcomes</p> <p>Annual reports</p> <p>Notices of general meetings</p>
		WEBSITE				

Eden Research plc

Corporate governance statement – QCA Corporate Governance Code

For the year ended 31 December 2022

			notices of all general meetings over the last five years.			
--	--	--	---	--	--	--

## **Eden Research plc**

### **Remuneration report**

**For the year ended 31 December 2022**

---

#### **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, preceded in other AIM listed companies. The policy has been prepared for the Executive Directors, however it is intended that the principles should apply to all staff.

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

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

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

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

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

#### **Salary**

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

Generally, salaries 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 (the "cash over ride"). This figure may be adjusted by the Remuneration Committee.

The Target bonus levels are a percentage of salary.

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

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

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



## Eden Research plc

### Remuneration report

#### For the year ended 31 December 2022

---

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

#### Equity Incentive

##### *Unapproved share option scheme*

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

##### *Long-Term Incentive Plan ("LTIP")*

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

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

#### Application of the Policy

##### *Emoluments*

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

	Base salary 2022 £	Base salary 2021 £
<b>Executive Directors</b>		
S Smith	273,240	253,000
A Abrey	205,200	190,000
<b>Non-Executive Directors</b>		
L van der Broek	45,000	45,000
R Cridland	40,000	40,000
R Horsman	*35,000	-

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

The changes to the Executive Directors salaries in 2022 were the result of an external benchmarking exercise.

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

For 2022, the target bonus levels and actual bonus achieved for Executive Directors were:

Sean Smith	70% of base salary, achieved 47.25%*, (2021: 70% of base salary, achieved 42%)
Alex Abrey	70% of base salary, achieved 47.25%*, (2021: 70% of base salary, achieved 42%)

## Eden Research plc

### Remuneration report

#### For the year ended 31 December 2022

---

\*In accordance with operation of the cash over ride referred to above in the the cash bonus policy, and in the interest of cash preservation and to ensure continued investment in the business, the Executive Directors offered, and the Board agreed and accepted, that bonuses earned in 2022 by reference to the relevant targets, would not be paid and have been cancelled. In addition the Executive Directors have forgone anticipated salary increases in 2023, pending disapplication of the cash override.

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

#### *Share-based payments*

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

#### *Non-Executive Directors*

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

#### *Directors' contracts*

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

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

#### *Share option scheme grants*

#### **Long Term Incentive Plan ("LTIP")**

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

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

## Eden Research plc

### Remuneration report

For the year ended 31 December 2022

#### LTIP Plan Update

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

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

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

Further details can be found in note 22.

#### 2021 Award

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

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

1/3 upon grant

1/3 12 months from the date of grant

1/3 24 months from the date of grant

There was no LTIP award in 2022, but appropriate grants are expected in 2023 that ensure continuity of long term incentives for the Executive Directors.

Accordingly, at 31 December 2022, the Directors had the following interests in share option schemes:

Date from which exercisable	Expiry Date	Exercise price £	Number at 1 January 2022	Granted in the year	Exercised in the year	Lapsed in the year	Number at 31 December 2022
<b>A J Abrey</b>							
30/06/2021	30/06/2022	0.06	1,500,000	-	-	1,500,000	-
30/06/2021	30/06/2023	0.06	1,500,000	-	-	-	1,500,000
30/06/2021	30/06/2024	0.06	1,500,000	-	-	-	1,500,000
22/07/2021	31/07/2025	0.10	1,027,027	-	-	-	1,027,027
22/07/2022	31/07/2025	0.10	1,027,027	-	-	-	1,027,027
22/07/2023	31/07/2025	0.10	1,027,027	-	-	-	1,027,027
			<b>7,581,081</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>	<b>6,081,081</b>

**Eden Research plc**

**Remuneration report**

**For the year ended 31 December 2022**

---

**S M Smith**

30/06/2021	30/06/2022	0.06	2,000,000	-	-	2,000,000	-
30/06/2021	30/06/2023	0.06	2,000,000	-	-	-	2,000,000
30/06/2021	30/06/2024	0.06	2,000,000	-	-	-	2,000,000
22/07/2021	31/07/2025	0.10	1,367,567	-	-	-	1,367,567
22/07/2022	31/07/2025	0.10	1,367,568	-	-	-	1,367,568
22/07/2023	31/07/2025	0.10	1,367,568	-	-	-	1,367,568
			<u>10,102,703</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>8,102,703</u>

**Lykele van der Broek**

**Remuneration Committee Chairman**

## **Introduction**

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

## **Responsibilities**

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

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

The Committee's terms of reference can be found on the Company's website [www.edenresearch.com](http://www.edenresearch.com).

## **Composition of Committee and meetings**

The Audit Committee comprises the three Non-Executive Directors; Robin Cridland, who is Chairman of the Committee, Richard Horsman and Lykele van der Broek. The Chairman of the Committee has recent and relevant financial experience and collectively the members of the Committee have experience of the chemical, agricultural and animal health industries. Details of Committee members' qualifications can be found on pages 21 and 22. The Audit Committee met five times during the year, and has a rolling agenda linked to the Company's financial calendar. It invites the Chief Executive Officer, the Chief Financial Officer and the external auditors to attend its meetings. The Committee Chairman aims to have an open dialogue with the external auditors and accordingly had discussions with the external audit partner before, during and at the conclusion of the audit without the Executive Directors being present. The Committee has also met since the end of the financial year to consider the results and the Annual Report for the year ended 31 December 2022.

## **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.

## **Eden Research plc**

### **Audit Committee Report**

**For the year ended 31 December 2022**

---

#### **Financial reporting**

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

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

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

Other areas reviewed in the year were as follows:

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

#### **Internal control and risk management**

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

#### **External audit**

During the year, the Audit Committee ran a formal tender process to appoint a new auditor. The process resulted in PKF Littlejohn LLP ("PKF") being offered and accepting the role, and the Audit Committee reviewed and approved the terms of engagement and remuneration of the external auditors for the 2022 financial year. PKF's current engagement partner is Adam Humphreys, and he has been in place since being appointed for the Company's 2022 year end. The Audit Committee annually assesses the qualification, expertise and independence of the auditors and the effectiveness of the audit process.

#### **Auditor effectiveness**

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

## **Eden Research plc**

### **Audit Committee Report**

**For the year ended 31 December 2022**

---

#### **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.

For the 2022 financial year end, there was no non-audit work undertaken by the Company's auditors and the Committee considers the external auditor to be independent, taking into account the factors described above.

#### **Internal audit**

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

#### **Other activities**

In respect of 2022, and as part of a continuous process, the Committee assessed the clarity of the financial statements and the need for changes in presentation to enable and assist understanding of users of the accounts as the operations of the Group continue to evolve.

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

**Eden Research plc**

**Audit Committee Report**

**For the year ended 31 December 2022**

---

**Environmental Impact**

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

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

It is intended that this review and its findings will be completed by the end of 2023.

**Robin Cridland**

**Audit Committee Chairman**



## **Eden Research plc**

### **Directors' Report**

#### **For the year ended 31 December 2022**

---

The Directors present their annual report and financial statements for the year ended 31 December 2022.

#### **Results and dividends**

The Group's loss for the year after taxation amounted to £2,243,879 (2021: £2,777,543). The Directors are unable to recommend any dividend.

#### **Research and development**

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

#### **Future developments**

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

#### **Directors**

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

A Abrey

R Cridland

R Horsman (appointed 1 September 2022)

S Smith

L van der Broek

#### **Corporate Governance**

The Directors acknowledge the importance of the principles set out in the UK Corporate Governance Code. Although the Corporate Governance Code is not compulsory for AIM quoted companies, the Directors have 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 three Non-Executive Directors. The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary and the Chief Financial Officer, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

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

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

## Eden Research plc

### Directors' Report

#### For the year ended 31 December 2022

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

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

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

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

	<b>Total Holdings</b>	<b>% of share capital</b>
Alex Abrey	1,620,346	0.43%
Lykele van der Broek	929,500	0.24%
Sean Smith	731,039	0.19%
Robin Cridland	130,167	0.03%
Richard Horsman	-	0.00%

During the year, Alex Abrey purchased 317,522 shares in Eden at a price of 4.72p per share.

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 2022:

<b>Entity</b>	<b>Total Holdings</b>	<b>% of Share Capital</b>
BGF Investment Management	53,033,000	13.92%
Sipcam Oxon SpA	37,614,830	9.88%
Hargreaves Lansdown	30,622,036	8.04%
Gresham House Asset Management	27,845,445	7.31%
Interactive Investor Services	23,069,553	6.06%
Cannacord Genuity Group	22,584,000	5.93%
JM Finn & Co	19,917,362	5.23%
Atul Unadkat	17,575,386	4.61%
Rathbone Nominees	15,655,700	4.11%
Skandinaviska Enskilda	13,066,384	3.43%

## **Eden Research plc**

### **Directors' responsibilities statement**

**For the year ended 31 December 2022**

---

#### **Suppliers**

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

#### **Directors' responsibility statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards. The Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Group and parent 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 Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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.

**Eden Research plc**

**Directors' responsibilities statement**

**For the year ended 31 December 2022**

---

**Statement as to disclosure information to auditors**

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

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

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

**Auditor**

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

On behalf of the board

Sean Smith  
Director



**4 May 2023**

## Opinion

We have audited the group financial statements of Eden Research Plc (the 'Company' or 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- consideration of the group's objectives, policies and processes in managing its working capital as well as exposure to financial, credit and liquidity risks;
- reviewing management's going concern memorandum and assessment and discussions with management regarding the future plans and availability of funding;
- reviewing the cash flow forecast to ensure mathematical accuracy;
- obtaining corroborative and contradictory documentation for the key assumptions and estimates used in the cashflow forecast and challenging the reasonableness of these with management;
- performing sensitivity analysis on the cash flow forecasts prepared by management, and assessing management's assessment of the worst case scenario and cash flows;

- reviewing performance of the group subsequent to the year end and other events impacting the going concern assumption; and
- reviewing the adequacy and completeness of disclosures in the financial statements.

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

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

### **Our application of materiality**

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

Materiality for the group financial statements was set at £196,000. This was calculated based on 1.5% of gross assets at the year end. Using our professional judgement, we had determined this to be the principal benchmark within the group financial statements as it was most relevant to stakeholders in assessing the financial performance of the group, given that the key focus of the group was to develop and commercialise products for sale. The ongoing performance of the group is dependent on the success of these developed products held as intangible assets.

Materiality for the significant component of the group, being the parent company, was £195,000 based on 1.5% of gross assets of the component.

Performance materiality for the group financial statements was set at £117,600 and the parent company was set at £117,000, being 60% of materiality for the financial statements as a whole respectively.

In determining performance materiality, we considered the following factors:

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

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

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

### **Our approach to the audit**

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

The group includes the parent company, Eden Research Plc ('Eden'), and its subsidiaries, TerpeneTech Limited ('TT Ireland') and Eden Research Europe Limited ('Eden Ireland').

Eden and TT Ireland were trading entities and Eden Ireland was dormant.

The scope of our audit was based on the significance of component's operations and materiality. Each component was assessed as to whether they were significant or not to the group by either their size or risk. The parent company was identified as the only significant component due to its size and identified risks.

Due to Eden being a significant component of the group, we performed a full scope audit on the component. The work on the significant component of the group has been performed by us as group auditor.

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

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements, considering the structure of the group.

We considered those areas which were deemed to involve significant judgement by the directors, such as the key audit matters relating to the capitalisation of development costs and recoverability of the carrying value of intangible assets. Other areas where judgement and estimates were involved were recoverability of the carrying value of investments, determination of the useful life of assets, valuation of share options and warrants, determination of performance obligations in a revenue contract, and the consideration of future events that are inherently uncertain.

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

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

### **Key audit matters**

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

Key Audit Matter	How our scope addressed this matter
<p><b>Capitalisation and recoverability of the carrying value of intangible assets (Group and parent company) (Refer to Note 12)</b></p> <p>As at 31 December 2022, the carrying value of intangible assets was £8.4m (2021: £7.9m). These intangible assets comprise of licences and trademarks, intellectual property and capitalised product development costs. During the year, the group and the parent company capitalised development costs amount to £1.0m (2021: £1.6m).</p> <p>Management capitalises costs in relation to product development activities in accordance with IAS 38 <i>Intangible Assets</i>. As a result of the judgement involved in determining which costs qualify for capitalisation, there is a risk of incorrect capitalisation.</p> <p>Due to the ongoing operating losses, negative operating cashflows and uncertainty on future sales of the products and profitability of the group, there is a risk that the carrying value of the assets in the financial statements require impairment.</p> <p>This risk is considered to be a key audit matter due to the material nature of the balance and the level of management judgement/estimation required in management's capitalisation and impairment considerations as there is a risk of management bias and override of control.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of management's process and controls in relation to capitalisation and their impairment assessment of the intangible assets, including a separate assessment of the different cash generating units ("CGUs");</li> <li>• Testing ownership of the assets within the CGUs by agreeing to underlying documentation, including verifying the validity of patents and good standing over the other assets held;</li> <li>• Testing additions during the year to supporting documentation assessing the point and eligibility of capitalisation in line with IAS 38 criteria;</li> <li>• Reviewing other costs recognised in the Consolidated and Parent Statement of Comprehensive Income and determining whether they met the criteria for capitalisation;</li> <li>• Obtaining management's formal assessment in relation to impairment, reviewing and performing procedures to determine the mathematical accuracy, reasonableness and sensitivity of estimates and judgements used;</li> <li>• Assessing the historical accuracy of management's forecasts and growth rates;</li> <li>• Undertaking sensitivity analysis on the headroom to possible changes in the key underlying assumptions, and ensuring the discount rate has been appropriately risk adjusted;</li> <li>• Challenging the key assumptions used and obtain supporting and contradicting evidence to assess the reasonableness of these assumptions; and</li> <li>• Reviewing the disclosures and presentation in the financial statements.</li> </ul>



	We draw attention to the fact that intangibles under development need deployment of resources for completion. Considering the current financial position of the Group, the Group may need to reduce/defer development to meet its working capital obligations in the ensuing 12 months which is likely to increase the requirement for an impairment of these assets.
--	---

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibility statement within director's report, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the parent company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and experience of the sector or similar sectors. We also selected a specific audit team with experience of auditing entities facing similar audit and business risks.
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from:
  - AIM Rules for Companies;
  - UK-adopted international accounting standards;
  - UK Companies Act 2006;
  - UK Employment Laws and Health and Safety Regulations;
  - UK Tax Laws;
  - Local Plant Protection Regulations and Patent Laws;
  - General Data Protection Regulations;
  - Anti-Bribery Act; and
  - Anti-Money Laundering Regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
  - enquiries of management;
  - obtaining confirmation from third parties on compliance with laws and regulations;

**Independent auditor's report to the members of Eden Research plc**

---

- reviewing of board minutes RNS announcements; and
  - reviewing the nature of legal and professional fees incurred in the year.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls and revenue recognition, inappropriate application of the going concern assessment in the financial statements and management bias in determining key accounting estimates and in relation to the capitalisation of development costs and recoverability of the carrying value of intangible assets. We addressed this by challenging the estimates/judgements made by management when auditing these significant accounting estimates/judgements (refer to the key audit matter and going concern section).
  - As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures, which included, but were not limited to testing of journals, reviewing key accounting judgement and estimates for evidence of bias (refer to the key audit matter section and going concern section) and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with our engagement letter dated 22 September 2022. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed



**Adam Humphreys (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

**4 May 2023**

Eden Research plc

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Revenue	4	1,827,171	1,228,580
Cost of sales		(997,011)	(667,343)
<b>Gross profit</b>		<b>830,160</b>	<b>561,237</b>
Amortisation of intangible assets		(495,818)	(434,630)
Administrative expenses		(2,749,240)	(2,694,290)
Share based payments		(152,135)	(640,597)
<b>Operating loss</b>	5	<b>(2,567,033)</b>	<b>(3,208,280)</b>
Interest income	8	192	98
Finance costs	9	(22,046)	(32,074)
Foreign exchange gains/(losses)	9	52,736	(97,247)
Share of loss of equity accounted Investee, net of tax	15	(31,444)	(58,177)
<b>Loss before taxation</b>		<b>(2,567,595)</b>	<b>(3,395,680)</b>
<b>Income tax income</b>	10	<b>323,716</b>	<b>618,137</b>
<b>Loss and total comprehensive income for the year</b>		<b>(2,243,879)</b>	<b>(2,777,543)</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent Company		(2,237,262)	(2,788,973)
- Non-controlling interests		(6,617)	11,430
		<b>(2,243,879)</b>	<b>(2,777,543)</b>
<b>Earnings per share</b>	11		
Basic		(0.59p)	(0.73p)
Diluted		(0.59p)	(0.73p)

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

The accompanying notes from page 70 to 126 form an integral part of these financial statements.

Eden Research plc

Consolidated statement of financial position

As at 31 December 2022

	Notes	2022 £	2021 £
<b>Non-current assets</b>			
Intangible assets	12	8,447,226	7,919,780
Property, plant and equipment	13	198,786	232,278
Right-of-Use assets	14	332,814	372,787
Investments	15	330,244	361,688
		<u>9,309,070</u>	<u>8,886,533</u>
<b>Current assets</b>			
Inventories	17	625,458	521,351
Trade and other receivables	18	658,866	886,587
Current tax recoverable	10	323,716	903,245
Cash and cash equivalents		1,994,472	3,829,369
		<u>3,602,512</u>	<u>6,140,552</u>
<b>Current liabilities</b>			
Trade and other payables	19	1,813,341	1,711,518
Lease liabilities	20	139,547	99,924
		<u>1,952,888</u>	<u>1,811,442</u>
<b>Net current assets</b>		<u>1,649,624</u>	<u>4,329,110</u>
<b>Non-current liabilities</b>			
Trade and other payables	19	-	87,740
Lease liabilities	20	215,776	298,428
		<u>215,776</u>	<u>386,168</u>
<b>Net assets</b>		<u>10,742,918</u>	<u>12,829,475</u>

Eden Research plc

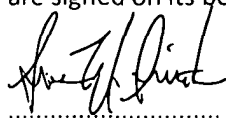
Consolidated statement of financial position (continued)

As at 31 December 2022

	Notes	2022 £	2021 £
<b>Equity</b>			
Called up share capital	23	3,808,589	3,803,402
Share premium account	24	39,308,529	39,308,529
Warrant reserve	25	701,065	937,505
Merger reserve	26	10,209,673	10,209,673
Retained earnings		(43,309,440)	(41,460,753)
Non-controlling interest	27	24,502	31,119
<b>Total equity</b>		<b>10,742,918</b>	<b>12,829,475</b>

The accompanying notes from page 70 to 126 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 4 May 2023 and are signed on its behalf by:



Sean Smith  
Director

Eden Research plc

Company statement of financial position

As at 31 December 2022

	Notes	2022 £	2021 £
<b>Non-current assets</b>			
Intangible assets	12	8,354,299	7,813,583
Property, plant and equipment	13	198,786	232,278
Right-of-Use Assets	14	332,814	372,787
Investments	15	330,244	361,688
		<u>9,216,143</u>	<u>8,780,336</u>
<b>Current assets</b>			
Inventories	17	625,458	521,351
Trade and other receivables	18	786,791	970,587
Current tax recoverable	10	323,716	903,245
Cash and cash equivalents		1,994,472	3,829,369
		<u>3,730,437</u>	<u>6,224,552</u>
<b>Current liabilities</b>			
Trade and other payables	19	1,813,341	1,667,557
Lease liabilities	20	139,547	99,924
		<u>1,952,888</u>	<u>1,767,481</u>
<b>Net current assets</b>		<u>1,777,549</u>	<u>4,457,071</u>
<b>Non-current liabilities</b>			
Trade and other payables	19	-	87,740
Lease liabilities	20	215,776	298,428
		<u>215,776</u>	<u>386,168</u>
<b>Net assets</b>		<u>10,777,916</u>	<u>12,851,239</u>
<b>Equity</b>			
Called up share capital	23	3,808,589	3,803,402
Share premium account	24	39,308,529	39,308,529
Warrant reserve	25	701,065	937,505
Merger reserve	26	10,209,673	10,209,673
Retained earnings		(43,249,940)	(41,407,870)
<b>Total equity</b>		<u>10,777,916</u>	<u>12,851,239</u>

**Eden Research plc**

**Company statement of financial position (continued)**

**As at 31 December 2022**

---

The accompanying notes from page 70 to 126 form an integral part of these financial statements.

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the year was £2,230,645 (2021 - £2,764,403).

The financial statements were approved by the Board of Directors and authorised for issue on 4 May 2023 and are signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Sean Smith', written over a dotted line.

**Sean Smith**  
**Director**

**Company Registration No. 03071324**



Eden Research plc

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Notes	Share capital £	Share premium account £	Merger reserve £	Warrant reserve £	Retained earnings £	Total £	Non-controlling interest £	Total £
<b>Balance at 1 January 2021</b>		3,803,402	39,308,529	10,209,673	429,915	(38,842,259)	14,909,260	19,689	14,928,949
<b>Year ended 31 December 2021:</b>									
Loss and total comprehensive income		-	-	-	-	(2,788,973)	(2,788,973)	11,430	(2,777,543)
Issue of share capital	23/24	-	-	-	-	-	-	-	-
Options granted	22	-	-	-	678,069	-	678,069	-	678,069
Options lapsed	22	-	-	-	(170,479)	170,479	-	-	-
<b>Balance at 31 December 2021</b>		3,803,402	39,308,529	10,209,673	937,505	(41,460,753)	12,798,356	31,119	12,829,475
<b>Year ended 31 December 2022:</b>									
Loss and total comprehensive income		-	-	-	-	(2,237,262)	(2,237,262)	(6,617)	(2,243,879)
Issue of share capital	23/24	5,187	-	-	-	-	5,187	-	5,187
Options granted	22	-	-	-	152,135	-	152,135	-	152,135
Options lapsed	22	-	-	-	(388,575)	388,575	-	-	-
<b>Balance at 31 December 2022</b>		3,808,589	39,308,529	10,209,673	701,065	(43,309,440)	10,718,416	24,502	10,742,918

The accompanying notes from page 70 to 126 form an integral part of these financial statements.

Share capital is the number of shares issued in the Company at their nominal value. The share premium account represents the gross proceeds from issue of shares, less their nominal value.

Eden Research plc

Company statement of changes in equity

For the year ended 31 December 2022

		Share capital	Share premium account	Merger reserve	Warrant reserve	Retained earnings	Total
	Notes	£	£	£	£	£	£
<b>Balance at 1 January 2021</b>		3,803,402	39,308,529	10,209,673	429,915	(38,813,946)	14,937,573
<b>Year ended 31 December 2021:</b>							
Loss and total comprehensive income for the year		-	-	-	-	(2,764,403)	(2,764,403)
Issue of share capital	23/24	-	-	-	-	-	-
Options granted	22	-	-	-	678,069	-	678,069
Options lapsed	22	-	-	-	(170,479)	170,479	-
<b>Balance at 31 December 2021</b>		3,803,402	39,308,529	10,209,673	937,505	(41,407,870)	12,851,239
<b>Year ended 31 December 2022:</b>							
Loss and total comprehensive income for the year		-	-	-	-	(2,230,645)	(2,230,645)
Issue of share capital	23/24	5,187	-	-	-	-	5,187
Options granted	22	-	-	-	152,135	-	152,135
Options lapsed	22	-	-	-	(388,575)	388,575	-
<b>Balance at 31 December 2022</b>		3,808,589	39,308,529	10,209,673	701,065	(43,249,940)	10,777,916

The accompanying notes from page 70 to 126 form an integral part of these financial statements.

Share capital is the number of shares issued in the Company at their nominal value. The share premium account represents the gross proceeds from issue of shares, less their nominal value.

Eden Research plc

Consolidated statement of cash flows

For the year ended 31 December 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	33		(1,586,531)		(1,586,582)
R&D tax credit received			903,244		-
<b>Net cash outflow from operating activities</b>			<b>(683,287)</b>		<b>(1,586,582)</b>
<b>Investing activities</b>					
Development of intangible assets		(1,023,262)		(1,624,927)	
Purchase of property, plant and equipment		(30,929)		(101,269)	
Interest received		192		98	
<b>Net cash used in investing activities</b>			<b>(1,053,999)</b>		<b>(1,726,098)</b>
<b>Financing activities</b>					
Payment of lease liabilities		(128,301)		(90,387)	
Interest on lease liabilities		(22,046)		(32,074)	
<b>Net cash generated from/(used in) financing activities</b>			<b>(150,347)</b>		<b>(122,461)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>(1,887,633)</b>		<b>(3,435,141)</b>
Cash and cash equivalents at beginning of year			3,829,369		7,286,503
Effect of foreign exchange rates			52,736		(21,993)

**Eden Research plc**

**Consolidated statement of cash flows**

**For the year ended 31 December 2022**

Cash and cash  
equivalents at end of  
year

1,994,472

3,829,369

**Relating to:**  
Bank balances

1,994,472

3,829,369

**Non-cash movement on account of financing activities:**

**Note**

14 Lease liability additions £87,228 (2021: £76,464)

22 Share based payment charge £152,135 (2021: £640,957)

23 Issue of shares £5,187 (2021: £nil) where proceeds remain unpaid at the year end.

The accompanying notes from page 70 to 126 form an integral part of these financial statements.

Eden Research plc

Company statement of cash flows

For the year ended 31 December 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	33		(1,586,531)		(1,586,582)
R&D tax credit received			903,244		-
<b>Net cash outflow from operating activities</b>			<b>(683,287)</b>		<b>(1,586,582)</b>
<b>Investing activities</b>					
Development of intangible assets		(1,023,262)		(1,624,927)	
Purchase of property, plant and equipment		(30,929)		(101,269)	
Interest received		192		98	
<b>Net cash used in investing activities</b>			<b>(1,053,999)</b>		<b>(1,726,098)</b>
<b>Financing activities</b>					
Payment of lease liabilities		(128,301)		(90,387)	
Interest on lease liabilities		(22,046)		(32,074)	
<b>Net cash generated from/(used in) financing activities</b>			<b>(150,347)</b>		<b>(122,461)</b>
<b>Net increase/(decrease) in cash and cash</b>			<b>(1,887,633)</b>		<b>(3,435,141)</b>
Cash and cash equivalents at beginning of year			3,829,369		7,286,503
Effect of foreign exchange rates			52,736		(21,993)
<b>Cash and cash equivalents at end of year</b>			<b>1,994,472</b>		<b>3,829,369</b>

**Eden Research plc**

**Company statement of cash flows**

**For the year ended 31 December 2022**

---

**Relating to:**

Bank balances	<u>1,994,472</u>	<u>3,829,369</u>
---------------	------------------	------------------

**Non-cash movement on account of financing activities:**

**Note**

- 14 Lease liability additions £87,228 (2021: £76,464)
- 22 Share based payment charge £152,135 (2021: £640,957)
- 23 Issue of shares £5,187 (2021: £nil) where the proceeds remain unpaid

The accompanying notes from page 70 to 126 form an integral part of these financial statements.

**1 Accounting policies**

**Company information**

Eden Research plc is a public company limited by shares incorporated in England and Wales. The registered office is 67C Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RQ. The Company's principal activities and nature of its operations are disclosed in the Directors' report.

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

**1.1 Accounting convention**

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

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

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

See note 2 for further information on changes to standards adopted or in issue during the year end.

**1 Accounting policies (continued)**

**1.2 Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December 2022. The profits and losses of the Company and its subsidiary are consolidated from the date from which control is achieved. All members of the Group have the same reporting period.

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

*Associates*

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

*Application of the equity method to associates*

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



**1 Accounting policies (continued)**

**1.3 Going concern**

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

The Group has reported a loss for the year after taxation of £2,243,879 (2021: £2,777,543). Net current assets at that date amounted to £1,649,624 (2021: £4,329,110). Cash at that date amounted to £1,994,472 (2021: £3,829,369).

The Company has reported a loss for the year after taxation of £2,230,645 (2021 - £2,764,403). Net current assets at that date amounted to £1,777,549 (2021: £4,457,071). Cash at that date amounted to £1,994,472 (2021: £3,829,369).

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

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

The impact of COVID has been considered in the forecasts. The Group has been impacted by the pandemic as it has led to some delays in regulatory approvals, product development process and limited promotional activity, which resulted in lower than forecast sales in 2020 and 2021. The forecasts reflect this with the development expenditure timing based on the latest experience with regulatory authorities and sales volumes on the latest distributors' information which reflects their post-COVID demand.

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

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

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

**1 Accounting policies (continued)**

**1.3 Going concern (continued)**

The Group's achievement of long-term positive cash generation is reliant on the completion of ongoing product development and successful initial approval and registration of these products with various regulatory bodies, as well as the registration of existing products in new territories. While the Group is forecasted to become cash generative in 2024 under the base budget, the Directors consider it reasonably possible that the Group may seek further funding prior to that point.

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

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

**1.4 Revenue**

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

**Licensing fees**

The Group receives licensing fees from partners who have taken a licence for the right to use Eden's intellectual property, usually defined by field of use and territory. These are identified as the right to use as the Group does not have an obligation to undertake activities that significantly affect the relevant intellectual property.

Each sale of a licence by the Group 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 Group's intellectual property as it exists at that point in time, with no ongoing obligation on the Group, or alternatively provides access to the intellectual property as it develops over time. Where the Group has discharged all of its ongoing obligations associated with the licence granted, revenue is recognised on invoicing of the licence fee payment at which point the customer can use and benefit from the licence. Where there is an ongoing obligation on the Group, revenue is recognised in the periods to which the obligations pertain.

**Milestone payments**

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

**1 Accounting policies (continued)**

**1.4 Revenue (continued)**

***Milestone payments (continued)***

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

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

The Corteva agreement entered into in 2021 includes milestone payments of £141,293 received in 2021 and a further £164,148 in 2022. These milestone payments have been assessed to relate to a performance obligation being satisfied at a point in time. As at year end, this performance obligation had not been reached and, consequently, the amounts received deferred (presented within Accruals and Deferred Income in note 19).

Further milestone payments are contractually due in the year ending 31 December 2023. The performance obligation is expected to be met no later than by 31 December 2023.

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

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

**R & D charges**

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

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

**1.4 Revenue (continued)**

***Royalties***

The Group 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. Revenue is recognised in line with when these sales occur.

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.

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

***Product sales***

Generally, where the Group has entered into a distribution agreement with a partner, 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 Group 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 accepted and refunds are only made when product supplied is notified as defective within 60 days.

The Group does not have any contract assets or liabilities other than the liability in respect of the Corteva milestone payments noted in the milestone section (2021: none, other than the Corteva milestone payment).

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

## 1 Accounting policies (continued)

### 1.5 Intangible assets other than goodwill

Intellectual property, which is made up of patent costs, trademarks and development costs, is capitalised and amortised on a straight-line basis over its remaining estimated useful economic life of 8 years (2021: 9 years) in line with the remaining life of the Group's master patent, which was originally 20 years, with additional Supplementary Protection Certificates having been granted in the majority of the countries in the EU in which Eden is selling Mevalone® and Cedroz™. The useful economic life of intangible assets is reviewed on an annual basis.

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

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

### 1.6 Property, plant and equipment

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

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

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

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

### 1.7 Impairment of tangible and intangible assets

The Directors regularly review the intangible assets for impairment and provision is made if necessary. Assets that are subject to amortisation and those that are under development are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each

**1 Accounting policies (continued)**

**1.8 Inventories**

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

**1.9 Financial instruments**

**(i) Recognition and initial measurement**

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

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

**(ii) Classification and subsequent measurement**

***Financial assets***

***(a) Classification***

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

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

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

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

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

**1 Accounting policies (continued)**

**1.9 Financial instruments (continued)**

*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 Group'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 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.

***Financial liabilities and equity***

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

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

**1 Accounting policies (continued)**

**1.9 Financial instruments (continued)**

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

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

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

**(iii) Impairment**

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

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

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. During the year, an expected credit loss provision of £107,188 (2021:£Nil) has been recognised on trade receivables over 12 months old, on which payment is uncertain.

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



**1 Accounting policies (continued)**

**1.9 Financial instruments (continued)**

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

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

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

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

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

***Measurement of ECLs***

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

***Credit-impaired financial assets***

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

***Write-offs***

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

**1 Accounting policies (continued)**

**1.10 Taxation**

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

***Current tax***

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

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

***Deferred tax***

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

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

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

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

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

**1 Accounting policies (continued)**

**1.11 Employee benefits**

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

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

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

**1.12 Retirement benefits**

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

**1.13 Share-based payments**

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

**Unapproved share option scheme**

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

**Long-Term Incentive Plan ('LTIP')**

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

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

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

**1 Accounting policies (continued)**

**Long-Term Incentive Plan ('LTIP') (continued)**

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.

In June 2021, the Company made changes to the LTIP. Details can be found on pages 40 to 43.

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

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

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

**Other share options**

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

**1.14 Leases**

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

## **1 Accounting policies (continued)**

### **1.14 Leases (continued)**

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

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

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

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

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

### **1.15 Grants**

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

### **1.16 Foreign exchange**

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

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

## **1 Accounting policies (continued)**

### **1.17 Research and development**

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

### **1.18 Defined contribution plan**

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

### **1.19 Financial risk management**

The Group's activities expose it to a variety of financial risks: market risks (including currency risk and interest rate risks), credit risk and liquidity risk. Risk management focuses on minimising any potential adverse effect on the Company's financial performance and is carried out under policies approved by the Board of Directors. See note 32 for further information.

### **1.20 Functional and presentation currency**

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

### **1.21 Transactions and balances**

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

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

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

## 1 Accounting policies (continued)

### 1.21 Transactions and balances (continued)

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

### 1.22 Cash and cash equivalents

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

### 1.23 Current versus non-current classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when it is:

Expected to be settled in the normal operating cycle

Held primarily for the purpose of trading

Due to be settled within twelve months after the reporting period ; or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

The Group classifies all other liabilities as non-current.

### 1.24 Equity and reserves

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

## 1 Accounting policies (continued)

### 1.25 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
  - by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.
- Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
  - the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

## 2 New standards and interpretations

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

### i) New standards and amendments – applicable 1 January 2022

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022:

	Effective for accounting periods beginning on or after	Impact
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022	None
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022	None
Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022	None
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	None

### ii) Forthcoming requirements

As at 31 December 2022, the following standards and interpretations had been issued but were not mandatory for annual reporting periods commencing on or after 1 January 2023.



**2 New standards and interpretations (continued)**

	Effective for accounting periods beginning on or after	Expected Impact
IFRS 17 Insurance Contracts	1 January 2023	None
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023	None
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023	None
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	None
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023	None

**3 Critical accounting estimates and judgements**

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

*Going concern*

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

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

*Associate*

A judgement has been made that Eden exerts significant influence on TerpeneTech (UK) such that it is an associate company and, as such, adoption of equity accounting is appropriate.

*COVID-19*

The Group has made accounting judgements and estimates based on there being minimal impact of COVID-19 on the business in the long term. This is impacting, in particular, the forecasts used as the basis for intangibles impairment review, investment impairment review and going concern. 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.

**3 Critical accounting estimates and judgements (continued)**

*Impairment assessment of intangibles and investments*

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

*Assessment of useful life of intangible assets*

The Group has estimated the useful life of intangible assets by considering intellectual property protection that it owns, such a patents which have a known expiry date. See note 12 and note 15 for further information of assumptions and estimates made.

*Share based payments*

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

*Impairment assessment of intangibles and investments*

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

*Assessment of useful life of intangible assets*

The Group has estimated the useful life of intangible assets by considering intellectual property protection that it owns, such a patents which have a known expiry date. See note 12 and note 15 for further information of assumptions and estimates made.

*Share based payments*

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

### 3 Critical accounting estimates and judgements (continued)

#### Other accounting judgements

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

#### *Capitalised development costs and Intellectual property*

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

- The availability of the necessary financial resources and hence the ability of the Group and Company to continue as a going concern.
- The assumptions surrounding the perceived market sizes for the products and the achievable market share for the Group.
- 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.

£64,273 of research expenditure has been recognised as an expense in the current year in the P&L in excess of the amortisation of intangible assets as disclosed in note 12 (2021: £11,215).

#### *Revenue - Performance obligations*

The Directors have exercised a judgement that the performance obligations set out in a contract with a customer have not yet been met and, as such, have not recognised revenue which has been invoiced and paid. See note 1 for further information on policies applied.

**4 Revenue and Segmental Information**

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

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

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

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

**4 Revenue and Segmental Information (continued)**

The segment information for the year ended 31 December 2021 is as follows:

	Agrochemicals	Consumer products	Animal health	Total
Revenue	£	£	£	£
Milestone payments	5,250	-	-	5,250
R & D charges	-	7,760	-	7,760
Royalties	57,170	36,131	-	93,301
Product sales	1,122,269	-	-	1,122,269
<b>Total revenue</b>	<b>1,184,689</b>	<b>43,891</b>	<b>-</b>	<b>1,228,580</b>
<b>Adjusted EBITDA</b>	<b>(2,021,602)</b>	<b>43,891</b>	<b>-</b>	<b>(1,977,711)</b>
Share Based Payment charge	(640,597)	-	-	(640,597)
<b>EBITDA</b>	<b>(2,662,199)</b>	<b>43,891</b>	<b>-</b>	<b>(2,618,308)</b>
Amortisation on intangible and Right of Use assets	(421,358)	(13,272)	-	(434,630)
Depreciation of plant, property and equipment	(155,342)	-	-	(155,342)
Finance costs, foreign exchange and investment revenues	(129,223)	-	-	(129,223)
Impairment of investment in associate	-	-	-	-
Income Tax	618,137	-	-	618,137
Share of Associate's loss	-	(58,177)	-	(58,177)
<b>(Loss)/Profit for the Year</b>	<b>(2,749,985)</b>	<b>(27,558)</b>	<b>-</b>	<b>(2,777,543)</b>
<b>Total Assets</b>	<b>15,004,888</b>	<b>22,197</b>	<b>-</b>	<b>15,027,085</b>
Total assets includes:				
Additions to Non-Current Assets	1,802,660	-	-	1,802,660
<b>Total Liabilities</b>	<b>2,153,649</b>	<b>43,961</b>	<b>-</b>	<b>2,197,610</b>

	2022	2021
	£	£
<b>Revenue analysed by geographical market</b>		
UK	114,347	83,891
Europe	1,712,824	1,144,689
	<u>1,827,171</u>	<u>1,228,580</u>

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

**4 Revenue and Segmental Information (continued)**

Revenues of approximately £1,655,329 (2021: £1,036,156) are derived from two customers who each account for greater than 10% of the Group's total revenues:

Customer	2022 £	2022 %	2021 £	2021 %
A	1,450,518	75.4	900,364	73.3
B	204,811	10.6	134,192	10.9

100% of the revenue generated in the year (2021: 100%) was recognised at a point in time.

**5 Operating loss**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
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	67,000	55,000
Fees payable to the Company's auditor for interim review of half-yearly results	3,500	-
Depreciation of right-of-use assets (included within administrative expenses)	127,200	98,287
Depreciation on property, plant and equipment	191,622	155,343
Amortisation of intangible assets	495,818	434,630
Provision for doubtful debts	107,188	-
Research expenses	64,273	11,215
Share-based payments	152,135	640,597
	<u>          </u>	<u>          </u>

**6 Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Management	4	4
Operational	13	12
	<u>          </u>	<u>          </u>
	17	16
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,205,424	1,422,841
Social security costs	145,871	172,142
Pension costs	47,964	53,836
Benefits in kind	6,486	5,826
Share based payment charge	152,135	678,069
	<u>          </u>	<u>          </u>
	1,557,880	2,332,714
	<u>          </u>	<u>          </u>

## Notes to the Group financial statements (continued)

For the year ended 31 December 2022

**7 Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	478,440	629,060
Company pension contributions to defined contribution schemes	33,491	31,009
Non-executive Directors' fees	96,667	85,000
Share based payment charge relating to all Directors	119,083	632,836
	<u>727,681</u>	<u>1,377,905</u>
Benefits in kind	6,486	5,826
Social security costs	71,708	91,901
	<u>805,875</u>	<u>1,475,632</u>

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

The number of Directors who are entitled to receive shares under long term incentive schemes during the year is 2 (2021 - 2).

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services including pension	292,367	376,972

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 41 in the Remuneration report.

<b>2022</b>	<b>Salary</b>	<b>Bonus</b>	<b>Fees</b>	<b>Pension</b>	<b>Share Based Payments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
A Abrey	205,200	-	-	14,364	51,074	270,638
S Smith	273,240	-	-	19,127	68,009	360,376
R Cridland	-	-	40,000	-	-	40,000
L van der Broek	-	-	45,000	-	-	45,000
R Horsman	-	-	11,667	-	-	11,667
	<u>478,440</u>	<u>-</u>	<u>96,667</u>	<u>33,491</u>	<u>119,083</u>	<u>727,681</u>
<b>2021</b>	<b>Salary</b>	<b>Bonus</b>	<b>Fees</b>	<b>Pension</b>	<b>Share Based Payments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
A Abrey	190,000	79,800	-	13,297	271,256	554,353
S Smith	253,000	106,260	-	17,712	361,580	738,552
R Cridland	-	-	40,000	-	-	40,000
L van der Broek	-	-	45,000	-	-	45,000
	<u>443,000</u>	<u>186,060</u>	<u>85,000</u>	<u>31,009</u>	<u>632,836</u>	<u>1,377,905</u>



**8 Interest income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Bank deposits	192	98

Total interest income for financial assets that are not held at fair value through profit or loss is £192 (2021: £98).

**9 Finance costs and foreign exchange (gains)/losses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest on lease liabilities	22,046	32,074
<b>Finance costs</b>	<b>22,046</b>	<b>32,074</b>
Exchange differences on working capital	(2,825)	75,254
Effect of exchange rate fluctuations on cash	(49,911)	21,993
<b>Exchange losses and (gains)</b>	<b>(52,736)</b>	<b>97,247</b>

**10 Income tax income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profit or loss for the current period	(323,716)	(572,585)
Adjustments in respect of prior periods	-	(45,552)
<b>Total UK current tax income</b>	<b>(323,716)</b>	<b>(618,137)</b>

**10 Income tax income (continued)**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss	(2,567,595)	(3,395,680)
Expected tax credit based on a corporation tax rate of 19% (2021: 19.00%)	(487,843)	(645,179)
Ineligible fixed asset differences	9,489	11,639
Expenses not deductible for tax purposes	75,663	129,845
Additional deduction for R&D expenditure	(239,754)	(424,074)
R&D claim	(323,716)	(572,585)
Surrender of tax losses for R&D tax credit refund	424,180	750,284
Adjustment in respect of prior years	-	(45,552)
Deferred tax not recognised	218,265	177,485
<b>Taxation credit for the year</b>	<b>(323,716)</b>	<b>(618,137)</b>

On 10 June 2021, the Finance Act 2021 received Royal Assent, confirming that the UK rate of corporation tax will increase from 19% to 25% from 1 April 2023.

The taxation credit for the year represents the research and development credit for the year ended 31 December 2022.

The current tax recoverable as at 31 December 2022 represents R&D tax credits and is made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
R & D cash tax credit for the current period	(323,716)	(572,585)
R & D cash tax credit for the prior period	-	(330,660)
<b>Total UK current tax recoverable</b>	<b>(323,716)</b>	<b>(903,245)</b>

**Deferred Tax**

The losses carried forward, after the above offset, for which no deferred tax asset has been recognised, amount to approximately £29,199,472 (2021: £27,548,529).

The unprovided deferred tax asset of £7,299,868 (2021: £5,234,221) arises principally in respect of trading losses. It has been calculated at 25% (2021: 19%) and has not been recognised due to the uncertainty of timing of future profits against which it may be realised.

Notes to the Group financial statements (continued)

For the year ended 31 December 2022

**10 Income tax income (continued)**

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

**11 Earnings per share**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>380,549,418</u>	<u>380,340,229</u>
<b>Earnings (all attributable to equity shareholders of the Company)</b>		
Loss for the period	<u>(2,243,879)</u>	<u>(2,777,543)</u>
Basic earnings per share	(0.59p)	(0.73p)
Diluted earnings per share	(0.59p)	(0.73p)

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

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

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

## 12 Intangible assets

## Group

	Licences and trademarks	Development costs	Intellectual property	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	448,896	6,624,406	9,316,281	16,389,583
Additions	7,788	1,525,734	91,405	1,624,927
At 31 December 2021	456,684	8,150,140	9,407,686	18,014,510
Additions	-	923,891	99,371	1,023,262
At 31 December 2022	456,684	9,074,031	9,507,057	19,037,772
<b>Amortisation and impairment</b>				
At 1 January 2021	448,896	2,494,523	6,716,681	9,660,100
Charge for the year	-	214,682	219,948	434,630
At 31 December 2021	448,896	2,709,205	6,936,627	10,094,728
Charge for the year	1,296	284,174	210,348	495,818
At 31 December 2022	450,192	2,993,379	7,146,975	10,590,546
<b>Carrying amount</b>				
At 31 December 2022	6,492	6,080,652	2,360,082	8,447,226
At 31 December 2021	7,788	5,440,935	2,471,057	7,919,780

## 12 Intangible assets

## Company

	Licences and trademarks	Development costs	Intellectual property	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	448,896	6,624,406	9,183,538	16,256,840
Additions	7,788	1,525,734	91,405	1,624,927
At 31 December 2021	456,684	8,150,140	9,274,943	17,881,767
Additions	-	923,890	99,371	1,023,261
At 31 December 2022	456,684	9,074,030	9,374,314	18,905,028
<b>Amortisation and impairment</b>				
At 1 January 2021	448,896	2,494,523	6,703,407	9,646,826
Charge for the year	-	214,682	206,676	421,358
At 31 December 2021	448,896	2,709,205	6,910,083	10,068,184
Charge for the year	1,296	284,174	197,075	482,545
At 31 December 2022	450,192	2,993,379	7,107,158	10,550,729
<b>Carrying amount</b>				
At 31 December 2022	6,492	6,080,651	2,267,156	8,354,299
At 31 December 2021	7,788	5,440,935	2,364,860	7,813,583

Intellectual property represents intellectual property in relation to use of encapsulated terpenes in agrochemicals in the form of licences, patents and development costs. The remaining useful economic life of these asset is 8 years (2021: 9 years).

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

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

Intellectual property includes patents and know-how acquired by Eden.

£3,799,161 (2021: £2,985,482) of development costs relate to assets under development for which no amortisation has been charged in 2022 or 2021.

**12 Intangible assets (continued)**

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 perform the review.

Of £8,447,226 carrying amount of intangible assets, £3,799,161 are under development and £4,555,138 have been allocated to the Agrochemicals Cash Generating Unit (CGU). The remaining intangible assets, £92,927, have been allocated to the Consumer products CGU. For impairment assessment we have allocated asset under development to the agrochemical CGU as all the asset under development relates to the agrochemical industry.

The Directors have prepared a discounted cash-flow forecast, 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 discounted cash-flow forecast is limited to those products which are already being sold, or are expected to be sold in 2023, or early 2024.

The forecast covers a period of 8 years, with no terminal value, reflecting the useful economic life of the patent in respect of the underlying technology. Financial forecasts for 2023 are based on the approved annual budget. Financial forecasts for 2024-2025 are based on the approved long-term plan. Financial forecasts for 2026-2030 are extrapolated based on the long-term growth rate average of 25%.

The estimated recoverable amount of the CGU exceeded its carrying amount by £0.9m and based on the review carried out management is satisfied that intangible assets are not impaired.

As set out in the Strategic Report, the business is in a critical phase of its development as the development of products is transitioned to revenue generation. The value of the CGU is supported by forecasts of continued revenue growth of existing products and the successful introduction and growth of sales of products currently under development.

The key assumptions of the forecast are the future cash flows, driven primarily by level of sales, and the discount rate. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The rate used was 13.5% (2021: 12.4%). The increase in the rate reflects the wider market movements as based on the comparable group as well as increased forecasting risk given high, current inflation rates.

The impact of increasing the discount rate by 1%, which is considered a reasonably possible change, would be a decrease in the recoverable amount to £0.4m. The discount rate would have to increase to over 15% to reduce the headroom to £nil.

The average annual growth rate has been assumed at 45% (2021: 51%), reflecting the latest forecasts based on information provided by customers and own market analysis. The rate stands at 79% up to 2025, reflecting commercialisation of new products in the period, reducing to 25% from 2026 onwards.

Forecast sales would have to reduce by an average of, approximately, 15% per annum to reduce headroom to £nil, which is not considered likely.

**13 Property, plant and equipment****Consolidated and Company**

	<b>Fixtures and fittings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 January 2021	200,758	200,758
Additions – owned	101,269	101,269
	<u>          </u>	<u>          </u>
At 31 December 2021	302,027	302,027
Additions - owned	30,929	30,929
	<u>          </u>	<u>          </u>
At 31 December 2022	332,956	332,956
	<u>          </u>	<u>          </u>
<b>Accumulated depreciation and impairment</b>		
At 1 January 2021	12,693	12,693
Charge for the year	57,056	57,056
	<u>          </u>	<u>          </u>
At 31 December 2021	69,749	69,749
Charge for the year	64,421	64,421
	<u>          </u>	<u>          </u>
At 31 December 2022	134,170	134,170
	<u>          </u>	<u>          </u>
<b>Carrying amount</b>		
At 31 December 2022	198,786	198,786
	<u>          </u>	<u>          </u>
At 31 December 2021	232,278	232,278
	<u>          </u>	<u>          </u>

## 14 Right-of-Use Assets

## Consolidated and Company

	Leasehold premises	Motor vehicles	Total
	£	£	£
<b>Cost</b>			
At 1 January 2021	417,521	35,865	453,386
Additions	26,256	50,208	76,464
Disposals	-	-	-
At 31 December 2021	443,777	86,073	529,850
Additions	-	87,228	87,228
Disposals	-	(35,865)	(35,865)
At 31 December 2022	443,777	137,436	581,213
<b>Accumulated depreciation and impairment</b>			
At 1 January 2021	36,361	22,415	58,776
Charge for the year	83,504	14,783	98,287
At 31 December 2021	119,865	37,198	157,063
Charge for the year	90,876	36,325	127,201
Eliminated on disposals	-	(35,865)	(35,865)
At 31 December 2022	210,741	37,658	248,399
<b>Carrying amount</b>			
At 31 December 2022	233,036	99,778	332,814
At 31 December 2021	323,912	48,875	372,787



## 15 Investments

	Current		Non-current	
	2022	2021	2022	2021
	£	£	£	£
Investments in associates	-	-	330,244	361,688

Details of the Group's associates at 31 December 2022 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% held	
				Direct	Voting
TerpeneTech Limited (UK)	United Kingdom	Research and experimental development on biotechnology	Ordinary	29.90	29.90
				<b>2022</b>	<b>2021</b>
				£	£
Non-current assets				378,271	440,601
Current assets				382,753	287,576
Non-current liabilities				(92,341)	(98,806)
Current liabilities				(340,419)	(269,026)
<b>Net assets (100%)</b>				<b>328,264</b>	<b>360,345</b>
Company's share of net assets				98,151	107,743
Separable intangible assets				126,249	140,817
Goodwill				412,649	412,649
Impairment of investment in associate				(299,521)	(299,521)
<b>Carrying value of interest in associate</b>				<b>337,528</b>	<b>361,688</b>
Revenue				497,292	361,307
100% of loss after tax				(56,440)	(145,849)
29.9% of loss after tax				(16,876)	(43,609)
Amortisation of separable intangible				(14,568)	(14,568)
<b>Company's share of loss including amortisation of separable intangible asset</b>				<b>(31,444)</b>	<b>(58,177)</b>

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

The associate is included in the Consumer Products operating segment.

**15 Investments (continued)**

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

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

The Directors have used discounted cash-flow forecasts, based on product sales forecasts provided by TerpeneTech (UK), and have taken into account the market potential for those products. These forecasts cover an 8-year period, with no terminal value, in line with the patent of the underlying technology.

The key assumptions of the forecast are the growth rate and the discount rate. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the asset. The rate used was 13.5% (2021: 15%). The use of a reduced discount rate reflects a reduction in uncertainty in geraniol sales, following another year of double digit growth, offset by increased inflation rates globally.

Based on the review the Directors carried out, it was determined that the Investment was not impaired and, as such, no impairment charge (2021: £nil) was recognised.

An increase in the discount rate has to be substantial to result in an impairment.

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

The average annual growth rate has been assumed at 15% (2021: 21%) and is based on the sales of geraniol only.

Even with no growth in the forecast geraniol sales over the entire forecast period there would be no impairment.

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

**16 Subsidiaries**

Details of the Company's subsidiaries at 31 December 2022 are as follows:

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

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

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

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

**16 Subsidiaries (continued)****Non-controlling interests**

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

	2022	2021
	£	£
NCI percentage	50%	50%
Non-current assets	92,927	106,199
Current assets	6,076	-
Non-current liabilities	-	-
Current liabilities	(50,000)	(43,962)
<b>Net liabilities (100%)</b>	<b>49,003</b>	<b>62,237</b>
<b>Carrying amount of NCI (50% of net liabilities)</b>	<b>24,502</b>	<b>31,119</b>
Revenue	50,038	36,131
Loss after tax	(13,234)	22,859
OCI	-	-
<b>Total comprehensive income</b>	<b>(13,234)</b>	<b>22,859</b>
<b>Share of NCI (50% of net Total comprehensive income)</b>	<b>(6,617)</b>	<b>11,430</b>
Cash flows from operating activities	-	-
Cashflows form investing activities	-	-
Cashflows from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	-	-
<b>Dividends paid to non-controlling interests</b>	<b>-</b>	<b>-</b>

**For the year ended 31 December 2022**

	Group and Company	
	2022	2021
	£	£
Raw materials	115,929	75,677
Goods in transit	411,181	424,025
Finished goods	98,348	21,649
	<u>625,458</u>	<u>521,351</u>
Inventory above is shown net of a provision of:		
Provision for obsolete inventory	76,250	-
	<u>76,250</u>	<u>-</u>

## 18 Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade receivables	322,489	693,948	322,489	693,948
VAT recoverable	179,214	104,760	179,214	104,760
Other receivables	67,410	65,957	195,335	149,957
Prepayments	89,753	21,922	89,753	21,922
	<u>658,866</u>	<u>886,587</u>	<u>786,791</u>	<u>970,587</u>

	Group and Company	
	2022	2021
	£	£
Trade receivables above are shown net of a provision for doubtful debt of:		
Provision for doubtful debts	107,188	-
	<u>107,188</u>	<u>-</u>

a:

**19 Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Current</b>				
Trade payables	1,150,873	1,147,823	1,150,873	1,147,823
Accruals and deferred income	515,860	440,416	515,860	440,416
Social security and other taxation	52,849	45,495	52,849	45,495
Other payables	93,759	77,784	93,759	33,823
	<u>1,813,341</u>	<u>1,711,518</u>	<u>1,813,341</u>	<u>1,667,557</u>
<b>Non-current</b>				
Other payables (note 22, 'Xinova liability')	-	87,740	-	87,740
	<u>-</u>	<u>87,740</u>	<u>-</u>	<u>87,740</u>

**20 Lease liabilities**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Maturity analysis – total payments due under leases:</b>		
Within one year	156,548	128,553
In two to five years	226,541	307,275
<b>Total undiscounted liabilities</b>	<u>383,089</u>	<u>435,828</u>
Future finance charges and other adjustments	(27,766)	(37,476)
<b>Lease liabilities in the financial statements</b>	<u>355,323</u>	<u>398,352</u>

**20 Lease liabilities (continued)**

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

	2022	2021
	£	£
Current liabilities	139,547	99,924
Non-current liabilities	215,776	298,428
	<u>355,323</u>	<u>398,352</u>
	2022	2021
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>22,046</u>	<u>32,074</u>

Other leasing information is included in note 29.

**21 Retirement benefit schemes****Defined contribution schemes**

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

The total costs charged to the income statement in respect of defined contribution plans is £47,964 (2021: £53,836).

**22 Share-based payment transactions****Long-Term Incentive Plan ("LTIP")**

Since September 2017 Eden has operated an option scheme for executive directors, senior management and certain employees under an LTIP which allows for certain qualifying grants to be HMRC approved. Further details can be found on page 41 of the Remuneration Report.

**2019 Award**

On 28 June 2019, 5,891,111 shares were awarded under the LTIP scheme to the Chief Executive Officer and the Chief Financial Officer ("2019 Award").

The share-based payment charge for the 2019 Award is set out as follows:

**22 Share-based payment transactions (continued)**

Financial year ended 31 December	Share based payment charge £
2017	27,210
2018	85,372
2019	110,743
2020	94,176
2021	51,909
2022	16,959*
	<b>386,369</b>

\* As these options lapsed in 2021, the charge of £16,959 was not made in 2022.

The following information is relevant in the determination of the fair value of options granted under the 2019 Award.

	<b>2017 Award</b>	<b>2018 Award</b>
Grant date	28/06/2019	28/06/2019
Number of awards	2,868,889	3,022,222
Share price	0.115	0.115
Exercise price	£nil	£nil
Expected dividend yield	-%	-%
Expected volatility	50.82%	50.82%
Risk free rate	0.614%	0.614%
Vesting period	2 years	3 years
Expected Life (from date of grant)	2 years	3 years



**22 Share-based payment transactions (continued)****LTIP Replacement Award**

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

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

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

For accounting purposes, the options granted under the LTIP Replacement Award have been treated as a modification of the 2019 Award as per IFRS 2.

Where awards previously granted have been deemed to be modified, IFRS 2 requires the share-based payment charge to comprise the original fair value of the awards, together with an incremental fair value.

A summary of the number of awards modified in the year ended 31 December 2021 and their fair values is set out in the table below:

Fair Value of Awards at 31 December 2021	Incremental Fair Value £	Incremental Fair Value per Award £
2017 Awards	231,846	0.048
2018 Awards	229,998	0.046
Total	461,844	

**Share-based payment charge**

The total share-based payment charge to be recognised by Eden in respect of the LTIP Replacement Award in the year ended 31 December 2021 and subsequent periods are as follows:

	2017 Awards		2018 Awards		Total
Charge for grants during the period	Original Annual £	Replacement Annual £	Original Annual £	Replacement Annual £	Annual £
31 Dec 21	17,735	231,846	34,174	229,998	513,753
31 Dec 22	-	-	16,959*	-	16,959

\* As these options lapsed in 2021, the charge of £16,959 was not made in 2022.

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

## 22 Share-based payment transactions (continued)

### Replacement Awards

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

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

During the year, 3,500,000 of the above options lapsed and £171,251 (2021: £nil) was transferred from the warrant reserve to retained earnings.

### 2021 Award

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

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

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

The share-based payment charge for the year ended 31 December 2022 in respect of the above 2021 LTIP awards was £119,083 (2021: £119,083).

### Other share options

#### 2021 Award

In addition to the options granted under the LTIP, certain employees were awarded approved options over a total of 996,220 shares. These have been issued at a strike price of 10-10.37p with expiry date between 30 June 2022 and 30 June 2024. 640,664 of these vested immediately with the remainder vesting over a 3-year period. The share-based payments charge in respect of all these options for the year ended 31 December 2022 was £nil (2021: £45,233). During the year, 518,738 of these options were exercised and 355,556 lapsed and £63,498 (2021: £nil) was transferred from the warrant reserve to retained earnings.

**22 Share-based payment transactions (continued)****2022 Award**

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

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

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

The share-based payment charge for the year ended 31 December 2022 was £33,052

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

**Options awards**

	Number of share options		Weighted average exercise price (pence)	
	2022	2021	2022	2021
Outstanding at 1 January	18,680,004	5,891,111	7	-
Granted during the year	2,006,939	18,680,004	5	7
Exercised during the year	(518,738)	-	1	-
Lapsed during the year	(3,855,556)	(5,891,111)	6	-
<b>Exercisable at 31 December</b>	<b>16,312,649</b>	<b>18,680,004</b>	<b>8</b>	<b>7</b>

The exercise price of options outstanding at the end of the year ranged between 6p and 10p (2021: 1p and 10p) and their weighted average contractual life was 1.9 years (2021: 2.4 years.)

The share-based payment charge for the year, in respect of options, was £152,135 (2021: £678,069).

**Options granted prior to the 2017 LTIP**

Prior to the implementation of the LTIP in 2017, Eden had granted options to its Executive Directors, senior management and certain employees, as follows:

## Notes to the Group financial statements (continued)

For the year ended 31 December 2022

	Number of share options		Weighted average exercise price (pence)	
	2022	2021	2022	2021
Outstanding at 1 January	-	1,050,000	-	13
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	(1,050,000)	-	13
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at 31 December	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Warrants</b>				
	Number of warrants		Weighted average exercise price (pence)	
	2022	2021	2022	2021
Outstanding at 1 January	2,989,865	2,989,865	19	19
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	(2,989,865)	-	19	-
	<u>-</u>	<u>2,989,865</u>	<u>-</u>	<u>19</u>
Exercisable at 31 December	-	2,989,865	-	19

The exercise price of warrants outstanding at the end of the year was nil p (2021: 12p and 30p) and their weighted average contractual life was nil years (2021: 0.4 years.)

The share-based payment charge for the year, in respect of warrants, was £nil (2021: £nil).

During the year, 2,989,865 of these options lapsed and £153,826 (2021: £nil) was transferred from the warrant reserve to retained earnings.

For those options which were granted under the Company's LTIP, except for the 2021 Award, 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.

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

**Xinova liability**

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) ("Xinova"). 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 (initially 3.17%, reduced to 1.6% following the fundraise in March 2020) of the fully diluted equity value, reduced by cash and cash equivalents, of the Company on the date on which payment becomes due which is expected to be 30 September 2025. 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 19 to the accounts. It was 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 based on a pre-determined schedule of tasks.

During the year, Eden was informed that Xinova had begun to wind down its operations.

As a consequence, Eden began communications with an agent acting on behalf of Xinova to effect the wind down in respect of the liability owed to Xinova by Eden.

On 22 April 2022, Eden signed a 'full and final' settlement agreement with Xinova which resulted in Eden paying an amount of £43,870, which represented a 50% discount to the liability of £87,740 as at 31 December 2021, in line with the then existing contract.

At the year end, an amount of £nil (2021: £87,740) was owed to Xinova and is shown in note 19 as non-current other liabilities.

**23 Share capital**

	2022	2021	2022	2021
	Number	Number	£	£
<b>Ordinary share</b>				
<i>Issued and fully paid</i>				
Ordinary shares of 1p each	<u>380,858,607</u>	<u>380,240,229</u>	<u>3,808,589</u>	<u>3,803,402</u>

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

**Eden Research plc****Notes to the Group financial statements (continued)****For the year ended 31 December 2022****24 Share premium account**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At the beginning of the year	39,308,529	39,308,529
Issue of new shares	-	-
At the end of the year	<u>39,308,529</u>	<u>39,308,529</u>

**25 Warrant reserve**

	<b>Group and Company</b>
	<b>£</b>
Balance at 1 January 2021	429,915
Share-based payment expense in respect of options granted	678,069
Share-based payment expense in respect of options lapsed	<u>(170,479)</u>
Balance at 1 January 2022	937,505
Share-based payment expense in respect of options granted	152,135
Share-based payment expense in respect of options/ warrants lapsed/ exercised	<u>(388,575)</u>
Balance at 31 December 2022	<u>701,065</u>

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

**26 Merger reserve**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At the beginning and end of the year	<u>10,209,673</u>	<u>10,209,673</u>

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

**27 Non-controlling interest**

	<b>2022</b>	<b>Group 2021</b>
	<b>£</b>	<b>£</b>
Non-controlling interest	<u>24,502</u>	<u>31,119</u>

The non-controlling interest arose from Eden Research plc's 50% share in TerpeneTech (Ireland) Limited. See note 16 for further information.

**28 Other interest-bearing loans and borrowings – Group and Company**

Changes in liabilities, arising from financing activities are presented below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Balance as at 1 January</b>	398,352	415,248
<b>Changes from financing cashflows</b>		
Payment of lease liabilities*	<u>(128,301)</u>	<u>(90,388)</u>
<b>Total changes from financing cashflows</b>	<u>(128,301)</u>	<u>(90,388)</u>
<b>Other changes</b>		
New leases	87,228	50,209
Adjustment to Right of Use Assets	33,909	23,283
Surrender of lease	<u>(35,865)</u>	<u>-</u>
<b>Total other changes</b>	<u>85,272</u>	<u>73,492</u>
<b>Balance as at 31 December</b>	<u>355,323</u>	<u>398,352</u>

\*excluding lease interest of £22,047 (2021: £32,074)

**29 Other leasing information**

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2022 £	2021 £
Expense relating to leases of low-value assets	740	740

Set out below are the future cash outflows to which the lessee is exposed to that are reflected in the measurement of lease liabilities:

	2022 £	2021 £
<b>Land and buildings</b>		
Within one year	106,735	92,143
Between two and five years	166,684	256,935
	<u>273,419</u>	<u>349,078</u>

	2022 £	2021 £
<b>Motor vehicles</b>		
Within one year	49,813	18,361
Between two and five years	59,857	30,914
	<u>109,670</u>	<u>49,275</u>

Cash paid in respect of lease liabilities in the year was £128,301. The Group holds eight leases, for two properties and six vehicles. All leases have fixed lease repayments and average remaining terms of 2.6 years (2021: 3.5 years) for the properties and 2.3 years (2021: 2.2 years) for the vehicles.

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

Information relating to lease liabilities is included in note 20.

**30 Capital risk management**

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



### 31 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out in note 7 in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

#### Group

During the year, Eden invoiced its associate, TerpeneTech (UK), £7,212 for R&D charges (2021: £7,760) and accrued income of £50,000 (2021: £40,000) for minimum royalties due under the head-lice agreement.

Also, during the year Eden paid £7,096 (2021: £8,787) for expenses on behalf of TerpeneTech (UK).

At the year end, an amount of £238,375 was due from TerpeneTech (UK) (2021: £165,644) to Eden. This amount is included within Trade Receivables.

At the year end, an amount of £93,759 was due to TerpeneTech (UK) (2021: £5,085) from Eden. This amount is included within Other Payables. The movement in the year is due to the reallocation to Eden of royalties paid by TerpeneTech (UK) to Eden instead of TerpeneTech (Ireland) of £88,780 (2021: £nil).

At the year end, a net amount of £6,076 was due to TerpeneTech (Ireland) from TerpeneTech (UK) (2021: £43,962 due from TerpeneTech (Ireland) to TerpeneTech (UK)). It represents the amount due in respect of the intangible asset reduced by fees receivable in respect of sales which amounted to £50,038 (2021: £36,131). This amount is included within Other Receivables.

#### Company

During the year, Eden invoiced its associate, TerpeneTech (UK), £7,212 for R&D charges (2021: £7,760) and accrued income of £50,000 (2021: £40,000) for minimum royalties due under the head-lice agreement.

Also, during the year Eden paid £7,096 (2021: £8,787) for expenses on behalf of TerpeneTech (UK).

Further, at year end, £50,000 has been accrued in respect of management recharges from Eden to TerpeneTech (Ireland) (2021: £36,000). An amount of £134,000 (2021: £84,000) is included within the Other Receivables.

At the year end, an amount of £238,375 was due from TerpeneTech (UK) (2021: £165,644). This amount is included within Trade Receivables.

At the year end, an amount of £93,759 was due to TerpeneTech (UK) (2021: £5,085) from Eden. This amount is included within Other Payables. The movement in the year is due to the reallocation to Eden of royalties paid by TerpeneTech (UK) to Eden instead of TerpeneTech (Ireland) of £88,780 (2021: £nil).

**32 Financial risk management****Credit risk**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	1,994,472	3,829,369
Trade receivables (net of provision)	322,489	693,948
	<b>2,316,961</b>	<b>4,523,317</b>

The average credit period for sales of goods and services is 64 days (2021: 206). No interest is charged on overdue trade receivables. At 31 December 2022, trade receivables of £219,727 (2021: £272,912) were past due. During the year the Company provided for doubtful debts in the amount of £107,188 (2021: £nil).

Trade receivables of £184,746 (2021: £563,273) at the reporting date were held in Euros and £117,229 (2021: £104,866) were held in USD.

Cash at bank of £1,824,866 (2021: £1,171,856) at the reporting date were held in Euros and £10,829 (2021: £1,044) were held in USD.

The Company's policy is to recognise loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considered reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and information credit assessment and including forward-looking information.

The largest trade debtor at the year is TerpeneTech (UK), Eden's associate company, which owed gross £238,375 (2021: £170,279) 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 debtors 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.

**32 Financial risk management (continued)**

Liquidity risk	Group and Company	
	2022	2021
	£	£
Trade payables	1,150,873	1,147,823
Other payables	93,759	77,784
Accruals	210,419	299,123
	<u>1,455,051</u>	<u>1,524,730</u>

The carrying amount of trade and other payables approximates their fair value.

The average credit period on purchases of goods is 141 days (2021: 95 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.

Trade payables of £233,410 (2021: £273,211) at the reporting date were held in Euros and £460,470 (2021: £528,552) were held in USD.

**Maturity of financial liabilities (excluding lease liabilities)**

The maturity profile of the Group's financial liabilities at 31 December 2022 was as follows:

	2022	2021
	£	£
In one year or less, or on demand	1,813,341	1,711,518
Over one year	-	87,740
	<u>1,813,341</u>	<u>1,799,258</u>

Liquidity risk is managed by regular monitoring of the Company's level of cash and cash equivalents, debtor and creditor management and expected future cash flows. See note 1 for further details on the going concern position of the Company. For details of lease liabilities, see notes 20 and 29.

**Market price risk**

The company's exposure to market price risk comprises currency risk exposure. It monitors this exposure primarily through a process known as sensitivity analysis. This involves estimating the effect on results before tax over various periods of a range of possible changes in exchange rates. The sensitivity analysis model used for this purpose makes no assumptions about any interrelationships between such rates or about the way in which such changes may affect the economies involved. As a consequence, figures derived from the 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. Based on the foreign currency break down provided under credit risk and liquidity risk, the impact of 5%-10% movement in foreign exchange will not have material effect.

## 32 Financial risk management (continued)

### 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.

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 2022 and 31 December 2021.

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% (2021: below 10%). The Company includes within net debt, any interest bearing loans and borrowings (none in current or prior year), any loans from a venture partner (none in the current or prior year), trade and other payables, less cash and cash equivalents.

## Notes to the Group financial statements (continued)

For the year ended 31 December 2022

**33 Cash absorbed by operations****Consolidated**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss for the year after tax	(2,243,879)	(2,777,543)
<b>Adjustments for:</b>		
Taxation charged/(credited)	(323,716)	(618,137)
Finance costs	22,046	122,311
Interest income	(192)	(98)
Foreign exchange currency (gains)/losses	(74,782)	21,993
Amortisation and impairment of intangible assets	495,818	434,630
Xinova liability written off	43,855	-
Depreciation and property, plant and equipment and right-of-use assets	191,622	155,341
Share of associate's loss	31,444	58,177
Share-based payment expense	152,135	640,597
Inventory provision	76,250	-
Doubtful debt provision	107,188	-
<b>Movements in working capital:</b>		
Increase in inventories	(180,357)	(296,929)
Decrease in trade and other receivables	125,720	509,721
(Decrease)/Increase in trade and other payables	(9,683)	163,355
<b>Cash absorbed by operations</b>	<b>(1,586,531)</b>	<b>(1,586,582)</b>

**33 Cash absorbed by operations**  
**Company**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss for the year after tax	(2,230,645)	(2,764,402)
<b>Adjustments for:</b>		
Taxation charged/(credited)	(323,716)	(618,137)
Finance costs	22,046	122,311
Interest income	(192)	(98)
Foreign exchange currency (gains)/losses	(74,782)	21,993
Amortisation and impairment of intangible assets	482,546	421,358
Xinova liability written off	43,855	-
Depreciation and impairment of property, plant and equipment and right-of-use assets	191,622	155,341
Share of associate's loss	31,444	58,177
Share-based payment expense	152,135	640,597
Inventory provision	76,250	-
Doubtful debt provision	107,188	-
<b>Movements in working capital:</b>		
Increase in inventories	(180,357)	(296,929)
Decrease in trade and other receivables	75,720	473,721
Increase in trade and other payables	40,355	199,486
<b>Cash absorbed by operations</b>	<u>(1,586,531)</u>	<u>(1,586,582)</u>

**34 Capital commitments**

As at 31 December 2022, an amount of £102,109 (2021: £54,831) had been committed to by Eden, but the work not yet completed, or invoiced. The work relates on-going field trials and other regulatory studies and is expected to be invoiced during 2023.

### 35 Post balance sheet events

Since the year end, the Group has received regulatory authorisation in Poland. The certification will allow farmers to apply Mevalone to their wine and table grapes to protect and treat outbreaks of *Botrytis cinerea* as well as on apples to prevent post-harvest storage diseases thereby helping to reduce food waste in the supply chain.

Poland represents a significant new market for Eden and the commercialisation of Mevalone, given it is the EU's largest producer of apples, producing almost 2.5 million tons annually. Eden expects to receive additional regulatory approvals in due course in additional Central European member states such as Germany, Austria, and Hungary, where high levels of wine production are found. Central Europe is a strategic target market for Eden with the ultimate addressable market for Eden's products being comparable in value to that of Southern Europe and potential sales of Mevalone estimated to peak at €3.2m.

Also since the year end, Eden announced that it has to date received regulatory approval in 17 US states for its formulated product Mevalone<sup>®</sup>, and 8 US states for its formulated product Cedroz<sup>™</sup>.

These approvals follow regulatory authorisation from the United States Environmental Protection Agency (EPA) in September 2022 for all six petitions submitted by Eden (three active ingredients, two formulated products and Eden's Sustaine<sup>®</sup> polymer-free encapsulation technology; making up the building blocks of current and future products), opening up significant revenue opportunities for the Company with a market potential in the United States of approximately €94 million for Mevalone and €189 million for Cedroz.

Mevalone has been approved for use on botrytis on table and wine grapes in the following states: Alabama, Arizona, Florida, Georgia, Idaho, Illinois, Michigan, Mississippi, Missouri, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia, Washington, and West Virginia.

Eden has also received approval for its second commercial product, Cedroz, which can now be applied to fruits and vegetables to defend against destructive parasitic nematodes that affect crops grown both indoors and outdoors. Cedroz approvals have been granted for a wide range of crops, including eggplant, peppers, tomatoes, cantaloupes, cucumbers, pumpkins, squash, zucchini, carrots, strawberries, and grapes; in the following states: Florida, Georgia, Michigan, New York, Oregon, Texas, Washington, and Wisconsin.