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Eden Research plc
07 May 2024

7 May 2024

Eden Research

("Eden" or "the Company")

Preliminary results for the year ended 31 December 2023

Eden Research (AIM: EDEN), the AIM-quoted company focused on sustainable biopesticides and plastic-free formulation technology for use in the global crop protection, animal health and consumer products industries, announces its preliminary results for the year ended 31 December 2023.

Commercial and operational highlights

- Significant milestone achieved with launch of seed treatment innovation, Ecovelex™, and the granting of a temporary approval in Italy for use in the 2024 growing season
- Expansion of regulatory approvals in the US for flagship biopesticides, Mevalone® and Cedroz™, including national level EPA endorsements, leading to approvals in 17 states, including Florida and California
- Expansion of approvals of Mevalone in New Zealand, Italy, Colombia and Poland, the latter a significant milestone for accessing Central European markets
- Progress on insecticide formulation, with promising field trials completed and ongoing discussions to select a commercial partner
- Proceeds of £9.9m (gross) fundraising being utilised to accelerate product development, registration and commercialisation workstreams, ensuring Eden can continue its path of growth, and fully exploit opportunities available.

Financial highlights

- Revenue for the year was £3.2 million (2022: £1.8 million)
- Operating loss for the year was £1.9 million (2022: £2.6 million)
- Cash position at the year-end was £7.4 million (2022: £2.0 million)

The Group's full Financial Statements are available at: www.edenresearch.com.

Lykele van der Broek, Chairman of Eden Research plc, commented:

"Eden made substantial progress against its strategic goals in 2023, with numerous product approvals across key markets, including the US, and the launch of our innovative seed treatment product, Ecovelex. Developed in less than four years, this is a groundbreaking moment for the business and a testament to the strength of Eden's capabilities and commercial relationships. It has contributed to our revenue growth over the year, which we look forward to building on in the future as we focus on expanding regulatory approvals and authorisations in our target geographies, and the development of other product lines, including our bio-insecticide product."

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication

of this announcement, this inside information is now considered to be in the public domain.

For further information, contact:

Eden Research plc	www.edenresearch.com
Sean Smith	01285 359 555
Alex Abrey	
Cavendish Capital Markets Limited (Nominated advisor and broker)	
Giles Balleny / George Lawson (corporate finance)	020 7220 0500
Charlie Combe (corporate broking)	
Michael Johnson (sales)	
Hawthorn Advisors (Financial PR)	
Victoria Ainsworth	eden@hawthornadvisors.com
Simon Woods	

Notes to Editors:

Eden Research is the only UK-listed company focused on biopesticides for sustainable agriculture. It develops and supplies innovative biopesticide products and natural microencapsulation technologies to the global crop protection, animal health and consumer products industries.

Eden's products are formulated with terpene active ingredients, based on natural plant defence metabolites. To date, they have been primarily used on high-value fruits and vegetables, improving crop yields and marketability, with equal or better performance when compared with conventional pesticides. Eden has three products currently on the market:

Based on plant-derived active ingredients, **Mevalone**® is a foliar biofungicide which initially targets a key disease affecting grapes and other high-value fruit and vegetable crops. It is a useful tool in crop defence programmes and is aligned with the requirements of integrated pest management programmes. It is approved for sale in a number of key countries whilst Eden and its partners pursue regulatory clearance in new territories thereby growing Eden's addressable market globally.

Cedroz™ is a bionematicide that targets free living nematodes which are parasitic worms that affect a wide range of high-value fruit and vegetable crops globally. Cedroz is registered for sale on two continents and Eden's commercial collaborator, Eastman Chemical, is pursuing registration and commercialisation of this important new product in numerous countries globally.

Eden's seed treatment product, **Ecovelex**™ was developed to safely tackle crop destruction caused by birds - a major cause of losses in maize and other crops. Ecovelex works by creating an unpleasant taste or odour that repels birds, leaving the seeds safely intact and the birds unaffected and free to find alternative food sources. The product is based on Eden's plant-derived chemistry, registered in the EU, U.S. and elsewhere, and formulated using Eden's Sustaine® microencapsulation system.

Eden's **Sustaine**® encapsulation technology is used to harness the biocidal efficacy of naturally occurring chemicals produced by plants (terpenes) and can also be used with both natural and synthetic compounds to enhance their performance and ease-of-use. Sustaine microcapsules are naturally derived, plastic-free, biodegradable micro-spheres derived from yeast. It is one of the only viable, proven and immediately registerable solutions to the microplastics problem in formulations requiring encapsulation.

Eden was admitted to trading on AIM on 11 May 2012 and trades under the symbol EDEN. It was awarded the London Stock Exchange **Green Economy Mark** in January 2021, which recognises London-listed companies that derive over 50% of their total annual revenue from products and services that contribute to the global green economy. Eden derives 100% of its total annual revenues from sustainable products and services.

For more information about Eden, please visit: www.edenresearch.com.

Chairman's Statement

2023 has been a very fruitful year for Eden.

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

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

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

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

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

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

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

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

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

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

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

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

As time goes on, we aim to continue to build on the firm foundations that we have created, adding to the revenue streams we are currently receiving from our first three products (Mevalone, Cedroz and

Ecovelex) and developing more products to address growers' needs, driven by the ever-changing regulatory landscape.

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

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

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

Lykele van der Broek
Non-Executive Chairman

2 May 2024

Chief Executive Officer's Review for the year ended 31 December 2023

Section one: Introduction

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

Macroeconomic context

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

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

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

Section two: Delivering on our strategy

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

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

The Company strategy is built on four key objectives:

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

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

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

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

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

New market opportunities: the launch of Ecovelex

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

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

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

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

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

Geographic label expansion: Mevalone and Cedroz

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

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

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

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

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

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

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

Section three: Financial review

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

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

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

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

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

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

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

Section four: 2024 outlook

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

Accelerating development and commercial growth

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

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

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

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

Section five: Driving positive impact

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

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

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

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

TerpeneTech (UK)

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

TerpeneTech (Ireland)

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

Section six: Summary

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

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

Sean Smith
Chief Executive Officer

2 May 2024

Consolidated statement of comprehensive income
For the year ended 31 December 2023

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

Total comprehensive loss for the year is attributable to:			
- Owners of the Parent Company		(6,494,249)	(2,237,262)
- Non-controlling interests		2,313	(6,617)
		(6,491,936)	(2,243,879)
Loss per share	**11**		
Basic		(1.54p)	(0.59p)
Diluted		(1.54p)	(0.59p)

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

Consolidated statement of financial position as at 31 December 2023

	Notes	2023 £	2022 £
Non-current assets			
Intangible assets	**12**	4,710,511	8,447,226
Property, plant and equipment	**13**	230,091	198,786
Right-of-use assets	**14**	212,437	332,814
Investments	**15**	297,197	330,244
		5,450,236	9,309,070
Current assets			
Inventories	**17**	964,552	625,458
Trade and other receivables	**18**	2,449,623	658,866
Current tax recoverable	**10**	317,201	323,716
Cash and cash equivalents		7,413,107	1,994,472
		11,144,483	3,602,512
Current liabilities			
Trade and other payables	**19**	2,819,153	1,813,341
Lease liabilities	**20**	142,849	139,547
		2,962,002	1,952,888
Net current assets		8,182,481	1,649,624
Non-current liabilities			
Lease liabilities	**20**	86,920	215,776
		86,920	215,776
Net assets		13,545,797	10,742,918

	Notes	2023 £	2022 £
Equity			
Called up share capital	**23**	5,333,529	3,808,589
Share premium account	**24**	6,413,652	39,308,529
Warrant reserve	**25**	758,234	701,065
Merger reserve	**26**	-	10,209,673
Retained earnings		1,013,567	(43,309,440)
Non-controlling interest	**27**	26,815	24,502
Total equity		13,545,797	10,742,918

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

Sean Smith

Director

Company statement of financial position as at 31 December 2023

	Notes	2023 £	2022 £
Non-current assets			
Intangible assets	**12**	4,630,856	8,354,299
Property, plant and equipment	**13**	230,091	198,786
Right-of-use assets	**14**	212,437	332,814
Investments	**15**	297,197	330,244
		5,370,581	9,216,143

		[illegible]	[illegible]
Current assets			
Inventories	**17**	964,552	625,458
Trade and other receivables	**18**	2,559,651	786,791
Current tax recoverable	**10**	317,201	323,716
Cash and cash equivalents		7,413,107	1,994,472
		11,254,511	3,730,437
Current liabilities			
Trade and other payables	**19**	2,819,153	1,813,341
Lease liabilities	**20**	142,849	139,547
		2,962,002	1,952,888
Net current assets		8,292,509	1,777,549
Non-current liabilities			
Lease liabilities	**20**	86,920	215,776
		86,920	215,776
Net assets		13,576,170	10,777,916

	Notes	2023 £	2022 £
Equity			
Called up share capital	**23**	5,333,529	3,808,589
Share premium account	**24**	6,413,652	39,308,529
Warrant reserve	**25**	758,234	701,065
Merger reserve	**26**	-	10,209,673
Retained earnings		1,070,755	(43,249,940)
Total equity		13,576,170	10,777,916

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

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

Sean Smith

Director

Company Registration No. 03071324

Consolidated statement of changes in equity as at 31 December 2023

	Notes	Share Capital £	Share premium account £	Merger reserve £	Warrant reserve £	Retained earnings £	
Balance at 1 January 2022		3,803,402	39,308,529	10,209,673	937,505	(41,460,753)	12,7
Year ended 31 December 2022:							
Loss and total comprehensive loss		-	-	-	-	(2,237,262)	(2,23
Transactions with owners in their capacity as owners:							
Issue of share capital	**23/24**	5,187	-	-	-	-	
Options granted	**22**	-	-	-	152,135	-	1
Options lapsed	**22**	-	-	-	(388,575)	388,575	
Balance at 31 December 2022		3,808,589	39,308,529	10,209,673	701,065	(43,309,440)	10,7

Company statement of changes in equity as at 31 December 2023

	Notes	Share Capital £	Share premium account £	Merger reserve £	Warrant reserve £	Retained earnings £	
Balance at 1 January 2023		3,808,589	39,308,529	10,209,673	701,065	(43,309,440)	1
Year ended 31 December 2023:							
Loss and total comprehensive loss		-	-	-	-	(6,494,249)	(6
Transactions with owners in their capacity as owners:							
Issue of share capital - net of costs	**23/24**	1,524,940	7,533,299	-	-	-	
Capital reduction	**24**	-	(40,428,176)	-	-	40,428,176	
Transfer of merger reserve	**26**	-	-	(10,209,673)	-	10,209,673	

Options granted	**22**	-	-	-	236,576	-	
Options lapsed	**22**	-	-	-	(179,407)	179,407	
Balance at 31 December 2023		5,333,529	6,413,652	-	758,234	1,013,567	1

Company statement of changes in equity as at 31 December 2023

	Notes	Share Capital £	Share premium account £	Merger reserve £	
Balance at 1 January 2022		3,803,402	39,308,529	10,209,673	
Year ended 31 December 2022:					
Loss and total comprehensive loss		-	-	-	
Transactions with owners in their capacity as owners:					
Issue of share capital	**23/24**	5,187	-	-	
Options granted	**22**	-	-	-	
Options lapsed	**22**	-	-	-	(
Balance at 31 December 2022		3,808,589	39,308,529	10,209,673	

	Notes	Share Capital £	Share premium account £	Merger reserve £	
Balance at 1 January 2023		3,808,589	39,308,529	10,209,673	
Year ended 31 December 2023:					
Loss and total comprehensive loss		-	-	-	
Transactions with owners in their capacity as owners:					
Issue of share capital - net of costs	**23/24**	1,524,940	7,533,299	-	
Capital reduction	**24**	-	(40,428,176)	-	
Transfer of merger reserve	**26**	-	-	(10,209,673)	
Options granted	**22**	-	-	-	
Options lapsed	**22**	-	-	-	(
Balance at 31 December 2023		5,333,529	6,413,652	-	

Consolidated statement of cash flows for the year ended 31 December 2023

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

Non-cash movement on account of financing activities:

Note

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

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

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

Company statement of cash flows for the year ended 31 December 2023

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

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Non-cash movement on account of financing activities:

Note

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

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

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

Notes to the Group financial statements for the year ended 31 December 2023

1 Accounting policies

Company information

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

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

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

1.1 Accounting convention

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

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

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

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

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

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

1.2 Basis of consolidation

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

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

Associates

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

Application of the equity method to associates

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

Merger accounting

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

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

1.3 Going concern

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

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

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

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

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

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

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

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

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

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

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

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

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

1.4 Revenue

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

Milestone payments

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

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

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

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

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

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

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

R & D charges

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

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

Royalties

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

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

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

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

Product sales

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

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

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

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

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

Segmental information

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

1.5 Intangible assets other than goodwill

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

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

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

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

1.6 Property, plant and equipment

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

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

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

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

1.7 Impairment of tangible and intangible assets

The Directors regularly review the intangible assets for impairment and provision is made if necessary. Assets that are subject to amortisation and those that are under development are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. See note 12 for further details in the intangible asset impairment review completed in the year.

1.8 Inventories

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

1.9 Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Impairment

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

Write-offs

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

1.10 Taxation

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

Current tax

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

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

Deferred tax

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

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

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

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

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

1.11 Employee benefits

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

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

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

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

1.12 Retirement benefits

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

1.13 Share-based payments

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

Unapproved share option scheme

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

Long-Term Incentive Plan ('LTIP')

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

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

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

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

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

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

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

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

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

Other share options

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

1.14 Leases

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

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

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

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

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

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

1.15 Foreign exchange

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

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

1.16 Functional and presentation currency

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

1.17 Research and development

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

1.18 Financial risk management

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

1.19 Transactions and balances

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

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

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

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

1.20 Current versus non-current classification

The Group classifies assets and liabilities in the statement of financial position as either current or non-current.
An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when it is:

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

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

The Group classifies all other liabilities as non-current.

1.21 Equity and reserves

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

1.22 Earnings per share

Basic earnings per share is calculated by dividing:

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

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

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

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 2023

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

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

ii) Forthcoming requirements

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

Standard or Amendment	Effective for accounting periods beginning on or after	Expected Impact
Amendment to IFRS 16 - Leases: Leases on sale and leaseback	1 January 2024	None

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

3 Critical accounting estimates and judgements

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

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

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

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

Impairment assessment of intangibles and investments

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

Assessment of useful life of intangible assets

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

Share-based payments

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

Other accounting judgements

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

Capitalised development costs and Intellectual property

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

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

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

Revenue - Performance obligations

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

4 Revenue and Segmental Information

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

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

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

	Agrochemicals	**Consumer products**	**Total**
	£	**£**	**£**
Revenue			
R & D charges	501,324	9,133	**510,457**
Royalties	17,391	50,811	**68,202**
Product sales	2,613,368	-	**2,613,368**
Total revenue	**3,132,083**	**59,944**	**3,192,027**
Adjusted EBITDA(1)	**(1,064,982)**	**59,944**	**(1,005,038)**
Share Based Payment charge	(236,576)	-	**(236,576)**
EBITDA	(1,301,558)	59,944	**(1,241,614)**

Amortisation of intangible assets	(405,379)	(13,272)	**(418,651)**
Depreciation of plant, property and equipment and right-of-use assets	(206,426)	-	**(206,426)**
Finance costs, foreign exchange and investment revenues	(51,995)	-	**(51,995)**
Impairment of intangible assets	(4,968,529)	-	**(4,968,529)**
Income Tax	428,326	-	**428,326**
Share of Associate's loss	-	(33,047)	**(33,047)**
(Loss)/Profit for the Year	**(6,505,561)**	**13,625**	**(6,491,936)**
Total Assets	**16,458,177**	**136,542**	**16,594,719**
Total assets includes:			
Additions to Non-Current Assets	**1,730,280**	**37,539**	**1,767,819**
Total Liabilities	**3,048,922**	**-**	**3,048,922**

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

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

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

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

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

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

account for greater than 10% of the Group's total revenues:

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

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

5 Operating loss

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

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

6 Employees

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

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

Their aggregate remuneration (including Directors) comprised:

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

7 Directors' remuneration

	2023	2022

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

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

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

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

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

The Executive Directors are considered to also be the key management personnel of the Company and Group. Details of Directors' share options can be found on page 39 in the Remuneration report.

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

2022	**Salary**	**Bonus**	**Fees**	**Pension**	**Share-based Payments**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
A Abrey	205,200	-	-	14,364	51,074	270,638
S Smith	273,240	-	-	19,127	68,009	360,376
R Cridland	-	-	40,000	-	-	40,000
L van der Broek	-	-	45,000	-	-	45,000
[illegible]			[illegible]			[illegible]

R Horsman	-	-	11,667	-	-	11,667
	478,440	-	96,667	33,491	119,083	727,681

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

8 Interest income

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

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

9 Finance costs and foreign exchange differences

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

10 Income tax credit

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

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

	2023 £	2022 £

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

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

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

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

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

Deferred Tax

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

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

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

11 Earnings per share

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

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

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

	2023 £	2022 £
Weighted average number of ordinary shares for basic and diluted earnings per share	420,921,123	380,549,418

Earnings (all attributable to equity shareholders of the Company)

Loss for the period	(6,494,249)	(2,243,879)
Basic earnings per share	(1.54p)	(0.59p)
Diluted earnings per share	(1.54p)	(0.59p)

12 Intangible assets

Group

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

Company

	Licences and trademarks	Development costs	Intellectual property	Total

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

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

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

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

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

Impairment review at 30 June 2023
The impairment review that was undertaken as part of the Group's 2022 accounts preparation resulted in headroom over the carrying value of only £0.9m (down from £8.3m in 2021), a small margin given intangible assets amounted to £8.4m at that time.

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

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

Generating Unit (CGU) calculations. The Board agreed to appoint an independent advisor to undertake an impairment review, based on the current position of the Group and Company, and the current financial environment.

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

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

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

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

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

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

Impairment review at 31 December 2023

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

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

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

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

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

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

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

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

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

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

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

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

13 Property, plant and equipment

Group and Company

	Fixtures and Fittings £	Total £
Cost		
At 1 January 2022	302,027	302,027
Additions - owned	30,929	30,929
At 31 December 2022	332,956	332,956
Additions - owned	102,391	102,391
At 31 December 2023	435,347	435,347
Accumulated depreciation and impairment		
At 1 January 2022	69,749	69,749
Charge for the year	64,421	64,421
At 31 December 2022	134,170	134,170
Charge for the year	[illegible]	[illegible]

Charge for the year	71,086	71,086
At 31 December 2023	205,256	205,256
Carrying amount		
At 31 December 2023	230,091	230,091
At 31 December 2022	198,786	198,786

14 Right-of-use assets

Group and Company

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

15 Investments

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

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

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

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

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

The associate is included in the Consumer Products operating segment.

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

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

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

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

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

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

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

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

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

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

16 Subsidiaries

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

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

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

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

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

Non-controlling interests

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

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

17 Inventories

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

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

18 Trade and other receivables

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

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

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

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

19 Trade and other payables

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

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

20 Lease liabilities

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

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

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

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

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

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

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

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

years (2022: 2.3 years) for the vehicles.

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

21 Retirement benefit schemes

Defined contribution schemes

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

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

22 Share-based payment transactions

<u>Long-Term Incentive Plan ("LTIP")</u>

Since September 2017 the Group has operated an option scheme for executive directors, senior management and certain employees under an LTIP which allows for certain qualifying grants to be HMRC approved. Further details can be found on page 38 of the Remuneration Report.

LTIP Replacement Award

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

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

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

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

	2023	2022
	£	£
Amounts recognised in profit or loss include the		

following:

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

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

	Replacement Awards
Grant date	30/06/2021
Number of awards	10,500,000
Share price	£0.10
Exercise price	£0.06
Expected dividend yield	-%
Expected volatility	55%
Risk free rate	0.03%
	80
Vesting period	Nil
Expected Life (from date of grant)	0.5/1/1.5 years

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

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

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

2021 Award

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

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

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

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

Other share options

2021 Award

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

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

2022 Award

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

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

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

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

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

2023 Award to Directors

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

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

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

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

Grant date	30/8/23
Number of awards	8,698,909

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

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

2023 Award to Employees

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

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

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

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

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

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

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

Options awards

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

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

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

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

Warrants

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

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

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

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

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

23 Share capital

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

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

Shares issued in the year

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

This share issue has been recognised as £2,500 in share capital.
Net proceeds of £2,500 have been recognised in the statement of cash flows.

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

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

This share issue has been recognised as £230,131 in share capital and £1,119,648 in share premium. Net proceeds of £1,349,779 have been recognised in the statement of cash flows.

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

This share issue has been recognised as £1,292,309 in share capital and £6,413,651 in share premium. Net proceeds of £7,705,960 have been recognised in the statement of cash flows.

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

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

24 Share premium account

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

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

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

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

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

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

25 Warrant reserve

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

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

26 Merger reserve

	Group and Company	
	2023 £	2022 £
At the beginning of the year	10,209,673	10,209,673
Transfer of merger reserve	(10,209,673)	-
At the end of the year	-	10,209,673

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

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

27 Non-controlling interest

	Group	
	2023 £	2022 £
At the beginning of the year	24,502	31,119
Share of total comprehensive profit/(loss) for the year	2,313	(6,617)
At the end of the year	26,815	24,502

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

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

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

	2023 £	2022 £
Balance at 1 January	355,323	398,352
Changes from financing cashflows		
Payment of lease liabilities*	(139,539)	(128,301)
Total changes from financing cashflows	(139,539)	(128,301)
Other changes		
New leases	14,963	87,228
Adjustment to Right of Use Assets	(978)	33,909
Surrender of lease	-	(35,865)
Total other changes	13,985	85,272
Balance as at 31 December	229,769	355,323

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including Directors, is set out in note 7 in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Group

During the year, the Group invoiced its associate, TerpeneTech (UK), £9,133 for administration charges (2022: £7,212) and invoiced income of £nil (2022: £50,000) for minimum royalties due under the head-lice agreement.

Also, during the year the Group recharged £7,054 (2022: £7,096) of expenses to TerpeneTech (UK) and incurred consultancy charges of £13,274 (2022: £nil).

At the year end, an amount of £233,686 was due from TerpeneTech (UK) (2022: £238,375) to the Company. This amount is included within Trade Receivables.

At the year end, an amount of £99,820 was due to TerpeneTech (UK) (2022: £93,759) from the Company. This amount is included within Other Payables.

At the year end, a net amount of £56,887 was due to TerpeneTech (Ireland) from TerpeneTech (UK) (2022: £6,076 due to TerpeneTech (Ireland) from TerpeneTech (UK)). It represents the amount due in respect of the intangible asset reduced by fees receivable in respect of sales which amounted to £50,811 (2022: £50,038). This amount is included within Other Receivables.

Company

During the year, the Company invoiced its associate, TerpeneTech (UK), £9,133 for administration charges (2022: £7,212) and invoiced income of £nil (2022: £50,000) for minimum royalties due under the head-lice agreement.

Also, during the year the Company recharged £7,054 (2022: £7,096) of expenses to TerpeneTech (UK) and incurred consultancy charges of £13,274 (2022: £nil).

Further, at year end, £10,000 has been accrued in respect of management recharges from the Company to TerpeneTech (Ireland) (2022: £50,000) and £22,914 has been recharged for audit fees (2022: £nil). An amount of £166,914 (2022: £134,000) is included within the Other Receivables.

At the year end, an amount of £233,686 was due from TerpeneTech (UK) (2022: £238,375). This amount is included within Trade Receivables.

At the year end, an amount of £99,820 was due to TerpeneTech (UK) (2022: £93,759). This amount is included within Other Payables.

*excluding lease interest of £17,009 (2022: £22,047)

30 Financial risk management

Credit risk

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Cash and cash equivalents	7,413,107	1,994,472	7,413,107	1,994,472
Trade receivables*	1,788,151	322,489	1,788,151	322,489
VAT recoverable*	386,684	179,214	386,684	179,214
Other receivables*	112,375	67,410	222,403	195,335
	9,700,317	2,563,585	9,810,345	2,691,510

*See note 18

The average credit period for sales of goods and services is 204 days (2022: 64). No interest is charged on overdue trade receivables. At 31 December 2023, trade receivables of £262,322 (2022: £219,727) were past due. During the year the Group and Company provided for doubtful debts in the amount of £nil (2022: £107,188).

Trade receivables of £1,355,690 (2022: £184,746) at the reporting date were held in Euros and £111,654 (2022: £117,229) were held in USD.

Cash at bank of £48,515 (2022: £1,824,866) at the reporting date were held in Euros and £28,510 (2022: £10,829) were held in USD.

The Group's policy is to recognise loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances for trade receivables at an assets measured at amortised cost. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considered reasonable and supportable information that is relevant and available without undue cost of effect. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and information credit assessment and including forward-looking information.

The largest trade debtor at the year is Corteva, which owed gross £1,339,072 to the Group at the year-end (2022: TerpeneTech (UK), the Group's associate company, which owed gross £238,375).

The Group has had no issue of collecting debtors due from Corteva or TerpeneTech (UK) before and does not expect to have any going forward.

Considering these factors, the Directors consider the ECL to be immaterial.

30 Financial risk management (continued)

Liquidity risk (excluding lease liabilities)

		Group and Company	
		2023	**2022**
	Notes	**£**	**£**
Trade payables	**19**	1,925,559	1,150,873
Other payables	**19**	196,411	93,759
Social security and other taxation	**19**	56,841	52,849
		2,178,811	1,297,481

The carrying amount of trade and other payables approximates their fair value.

The average credit period on purchases of goods is 117 days (2022: 141 days). No interest is charged on trade payables. The Group has policies in place to ensure that trade payables are paid within the credit timeframe or as otherwise agreed.

Trade payables of £597,876 (2022: £233,410) at the reporting date were held in Euros and £382,852 (2022: £460,470) were held in USD.

Maturity of financial liabilities (excluding lease liabilities)

The maturity profile of the Group's financial liabilities at 31 December 2023 was as follows:

	2023	**2022**
	£	**£**
In one year or less, or on demand	2,178,811	1,297,481
Over one year	-	-
	2,178,811	1,297,481

Liquidity risk is managed by regular monitoring of the Group's level of cash and cash equivalents, debtor and creditor management and expected future cash flows. See note 1 for further details on the going concern position of the Group and Company. For details of lease liabilities, see note 20.

Market price risk

The Group's exposure to market price risk comprises currency risk exposure. It monitors this exposure primarily through a process known as sensitivity analysis. This involves estimating the effect on results before tax over various periods of a range of possible changes in exchange rates. The sensitivity analysis model used for this purpose makes no assumptions about any interrelationships between such rates or about the way in which such changes may affect the economies involved. As a consequence, figures derived from the Group's sensitivity analysis model should be used in conjunction with other information about the Group's risk profile.

The Group's policy towards currency risk is to eliminate all exposures that will impact on reported results as soon as they arise. Based on the foreign currency break down provided under credit risk and liquidity risk, the impact of 5%-10% movement in foreign exchange will not have material effect.

Capital risk management

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

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

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

The Group looks to maintain a reasonable debt position by repaying debt or issuing equity, as and when it is deemed to be required.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 10% (2022: below 10%). The Group includes within net debt, any interest-bearing loans and borrowings (none in the current or prior year), any loans from a venture partner (none in the current or prior year), trade and other payables, less cash and cash equivalents.

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

31 Cash absorbed by operations

Consolidated

	2023	2022
	£	£
Loss for the year after tax	(6,491,936)	(2,243,879)

Adjustments for:

Taxation credited	(428,326)	(323,716)
Finance costs	17,009	22,046
Interest income	(34,014)	(192)
Foreign exchange currency (gains)/losses	68,802	(74,782)
Amortisation and impairment of intangible assets	5,387,180	495,818
Xinova liability written off	-	43,855
Depreciation and property, plant and equipment and right-of-use assets	206,426	191,622
Share of associate's loss	33,047	31,444
Share-based payment expense	236,576	152,135
Inventory provision	-	76,250
Doubtful debt provision	-	107,188
Movements in working capital:		
Increase in inventories	(339,094)	(180,357)
(Increase)/decrease in trade and other receivables	(1,790,757)	125,720
Increase/(decrease) in trade and other payables	1,004,833	(9,683)
Cash absorbed by operations	(2,130,252)	(1,586,531)

Company

	2023 £	2022 £
Loss for the year after tax	(6,496,561)	(2,230,645)
Adjustments for:		
Taxation credited	(428,326)	(323,716)
Finance costs	17,009	22,046
Interest income	(34,014)	(192)
Foreign exchange currency (gains)/losses	68,802	(74,782)
Amortisation and impairment of intangible assets	5,373,908	482,546
Xinova liability written off	-	43,855
Depreciation and property, plant and equipment and right-of-use assets	206,426	191,622
Share of associate's loss	33,047	31,444
Share-based payment expense	236,576	152,135
Inventory provision	-	76,250
Doubtful debt provision	-	107,188
Movements in working capital:		

Increase in inventories	(339,094)	(180,357)
(Increase)/decrease in trade and other receivables	(1,772,860)	75,720
Increase in trade and other payables	1,004,833	40,355
Cash absorbed by operations	(2,130,252)	(1,586,531)

32 Capital commitments

As at 31 December 2023, an amount of £481,557 (2022: £102,109) had been committed to by the Group and Company, for work not yet completed, or invoiced. In the prior year, the work related to on-going field trials and other regulatory studies and was invoiced during 2024.

33 Contingent liabilities

The Company provides a two-year warranty for one of its products which solely relates to the product not being defective.

Given the quality control processes that are in place, the Company is satisfied that no provision is required in this respect.

34 Post balance sheet events

There were no adjusting or significant non-adjusting events between 31 December 2023 and the approval of the financial statements.

END

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