SOWING SEEDS FOR THE FUTURE

PLANT HEALTH CARE PLC

ANNUAL REPORT AND ACCOUNTS 2019

WE ARE A LEADING PROVIDER OF PROPRIETARY BIOLOGICAL PRODUCTS TO GLOBAL AGRICULTURE MARKETS

We offer products to improve the health, vigour and yield of major field crops such as corn, soybeans, potatoes and rice, as well as speciality crops such as fruits and vegetables. We operate globally through subsidiaries, distributors and supply agreements with major industry partners.

Our innovative, patent-protected biological products help growers to protect their crops from stress and diseases, and to produce higher quality fruit and vegetables, with a favourable environmental profile.

WHY INVEST IN US

- Leading provider of proprietary biological products for agriculture
- Validated technology platforms with strong IP estates: Plant Response Elicitors - PRE*tec*
- Planning first product launches of PRE*tec* peptides from 2022 or earlier
- Management highly experienced in agricultural R&D, licensing and sales
- Targeting cash positive within existing cash reserves; strict control of expenses

Visit our website:
www.planthealthcare.com

Access the online annual report:
ar19.planthealthcare.com

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

HIGHLIGHTS FOR 2019

OPERATIONAL

- In both the US and Brazil, Harpin aß is showing excellent customer benefits and we have large, strong and committed distribution partners.
- The Company has made impressive progress towards the launch of the first products from the PRE*tec* peptide platforms, targeting markets worth more than $5 billion.
- The Group has seen robust performance in first quarter 2020 trading, with revenue 10% above 2019, buoyed by strong demand in the USA.
- Agricultural inputs, which represent almost all sales by the Group, are considered an 'essential industry'. Planting intentions in the US and elsewhere remain robust. However, the recent collapse in the oil price has led to a severe reduction in the price of ethanol from sugar cane in Brazil, which will lower demand for Harpin aß.
- The Group nonetheless is positive about the prospects for revenue in 2020, compared with 2019.
- Delayed sales in Brazil (down 64%) and exceptionally difficult market conditions in the US (down 18%) held back sales, despite robust market demand for Harpin aß.

FINANCIAL

- Revenue was $6.4 million (2018: $8.1 million), 21% down on the prior year, 18% in constant currency*.
- Gross margin decreased to 56% (2018: 65%). The decrease is primarily due to the increased proportion of third-party sales in Mexico and increased tariffs imposed on China by the US.
- Adjusted LBITDA** improved to $3.8 million (2018: $5.4 million).
- Cash and cash equivalents at 31 December 2019 were $2.4 million.
- The Company successfully raised £2.4 million ($3.0 million) through the issuance of new ordinary shares in November 2019 and a further £3.6 million ($4.6 million) in March 2020.
- The Group has strong cash reserves.

* Constant currency is defined on page 12.

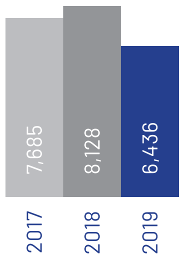
** Adjusted LBITDA: Loss before Interest, tax, depreciation, amortisation, share-based payments and intercompany foreign exchange.

Strong underlying progress in both Commercial and New Technology, in a challenging year."

DR CHRISTOPHER RICHARDS
Chief Executive Officer

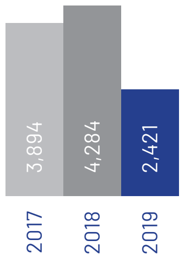
REVENUE
($'000)

6,436



CASH AND INVESTMENTS
($'000)

2,421



ADJUSTED LBITDA
($'000)

3,834

GLOBAL REACH

Farmers confront many challenges in providing food for a rapidly growing and more prosperous world. These challenges include reducing the use of potentially harmful agrochemical products. Biological products are becoming an increasingly important part of the solution because of the benefits they offer.

NORTH AMERICA

- 350,000 corn acres treated in 2019.
- PHC signed new exclusive distribution agreement, with Wilbur-Ellis, for the use of Employ in speciality crops.
- PHC received regulatory approval in California for applications of Employ on almonds, grapes and walnuts.
- PHC now has agreements with two large distributors for Harpin aß sales in the United States.

MEXICO

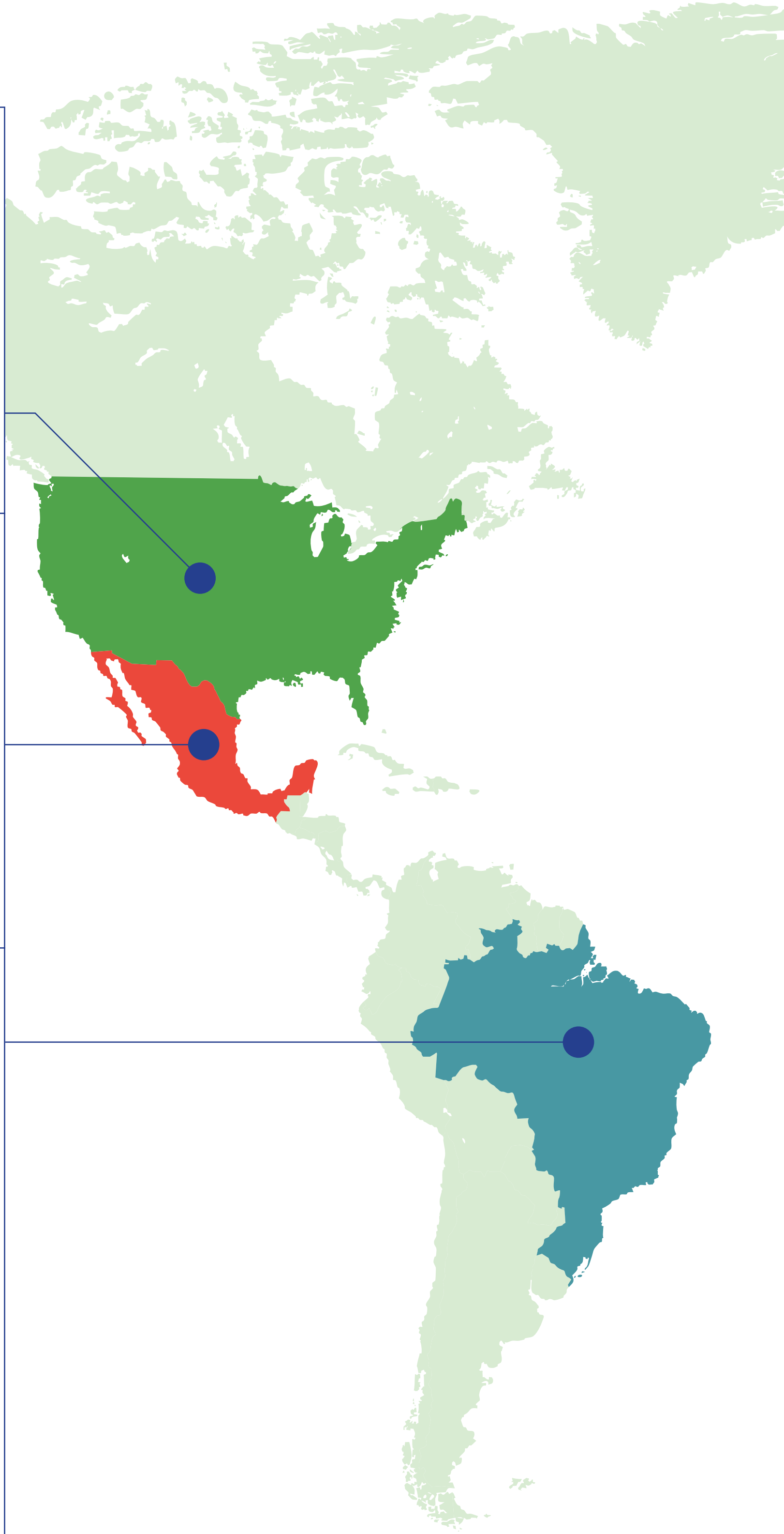
- 15% Harpin growth in 2019 versus 2018.
- Harpin aß is now well established as a biostimulant for vegetables such as tomatoes, chillies and asparagus.
- Applications of Harpin aß in the Sinaloa/Baja California area of Mexico continue to deliver increased yield and a higher quality product.
- PHC Mexico is a leading supplier of third-party agricultural products into the speciality crop markets of the Sinaloa/Baja area.

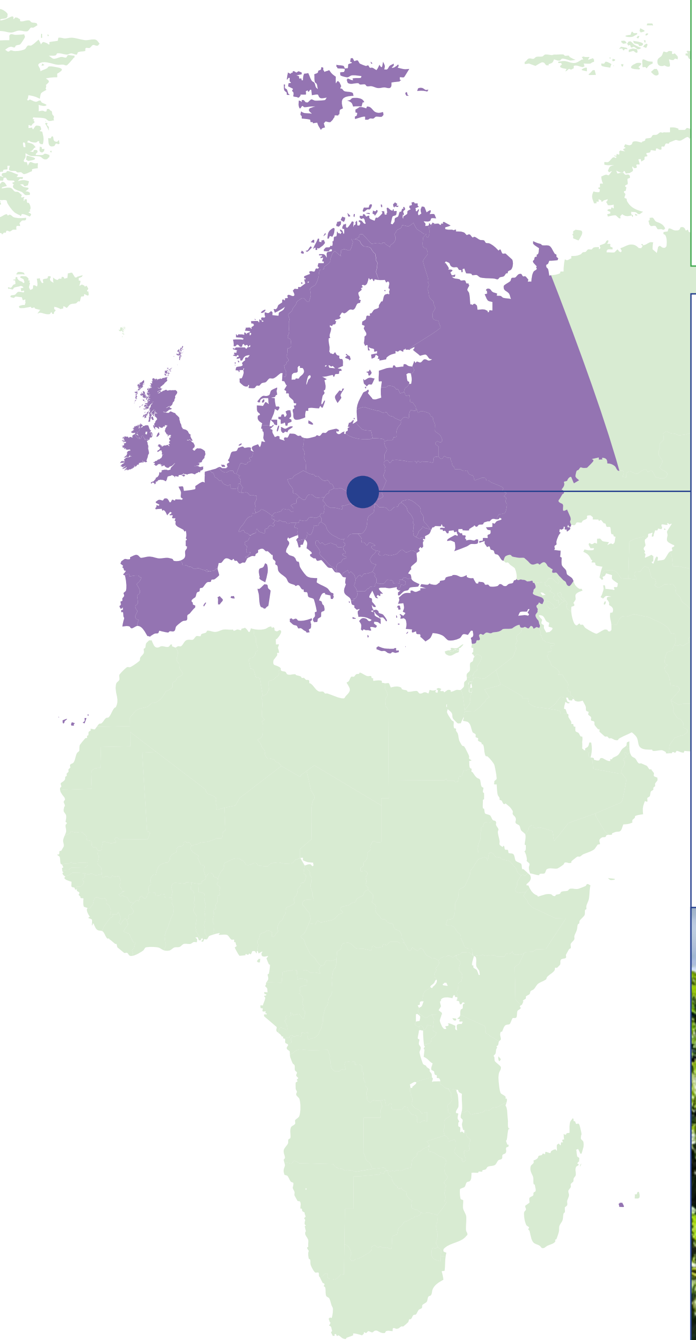
BRAZIL

- Demonstration field trials conducted in 2016-2019 showed an average yield increase of over 21%.
- Import licence was issued in January 2020.
- The exclusive brand of our distributor Coplacana reaching the 8.4-million-hectare sugar cane market in Brazil continued to grow rapidly.*
- More than 400 cane growers have made applications of the product. With these outstanding results, we anticipate strong sales growth in 2020 and beyond.

* Based on AgroNews report dated 28 August 2019.

→ Read more about the successful launch of Harpin aß in Brazil on p.6





"We witnessed outstanding performance of Harpin αβ in key row crop markets and further expansion of our strong distribution partnerships for Harpin αβ in 2019. Despite the negative headwinds from the 2019 growing season, Plant Health Care remains well positioned to expand the growth of Harpin αβ in key row and speciality crop markets in the coming years."

JEFFREY TWEEDY
Chief Operating Officer

EMEAA

- 18%+ annual growth in recent years in Spain with Harpin αβ use in speciality crops.
- In the UK, Headland launched a Harpin αβ based professional turf product that was used on major soccer, golf and tennis venues.
- Sales of Proact on potatoes distributed by Agrii in the UK continue to expand rapidly.
- We expect to expand the sales of Harpin αβ on sugar cane, citrus, macadamia and cut flowers in Africa.
- First sales of Harpin αβ for applications to rice are expected in Thailand in 2020.

OUR MISSION

Farmers confront many challenges in providing food for a rapidly growing and more prosperous world. These challenges include reducing the use of potentially harmful agrochemical products. Biological products are becoming an increasingly important part of the solution because of the benefits they offer.

COMMERCIAL

Plant Health Care's Commercial business is driven by sales of Harpin αβ, a recombinant protein which acts as a powerful biostimulant, promoting the yield and quality of crops. The Group sells the proprietary soil treatment Myconate in selected countries. The Group sells Harpin αβ and Myconate through specialist distributors around the world. In Mexico, the Group also distributes third-party biological products.

PRODUCTS

HARPIN αβ	MYCONATE

→ Read more about new technology on p. 6

NEW TECHNOLOGY

Plant Health Care's PRE*tec* (Plant Response Elicitor Technology) platforms are generating numerous promising products. The Group is currently focusing on three products targeting very large market opportunities with a value of more than $5 billion. These products are currently under evaluation with six potential commercial partners. The Group also continues to evaluate further candidate products from its robust pipeline of development candidates for additional crops and indications.

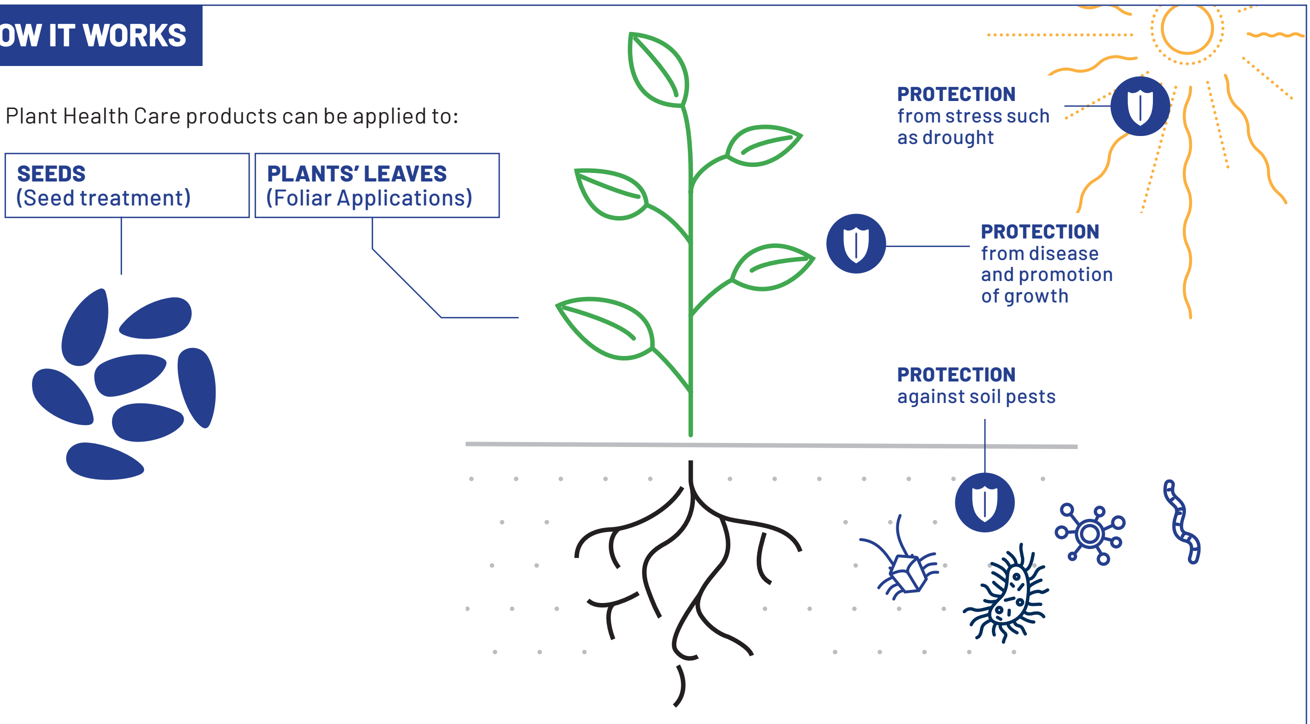
TECHNOLOGY

PRE*tec*		
INNATUS 3G	T-REX 3G	Y-MAX 3G

→ Read more about new technology on p. 7

HOW IT WORKS

Plant Health Care products can be applied to:

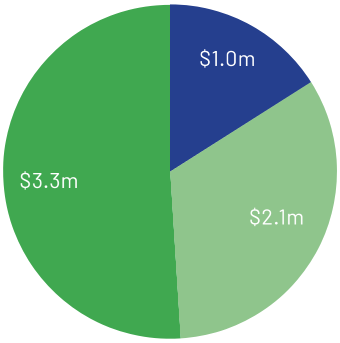


DEMAND FOR BIOLOGICAL PRODUCTS IS INCREASING RAPIDLY.

HOW WE PERFORMED

2019 SALES SPLIT BY REGION

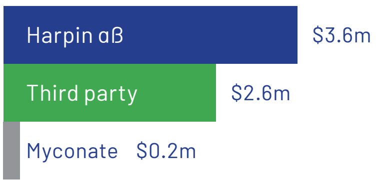
($'000)



- Rest of World
- Mexico
- Americas

2019 SALE SPLIT BY PRODUCT

($'000)



OUR MARKET OPPORTUNITY

COMMERCIAL

HARPIN aß

Harpin aß is an exceptionally powerful biostimulant of the plant's natural defence systems. The result is increased yield and quality and improved resistance to soil pests and disease. Harpin aß is a recombinant protein, developed from the original research on naturally occurring Harpin proteins by the Company's Chief Science Officer, Dr Zhongmin Wei.

We are now able to sell Harpin aß in nearly 30 countries. Sales were developed initially in a range of fruit and vegetable crops in the USA, Mexico, Europe and Africa. The focus over recent years has been to enter into larger scale arable or row crops (such as corn, soy and sugar cane) with targeted products sold through very strong, committed distributors. This approach provides much larger sales opportunities, as demand grows over the coming years.

After four years of trials, Plant Health Care Brasil launched H2Copla (Harpin aß) into sugar cane in Brazil in February 2018, through Coplacana, the leading sugar cane co-operative, which services more than 70% of the sugar cane hectares in Sao Paulo State. There are more than eight million hectares of sugar cane in Brazil, of which more than 50% are in Sao Paulo State. Grower reaction to the launch has been very positive, with demonstration trials showing very substantial yield improvements, with average yield increase up to 20%. The adoption cycle in sugar cane is prolonged – the crop takes some 12 months to grow to harvest. With Coplacana, the Company is focused on demonstrating the value of H2Copla on as many farms as possible, especially the 35 large processors which represent some 50% of the market opportunity. Like many small companies in Brazil, the team has experienced teething problems, including the slow authorisation of import permits. These issues are being addressed and we do not expect such constraints in the future, as grower demand builds.

In the USA, the Group launched Harpin aß into corn in the spring of 2019. In this case, Harpin aß is sold as a mixture product for on-farm seed treatment. The product is being sold by a leading distributor of inputs to corn growers, which holds a market share of some 25% of the 90-million-acre US corn market. Although applications of the product were limited by the very exceptional weather conditions, users reported that their corn crops emerged taller and stronger, compared with conventionally treated corn. These promising results are expected to lead to acceleration of sales in the coming years. The Group now plans to launch the same product into soy, starting with the 2020 crop.

Also in the USA, the Group has reached agreement with Wilbur-Ellis, a very large distributor with sales in the region of $5 billion, for exclusive distribution of Employ (Harpin aß) into fruit and vegetable crops. Wilbur-Ellis has been selling

Employ for several years, through the smaller distributor SymAgro; this gave it experience with the product. Under the new agreement, Wilbur-Ellis aims to extend sales nationwide, through its very extensive network. We anticipate that this much stronger distribution reach will lead to increased sales into these crops over the coming years.

In Mexico, Harpin aß is now well established as a biostimulant for vegetables such as bell peppers, which are grown in greenhouses for export to the USA. The Company is a significant player in the application of Harpin aß in the bell pepper market in the Sinaloa/Baja California area of Mexico, delivering increased yield of higher quality product. Sales of Harpin aß in Mexico grew by 15% in 2019, reaching $0.7 million.

In Spain, the Group has been developing Harpin aß to improve the quality of citrus fruits and other crops over the last five years. Sales of Harpin aß in Spain grew 18% in 2019, reaching $0.7 million.

In Europe, the Group has established a relationship with Origin Enterprises, one of the largest distributors in the EU, to commercialise Harpin aß. In the UK, Origin is now selling Harpin aß into potatoes. In addition, Origin companies are selling the product into the amenity market; both leading golf courses and well-known soccer clubs are now using Harpin aß to improve the quality of their turf.

NEW TECHNOLOGY

PRE*tec*

Plant Response Elicitor technology ("PRE*tec*") is our core new technology, inspired by Harpin proteins found in nature. Based on our unique understanding of how key amino acid sequences elicit a desired response in target crops, we are able to design families of peptides (chains of amino acids) that when applied to crops provide increased growth, disease resistance and other benefits for farmers. We have so far designed and filed patent applications for four peptide platforms from our research, each of which has been named and presented to partners. In the chart below, 3G signifies the third-generation product candidates (distinct from the second generation commercial Harpin aß products). In addition, we have a fourth generation ("4G") platform, consisting of the use of custom genes within plants and microbes to express the desired PRE*tec* protein.

Since 2012, the Group has made huge progress towards bringing the first PRE*tec* products to market. As our experience and confidence have built, we have modified our plans from a dependence on technology licensing, to targeting direct sales to distributors. This change has been particularly welcomed by our existing large distribution partners, which are building portfolios of proprietary biological products. While trials continue with major international agrochemical companies, we believe that distributors will bring PRE*tec* peptides to market more rapidly than the traditional agrochemical companies.

The Group is targeting product launches in very large markets, with a combined opportunity of some $5 billion. We aim to launch products soon after regulatory permits are achieved.

The peptide PHC279, from the Innatus 3G platform, is likely to be the first PRE*tec* peptide to be launched to the market. Extensive trials have shown that PHC279 is a versatile and highly effective product, in a range of crops.

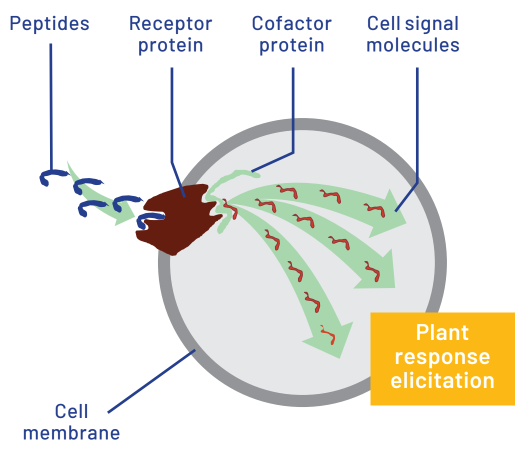
In August 2018, the Group submitted an application for registration with the US EPA for approval to sell PHC279 as a biopesticide and expects to receive approval during 2021. In October 2019, the Group submitted an application for registration in Brazil as a biochemical product for the control of Asian soybean rust, a devastating disease of soy. The timing of achieving registrations in Brazil is less certain than in the USA.

Other peptide products are also in the later stages of development. PHC949, from the T-Rex platform, is showing remarkably strong benefits, with control of nematode worm infestations in soil comparable to that of leading chemical pesticides. We anticipate registration of PHC949 in the USA in 2022. PHC414, from the Y-Max platform, is showing promise as a biostimulant, promoting yield in a range of crops. We anticipate registration of PHC414 in the USA in 2022 or 2023.

As we move towards product launches, our team in Seattle has developed laboratory-scale methods for the manufacture of PRE*tec* peptides. A particular achievement has been the development of both liquid and solid formulations of PRE*tec* peptides, which are highly stable and easy to use. Remarkable progress has also been made in reducing product cost, with indicative costs of production now substantially lower than those of Harpin aß. During 2019, we started scaling up production of PHC279 at Penn State University's CSL Behring Fermentation Facility. These scale-up trials are currently ahead of schedule. We are now searching for toll manufacturers to produce PHC279 and other peptides on a commercial scale, in time for the first product launches.

IP protection is fundamentally important for the Group. Since 2012, numerous patents have been filed around the PRE*tec* platforms. In an important landmark, the US Patent and Trademark Office has now granted the first of these patents, approving the very wide claims sought by the Group. Additional US and foreign patents are expected to issue in 2020. Plant Health Care is carving out a dominant patent position around the use of response elicitor peptides in agriculture, which will ultimately cover a significant share of the "space" available for using peptides in agricultural production.

HOW DOES PRE*tec* WORK?



Lead products	Platforms	Targets for 2021/22 launches
PIPELINE		
PHC279	INNATUS 3G	SOY SEED TREATMENT FOR DISEASE
PHC404	Broad plant defence and growth platform	US MICRONUTRIENT MIX
		BRAZIL SUGAR CANE
		FUNGICIDE ENHANCEMENT
PHC949	T-REX 3G	SOY SEED TREATMENT
PHC148	Nematode defence platform	VEGETABLE PRODUCTION
PHC414	Y-MAX 3G	FRUIT & VEG. QUALITY AND YIELD
PHC535	Yield and growth platform	

Lead products target large markets for launch in 2021–22

Robust pipeline of follow-up products

CONTINUED SUSTAINABLE GROWTH

> *Plant Health Care is firmly establishing itself as a leader in biostimulants. Our new "vaccines for plants" are now poised to drive future cash and revenue growth."*
>
> **DR RICHARD WEBB**
> Non-executive Chairman

Plant Health Care® is a leading provider of proprietary agricultural biological products and technology solutions focused on improving crop performance. Plant Health Care is strategically positioned in an industry sector that is on the cusp of change. The plant-based approach to improving crop yields and food security has never been more topical. The UN Food and Agriculture Organization ("FAO") has designated 2020 as the International Year of Plant Health. Maintaining the health of crop plants can positively impact various Sustainable Development Goals ("SDGs") including the eradication of hunger, sustainable use of terrestrial ecosystems, sustainable production and climate action.

In agriculture the biologicals input sector has attracted extensive interest over recent years, with billions of dollars invested in efforts to develop new biological technologies. There are many drivers, and they are growing in urgency. These include:

- the pressure to reduce use of chemical pesticides and fertilisers;
- the urgency to nurture soils and sequester carbon;
- the requirement to buffer crops against weather shocks; and
- the importance of raising quality and extending the shelf life of food after harvest.

Naturally, for farmers, their primary demands of any input remain:

- yield improvement;
- cost effectiveness; and
- full compatibility with their other inputs and supply chains.

These are tough challenges for biologicals.

So far, no clear champion has emerged in the biologicals sector. Most new players are sub-scale, and many of them are still years from meaningful commercialisation. It was widely believed that the few corporate giants of agriculture would license in or buy out the promising biological technologies, but other than a few significant acquisitions, this has moved slowly in recent years. If anything, the majors are doubling down on the conventional chemistry and genetics they know best.

Plant Health Care has been one of the pioneers of this sector and can be seen as one of the sector's few success stories. With an established product range based on Harpin, Myconate and third-party products we have more than a decade of practical commercial experience in key markets;

- large markets in the USA accessed through two of the top six distributors, with strong grower feedback from innovative products;
- an established operation in Brazil with two years of experience selling into the world's largest sugar cane market through a strong distributor, and
- in Mexico, we have a long-established, steadily growing, cash-positive business.

Meanwhile, The Group continues to make strong progress with the patented PRE*tec* "plant vaccine" technology:

- field performance has been demonstrated in markets valued at $5 billion;
- formulation stability and ease of use are now achieved; and
- excellent progress in production development has given us a projected cost of goods low enough to allow us to model the capture of substantial market share in our target markets.

These achievements of our science and technology colleagues are especially impressive against the background of our strategic pivot away from a pure out-licensing model. We were previously targeting co-development licensing agreements with the major agrochemical players, to the exclusion of other channels. Given the lack of appetite for doing such deals, we have reached out instead to other routes to market and have made strong progress towards signing up major regional distributors.

Over the past couple of years, the New Technology team, under the leadership of Chief Science Officer Dr Zhongmin Wei, has made better than expected progress in establishing the ability to make, formulate, register and supply finished product and ingredients. PRE*tec* products will be manufactured at a fraction of the expected cost. The additional outlay will in due course convert into higher revenues and margins.

In the latter part of 2019, we were able to secure the interest of a strategic investor, Ospraie Ag Science LLC, which shares our belief in the industry sector opportunities. Ospraie has taken strategic positions in a number of other agriculture and

biologicals businesses. After an extensive analysis of Plant Health Care's assets, capabilities and operations, its purchase of $3.0 million in new shares validated our business model and progress.

Later, in the March 2020 funding round, Ospraie expanded its shareholding at a higher price. We look forward to tapping into its industry expertise as we seek out new opportunities in a sector that many see as ripe for consolidation.

2019 was a difficult year for the industry. But through it all, the composition of Plant Health Care's Senior Executive team has remained essentially unchanged. Led by Christopher Richards, based in three continents, and operating round the world, I believe them to be the best in the industry. Highly talented and ever more experienced, they are fully capable of managing a business substantially larger than Plant Health Care is today. We will deliver this expansion by strong organic growth and continue to build shareholder value.

On 31 January 2020, the World Health Organisation declared a global pandemic due to the COVID-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, a stop to international travel, and other precautionary measures. This has had a widespread impact economically and a number of industries have been heavily impacted. This has resulted in supply chain impacts on certain industries, uncertainty over cash collection from certain customers, and a more general need to consider whether budgets and targets previously set are realistic in light of these events. Further consideration of the impact of COVID-19 is detailed in our Chief Executive Officer's statement, our Strategic Report and in our Directors' Report.

BOARD CHANGES

In October 2019 I took over the role of Non-executive Chairman from Christopher Richards, who had been holding the joint remits of Executive Chairman and Interim Chief Executive for three years. I have been a Director myself for six years under Christopher's inspirational chairmanship. I shall remain focused on giving him and his Executive team the best possible support, while developing into the Chairman role.

In September 2019 Michael Higgins relinquished his post as Senior Independent Director and Chairman of the Audit Committee, after six years of sterling service. His contribution to the effective operation and good governance of the Company has been immense.

We were lucky enough to recruit Guy van Zwanenberg to take on Michael's roles, with effect from October 2019. Guy brings deep experience and pragmatism to the Board and has already established himself as a core member.

Alongside William Lewis and me, the Board now has a well-balanced Non-executive team, which can help to steer the Company through the opportunities and challenges ahead.

In October we also strengthened the Executive presence on the Board, by appointing Chief Financial Officer Jeffrey Hovey and Chief Operating Officer Jeff Tweedy as Board Directors. While both of them have been participating in Board matters for some time, Jeffrey Hovey as Chief Financial Officer since 2013, these promotions strengthen the Executive team, and ensure we continue to pay the fullest attention to financial management and customer-facing matters.

DR RICHARD WEBB

Chairman
23 April 2020

A CLEARLY DEFINED STRATEGY

"

Harpin αβ is now well positioned and growing sales in many crops around the world; sugar cane and corn should accelerate that growth. The first PREtec products are being prepared for launch into market opportunities worth $5 billion."

DR CHRISTOPHER RICHARDS
Chief Executive Officer

OVERVIEW

Plant Health Care fell short of revenue expectations in 2019, due to adverse market conditions in the US and delays to sales in Brazil. As a result, sales of Harpin αβ by the Group were down 34% compared to the prior year. These factors obscured positive customer benefits in newly launched Harpin αβ products, supported by new relationships with very strong national distributors in the US and Brazil. These have established a very promising base for revenue growth in 2020 and beyond.

At the same time, progress with the development of our first PRE*tec* products has been outstanding, with product launches into large market opportunities now anticipated from 2022 or earlier. Field trials with partners continue to show admirable farmer benefits, in market opportunities valued at more than $5 billion. Cost of goods with our leading product PHC279 has continued to fall, as we progress to scale-up towards commercial production. Regulatory applications are progressing in the USA and Brazil and we eagerly anticipate first sales to distribution partners.

Following the successful equity raises in November 2019 and March 2020, the Group now has sufficient cash resources both to deliver strong commercial sales growth in 2020 and beyond and to increase spend on PRE*tec* product development, in order to maximise the impact of impending product launches. These investment plans, however, have now been paused until the effects of the COVID-19 situation on the Company's cash flow have become clear.

COVID-19 – IMPACT ASSESSMENT

Agriculture and agricultural inputs are classified as essential industries around the world. As such, COVID-19 has so far had limited impact on the business. However, we have no experience of a similar crisis, so it is difficult to predict the extent of COVID-19 impact on our revenues. It is not yet clear how widespread the virus will become, how long the pandemic will last and what the medium to long term effect of this will be on consumer and business behaviour.

The timing of the COVID-19 pandemic is such that the majority of agricultural inputs for the northern hemisphere crop season were already in place before the recent lockdowns were implemented. At the same time, farmers' planting intentions have not been significantly affected by the crisis, in spite of wider turbulence in markets and on the prices of agricultural commodities. For example, USDA estimates that 97 million acres of corn will be planted in 2020, some 10% higher than in 2019; the Group's sales in the US so far have been stronger than forecast. Shortage of migrant labour is very likely to affect the harvesting of fruit and vegetable crops over the coming weeks; sales in Mexico and Spain have been affected. Sales to the amenity market, which are largely in the UK and a modest part of revenues, have stopped.

In Brazil, our sales are principally to sugar cane and that crop has been substantially affected by the recent collapse in the oil price, exacerbated by the COVID-19 crisis. Approximately half of the sugar cane in Brazil is used to produce ethanol; the price of ethanol in Brazil has reduced by some 50% in response to the reduction in global oil prices. As a result, the sugar cane industry is struggling. In addition, the response of the Brazilian government, particularly recent statements on the need for suppliers to extend payment terms, has led many distributors (including the Group's distributor Coplacana) to stop sales for the time being. It is not clear at present how long this disruption will last.

Our priority is to do all we can to keep our business as safe as possible for customers and staff. For the time being, we have suspended operations at our Seattle laboratory and most other staff are working from home. We must also prepare the business for varying levels of sales declines. To that end, we have modelled the effects of differing levels of sales declines and delays in collection, along with all the measures we can take to ensure that the Group remains within its cash reserves, and have prepared cash flow forecasts for a period in excess of 12 months.

The Board's "central case" scenario is based upon a continuation of the current crisis into the third quarter of 2020. We anticipate downsides in demand over the next six months (especially in Mexico and Spain), with a return to normal levels in the fourth quarter, with the exception of Brazil. Due to the situation in sugar cane, we assume a 50% reduction in sales to Brazil (compared with our earlier forecast). In addition to the impact of reduced sales, we assume that $0.5 million in Accounts Receivable now due will not be collected during 2020. Operating Expenses are held to the same level as in 2019. Under this scenario, the Group's cash reserves are sufficient beyond the end of 2021.

The Board's "severe downside" forecast is based on sales that are further constrained in Mexico and Europe for the rest of 2020. Sales in the USA are not affected. Sales to Brazil fall to 25%, compared with our earlier forecast. In addition to the impact of reduced sales, we assume that $1.0 million in Accounts Receivable due in 2020 will not be collected until 2021. In this scenario, sales projections in 2021 are lower than previously forecast. Operating Expenses are held to the same level as in 2019, in both 2020 and 2021 in an effort to manage existing cash resources. Even under this pessimistic scenario, the Group's cash reserves are sufficient beyond the end of 2021.

The Directors have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations. However, in the unlikely event that this should occur, and the risk of this is materially amplified due to the very fluid nature of the current situation, the Group may need to seek additional funding beyond the facilities that are currently available to it, as well as making significant reductions in its fixed cost expenses.

Group trading for FY-2020 to date has been in line with management expectations, with only limited apparent adverse effects on the Group's performance due to COVID-19 currently being experienced, outside of Brazil. However, there is unprecedented uncertainty around the impact of COVID-19 on the global economy. While the Board is encouraged by the resilience shown by the Group and its employees to date, the impact on FY-2020 cannot as yet be fully assessed. Accordingly, the Board believes it would be inappropriate to provide forward looking financial guidance to investors and analysts at this time.

We report here separately on the two areas of focus for the business: Commercial and New Technology. We are organised in these two lines of business and report our Commercial business in three geographic segments – Americas, Mexico and Rest of World. We report our New Technology business in a single segment.

COMMERCIAL

Overall sales in 2019 were $6.4 million, a decrease of 21% in both actual and constant currency* compared with 2018 ($8.1 million). Sales in the USA decreased 18% to $1.7 million (2018: $2.1 million), Brazil sales decreased 64% to $0.4 million (2018: $1.1 million), and Spain (up 17%) and Mexico (up 6%) were offset by reduced sales in Europe/Africa (down 76%), due to slower drawdown of in-market inventory in South Africa.

Sales of core Harpin aß products decreased by 34% (32% in constant currency). Harpin aß and Myconate products represented 59% of sales in 2019 (2018: 68%).

Sales in Brazil were $0.4 million (2018: $1.1 million). Our distributor Coplacana was unable to buy due to delays in the approval of a critical import licence and existing inventory. The import licence was issued in January 2020. However, sales of H2Copla, Coplacana's exclusive brand into the 10 -million-hectare sugar cane market in Brazil are growing strongly. Although sales were some three times up on 2018, this was from a lower base than previously reported. Adoption of the product is slow, due to the very long crop cycle (a year between harvests). Since the launch of H2Copla in 2018, more than 400 cane growers have made applications of the product. Demonstration field trials conducted in 2016-2019 showed an average yield increase of over 21%. With these outstanding results, we anticipate strong sales growth in 2020 and beyond. The Group expanded sales in 2019 of Harpin aß as a seed treatment in soybeans and as a foliar application in corn.

Sales in North America were $1.7 million (2018: $2.1 million) In the USA, Harpin aß was launched into the 90-million-acre corn market in Q4 2018, through a very strong distribution partner. Demonstration trials in 2019 continued to show impressive grower benefits, with corn three weeks after planting growing taller and healthier than untreated corn. However, the US corn market was hammered in 2019, by a combination of the worst weather in decades and low commodity prices. Our partner estimates that growers treated some 350,000 acres with Harpin aß in 2019, a successful result under these conditions but well short of its target of one million acres. As a result, our partner finished the year with substantial inventory (bought in Q4 2018) and did not make further purchases in 2019. Sales by the Group in 2020 will depend on the ramp-up of sales to growers this year.

In 2019, the Group signed a new agreement with Wilbur-Ellis, one of the largest distributors in the USA, for the exclusive distribution of Harpin aß in speciality (fruit and vegetable) crops. Wilbur-Ellis had prior experience with Harpin aß, having previously bought the product through an existing distributor, SymAgro. This move to a larger distributor brings national coverage for Harpin aß and is already resulting in increased sales.

Sales in Mexico grew 6% to $3.3 million (7% in constant currency). Sales of Harpin aß grew by 15%, with entry into new crops. Sales in Spain increased by 17% to $0.7 million (2018: $0.6 million). In South Africa, sales continued to be hit by drought and the Group decided not to make any sales in order to reduce in-market inventory.

WHAT IS PRE*tec*?

PRE*tec* works by inducing natural defensive and metabolic responses in crop plants so they suffer less harm from the usual stresses faced during a growing season, such as nematodes or disease. This is achieved by designing peptides that mimic the active sites of larger naturally occurring proteins to which plants have evolved to respond defensively. These peptides are generally accepted as being safe to handle and having negligible toxicity. They do not leave any detectable residue and rapidly degrade so that they do not persist on the plant after application. For these reasons, PRE*tec* peptides should benefit from regulations in the US and many other countries intending to accelerate the commercial approval of biological products.

The New Technology team discovers and develops novel proprietary biological solutions using the Group's PRE*tec* science and technology capabilities (PRE*tec* stands for Plant Response Elicitor technology). PRE*tec* is a novel, environmentally friendly approach to protecting crops, based on peptides derived from natural proteins. By activating the innate growth and defence mechanisms of plants, PRE*tec* peptides lead to higher crop yields and better protection against disease and environmental stresses such as drought. Because of their novel mode of action, PRE*tec* peptides complement standard chemical pesticides, improving disease control and yield, while being compatible with mainstream agriculture practices such as seed treatment and foliar sprays.

After many years of development, the PRE*tec* technology platform has resulted in the identification of three lead peptides for commercial development, a larger series of development candidates undergoing further characterisation, and a collection of early-stage peptides available for further screening. PRE*tec* generates the possibility of many peptide product candidates across several platforms; we have so far characterised and presented to our partners peptides from four related families of peptides: Innatus 3G, T-Rex 3G, Y-Max 3G and P-Max 3G. The members of each peptide family share certain key agronomic performance attributes and each family is a platform for product development.

NEW TECHNOLOGY

Plant Health Care's Plant Response Elicitor Technology ("PRE*tec*") platforms are generating numerous promising products. The Group is currently focusing on three products targeting very large market opportunities with a value of more than $5 billion. These products are currently under evaluation with six potential commercial partners. The Group also continues to evaluate further candidate products from its robust pipeline of development candidates for additional crops and indications.

The Group believes PRE*tec* has substantial potential to support farmers to increase yields and productivity. Our vision is for growers to apply a PRE*tec* peptide on every hectare of agricultural land in combination with conventional agricultural products to improve their performance, reduce their environmental impact, reduce the development of disease resistance to chemical pesticides, and increase yields.

The lead PRE*tec* peptide product is PHC279, from the Innatus 3G platform, which promotes healthy growth of a wide range of crops. For example, PHC279 has been shown to promote disease control in Brazilian soybeans when applied as a seed treatment. It has the potential to reduce substantially the use of toxic fungicides.

Also progressing rapidly in development is PHC949, from the T-Rex 3G platform, which provides outstanding control of nematode soil pests in crops including soybeans and vegetables. PHC414, from the Y-Max 3G platform, promotes the quality and yield of fruits and vegetables.

The Group has submitted for registration of PHC279 in the USA and Brazil. Earliest regulatory approvals are expected in 2021.

Remarkable progress has been made in developing cost-effective production methods for the lead PRE*tec* peptide products.

During 2019, the Group contracted with Penn State University's CSL Behring Fermentation Facility to scale up manufacturing of PHC279. Production efficiency targets have already been exceeded, giving the Group confidence that PHC279 will be cost effective in the field and provide a competitive advantage over other biological products. Preliminary estimates suggest margins for PHC279 could be superior to those which the Group currently enjoys with Harpin αβ.

⟶ Read more about new technology on p. 7

The Group expects to take the lead products to growers through distribution agreements with strong distributors. The existing relationships established in the USA and Brazil for Harpin αβ provide a strong basis for PRE*tec* peptide product distribution. Product launches are expected to take place soon after regulatory approvals have been obtained.

FINANCIAL AND CORPORATE

The Group has maintained strict control of cash operating expenses (defined as expenses less depreciation, amortisation, share-based payments and translational gains/losses), which finished the year at $7.4 million (2018: $10.4 million); the main contributors were reduced New Technology spend at $2.1 million (2018: $3.5 million) and reduced bad debt expense to $85,000 (2018: $0.7 million). Inventory ($3.0 million), accounts receivable ($3.6 million) and payables ($0.8 million) were comparable to the prior year ($3.0 million, $3.5 million and $1.4 million, respectively).

The Group ended 2019 with $2.4 million (2018: $4.3 million) being the total of both cash and cash equivalents and the investment balance. The Group's cash burn reduced to $4.8 million (2018: $6.3 million) primarily due to decreased operating costs and reduced inventory purchases.

*CONSTANT CURRENCY

We evaluate our results of operations on a as reported and constant currency basis. The constant currency presentation, which is a non-IFRS measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our prior-period local currency financial results using the current period exchange rates and comparing these adjusted amounts to our current period reported results.

OUTLOOK

Agriculture markets were hit in 2019 by the combination of low commodity prices and, especially in the USA, severe weather and the trade war with China. With more confidence returning for exports to China, anticipated plantings for corn and soybeans in the US are up to 97 million acres and 85 million acres, respectively.

We are confident that Harpin αβ sales will continue to grow with this market over the medium term. However, sales in any one period will be subject to seasonal factors such as weather, timing of registrations and requirements of distributor partners. Furthermore, we sell our products into our distributors in advance of the growing season with the next year's demand in large part driven by the conditions during that season. As a result, Group sales may not follow a strictly linear trend and in some cases can see short delays which can switch sales in some markets from one calendar year to the next.

In prior years, sales of the Group's products were heavily dependent on sales to both the USA and Brazil in the last quarter of the year. The Group is now taking active steps to rebalance sales across the year.

The combination of product launches, on top of growth in existing markets, is in our view likely to accelerate our revenue growth over the coming years.

We are investing to accelerate the launch of PHC279 into several target markets, once regulatory permits have been obtained. These launches will be followed by other products over the coming years. We expect to generate significant revenue from these products.

Plant Health Care has a clearly defined strategy, which we are implementing effectively. 2020 will be a decisive year for the Group, which we enter with confidence.

The COVID-19 pandemic has so far had limited impact on our business and the Board believes that the business is well positioned to navigate through its impact, due to the strong balance sheet and net cash position of the Group.

While the Directors have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations, should this occur, the Group may need to seek additional funding beyond the facilities that are currently available to it, as well as making significant reductions in its fixed cost expenses.

INTELLECTUAL PROPERTY PROTECTION OF PRE*tec*

The Group has designed a very large number of closely related peptide variants and filed more than 50 patent applications worldwide since 2012 to protect this technology. On 12 November 2019, our first US patent for PRE*tec* was issued. US Patent No. 10,470,461 claims a large number of unique response elicitor peptides, as well as their use in combination with other agricultural products to enhance disease resistance, improve plant growth and impart tolerance to both biotic stresses and abiotic stresses such as heat, drought and excess soil salinity.

This is the first of a series of patents that we expect will issue shortly in the US and internationally. Plant Health Care is carving out a dominant patent position around the use of response elicitor peptides in agriculture, which will ultimately cover a significant share of the "space" available for using peptides in agricultural production.

TAKING PRE*tec* PRODUCTS TO MARKET, OUT TO 2021

INNATUS 3G

2015
- Signed three evaluation agreements for Innatus 3G with major players

2016–2017
- PHC develops and tests product concepts
- Partners test PRE*tec* and explore platform capabilities
- Three additional partners added

2018–2019
- Three additional partners added by end of 2018
- Highly efficient manufacturing process of lead peptides developed
- Large testing programme for soybean disease control ongoing in Brazil
- Application filed with USA EPA for PHC279 biopesticide
- Regulatory application filed in Brazil for PHC279 biopesticides

2020–2021
- Regulatory approval expected for first product
- Establishment of commercial licensing/distribution arrangements

T-REX 3G, Y-MAX 3G + PRE*tec* 4G

2016–2017
- PRE*tec* peptides to potential partners
- Complementary to Innatus 3G
- New partners added focusing on evaluating T-Rex 3G and/or Y-Max 3G

2018–2019
- Partners initiate large US field testing programmes evaluating T-Rex and Y-Max in soy, corn and cotton
- First partner testing initiated for P-Max peptide in corn

2020–2021
- Establishment of commercial licensing/distribution arrangements

OUR PRODUCTS AND TECHNOLOGIES

HARPIN αβ

Harpin αβ is an exceptionally powerful biostimulant of the plant's natural defence systems. The result is increased yield and quality and improved resistance to soil pests and disease. Harpin αβ is a recombinant protein, developed from the original research on naturally occurring Harpin proteins by the Group's Chief Science Officer, Dr Zhongmin Wei.

We are now able to sell Harpin αβ in nearly 30 countries. Sales were developed initially in a range of fruit and vegetable crops in the USA, Mexico, Europe and Africa. The focus over recent years has been to enter into larger scale arable or row crops (such as corn, soy and sugar cane) with targeted products sold through very strong, committed distributors. This approach provides much larger sales opportunities, as demand grows over the coming years.

After four years of trials, Plant Health Care Brasil launched H2Copla (Harpin αβ) into sugar cane in Brazil in February 2018, through Coplacana, the leading sugar cane co-operative, which services more than 70% of the sugar cane hectares in Sao Paulo State. There are more than eight million hectares of sugar cane in Brazil, of which more than 50% are in Sao Paulo State. Grower reaction to the launch has been very positive, with demonstration trials showing very substantial yield improvements, with average yield increase up to 20%. The adoption cycle in sugar cane is prolonged-the crop takes some 12 months to grow to harvest. With Coplacana, the Group is focused on demonstrating the value of H2Copla on as many farms as possible, especially the 35 large processors which represent some 50% of the market opportunity. Like many small companies in Brazil, the team has experienced teething problems, including the slow authorisation of import permits. These issues are being addressed and we do not expect such constraints in the future, as grower demand builds.

In the USA, the Group launched Harpin αβ into corn in the spring of 2019. In this case, Harpin αβ is sold as a mixture product for on-farm seed treatment. The product is being sold by a leading distributor of inputs to corn growers, which is a leading supplier of the 90-million-acre US corn market. Although applications of the product were limited by the very exceptional weather conditions, users reported that their corn crops emerged taller and stronger, compared with untreated corn. These promising results are expected to lead to acceleration of sales in the coming years. The Group now plans to launch the same product into soy, starting with the 2020 crop.

Also in the USA, the Group has reached agreement with Wilbur-Ellis, a very large distributor with sales over $3.2 billion, for exclusive distribution of Employ (Harpin αβ) into fruit and vegetable crops. Wilbur-Ellis has been selling Employ for several years, through the smaller distributor SymAgro; this gave it experience with the product. Under the new agreement, Wilbur-Ellis aims to extend sales nationwide, through its very extensive network. We anticipate that this much stronger distribution reach will lead to increased sales into these crops over the coming years.

In Mexico, Harpin αβ is now well established as a biostimulant for vegetables such as bell peppers, which are grown in greenhouses for export to the USA. The Group is a significant player in the application of Harpin αβ in the bell pepper market in the Sinaloa/Baja California area of Mexico, delivering increased yield of higher quality product. Sales of Harpin αβ in Mexico grew by 15% in 2019, reaching $0.7 million.

- There are 8.4 million hectares of sugar cane in Brazil.
- There are 5.0 million hectares of sugar cane in Sao Paulo State.
- Coplacana, our distributor, is the largest supplier of inputs for sugar cane in Sao Paulo State.
- Applications of H2Copla (Harpin αβ) have been shown to increase sugar cane yield by as much as 20%, resulting in a possible 20 times return for the grower*.
- Coplacana launched the H2Copla brand in February 2018.

* Yield increase based on Plant Health Care field trials conducted on sugar cane in Brazil in 2017; value and ROI based on cost data from Agrianual 2016 FNP – Informa report.

In Spain, the Group has been developing Harpin αβ to improve the quality of citrus fruits and other crops over the last five years. Sales of Harpin αβ in Spain grew 18% in 2019, reaching $0.7 million.

In Europe, the Group has established a relationship with Origin Enterprises, one of the largest distributors in the EU, to commercialise Harpin αβ. In the UK, Origin is now selling Harpin αβ into potatoes. In addition, Origin companies are selling the product into the amenity market; both leading golf courses and well-known soccer clubs are now using Harpin αβ to improve the quality of their turf.

PRE*tec*

PRE*tec* is our core new technology, inspired by harpin proteins found in nature. Based on our unique understanding of how key amino acid sequences elicit a desired response in target crops, we are able to design families of peptides (chains of amino acids) that when applied to crops provide increased growth, disease resistance and other benefits for farmers. We have so far designed and filed patent applications for four peptide platforms from our research, each of which has been named and presented to partners. In the chart below, 3G signifies the third-generation product candidates (distinct from the second generation commercial Harpin αβ products). In addition, we have a fourth generation ("4G") platform, consisting of the use of custom genes within plants and microbes to express the desired PRE*tec* protein.

Since 2012, the Group has made huge progress towards bringing the first PRE*tec* products to market. As our experience and confidence have built, we have modified our plans from a dependence on technology licensing, to targeting direct sales to distributors. This change has been particularly welcomed by our existing large distribution partners, which are building portfolios of proprietary biological products. While trials continue with major international agrochemical companies, we believe that distributors will bring PRE*tec* peptides to market more rapidly than the traditional agrochemical companies.

The Group is targeting product launches in very large markets, with a combined opportunity of some $5 billion. We aim to launch products soon after regulatory permits are achieved.

The peptide PHC279, from the Innatus 3G platform, is likely to be the first PRE*tec* peptide to be launched to the market. Extensive trials have shown that PHC279 is a versatile and highly effective product, in a range of crops.

In August 2018, the Group submitted an application for registration with the US EPA for approval to sell PHC279 as a biopesticide and expects to receive approval during 2021. In October 2019, the Group submitted an application for registration in Brazil as a biochemical product for the control of Asian soybean rust, a devastating disease of soy. The timing of achieving registrations in Brazil is less certain than in the USA.

PRE*tec*: OUR THREE LEADING PLATFORMS

Biopesticides (HR positive)		Biostimulants (HR negative)
INNATUS 3G	**T-REX 3G**	**Y-MAX 3G**
Broad plant defence and growth platform	Nematode defence platform	Yield and growth platform

Value proposition

Yield improvement
Crop protection
Abiotic stress tolerance

OUR PRODUCTS AND TECHNOLOGIES CONTINUED

PRE*tec* CONTINUED

Other peptide products are also in the later stages of development. PHC949, from the T-Rex platform, is showing remarkably strong benefits, with control of nematode worm infestations in soil comparable to that of leading chemical pesticides. We anticipate registration of PHC949 in the USA in 2022. PHC414, from the Y-Max platform, is showing promise as a biostimulant, promoting yield in a range of crops. We anticipate registration of PHC414 in the USA in 2022 or 2023.

As we move towards product launches, our team in Seattle has developed laboratory-scale methods for the manufacture of PRE*tec* peptides. A particular achievement has been the development of both liquid and solid formulations of PRE*tec* peptides, which are highly stable and easy to use. Remarkable progress has also been made in reducing product cost, with indicative costs of production now substantially lower than those of Harpin aß. During 2019, we started scaling up production of PHC279 at Penn State University's CSL Behring Fermentation Facility. These scale-up trials are currently ahead of schedule. We are now searching for toll manufacturers to produce PHC279 and other peptides on a commercial scale, in time for the first product launches.

IP protection is fundamentally important for the Group. Since 2012, numerous patents have been filed around the PRE*tec* platforms. In an important landmark, the US Patent and Trademark Office has now granted the first of these patents, approving the very wide claims sought by the Group. Additional US and foreign patents are expected to issue in 2020. Plant Health Care is carving out a dominant patent position around the use of response elicitor peptides in agriculture, which will ultimately cover a significant share of the "space" available for using peptides in agricultural production.

OUR GROWTH STRATEGY

Our future growth will be achieved by focusing on the following key areas:

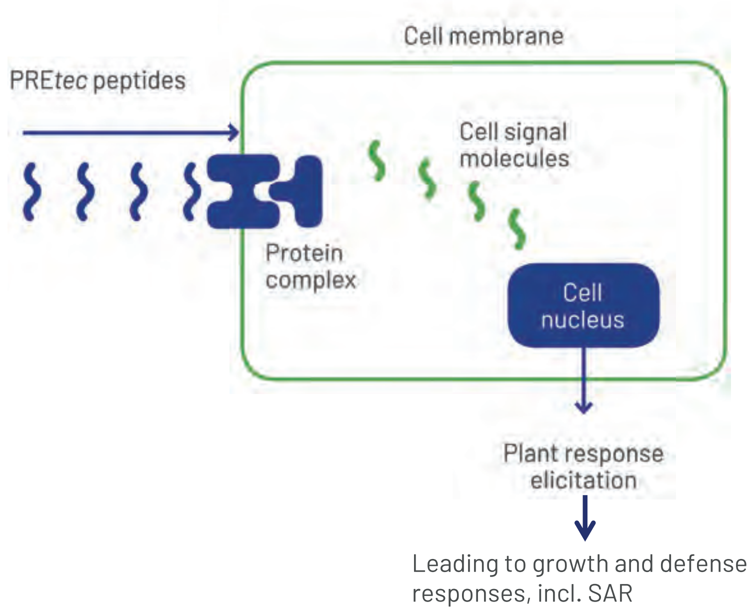
- **Substantial increase in market access.** We intend to drive revenue in the short term by focusing on distribution of Harpin aß by aligning with large distributors with broad market access. We plan to expand sales in broad acre crops where Harpin aß provides most benefits to farmers, including sugar cane, corn, soy, citrus, rice, almonds and grapes.
- **Launching peptide products from our PRE*tec* platforms.** In trials conducted by PHC and our partners in 2019, our lead peptide, PHC279, continued to provide impressive levels of disease control and improved yield in a variety of crops, including soybeans, corn, wheat and lettuces. Our application to sell PHC279 in Brazil for the treatment of Asian Soybean Rust was accepted by the relevant agencies, and we are anticipating a rapid approval process. We anticipate launches from 2021 onwards.
- **Building further the capability to deliver additional products from PRE*tec*.** Having now established pilot plant manufacturing capabilities at Penn State University's CSL Behring Fermentation Facility, Plant Health Care can quickly scale up production of other PRE*tec* peptides in our pipeline, including PHC949 and PHC414.
- **IP protection and ongoing innovation.** The Group has an extensive library of PRE*tec* peptides, which can be further expanded. The Group has now been granted the first patents for PRE*tec* peptides by the US PTO; numerous filings are in the process of being reviewed around the world, as the Group builds its IP portfolio.

In closing, I would like to thank the entire Plant Health Care team for all their hard work during the year. As Chief Executive Officer, I am proud of the Group's impressive team of highly motivated professionals, in whom I have the greatest confidence.

DR CHRISTOPHER RICHARDS

Chief Executive Officer
23 April 2020

PLANT RESPONSE ELICITOR TECHNOLOGY



Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group for its members in the long term. The Directors are fully aware of their responsibilities to ensure that the Group is successful in accordance with section 172 of the Companies Act 2006.

STAKEHOLDERS

The Board regularly reviews our principal stakeholders and how we engage with them. The Group views its investors, customers, employees and suppliers as its principal stakeholders. All concerns or thoughts of our stakeholders are brought into the boardroom throughout the annual cycle through information provided by management and by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

The following table shows how the Group engages with its stakeholders and the outcomes:

Stakeholder	Type of engagement	Outcomes
INVESTORS	• Investor website. • Proactive investor relations. • Period investor calls or meetings. • Stock exchange announcements and press releases.	• Investors' opinions are taken into account when determining strategy, operational performance and remuneration policies.
CUSTOMERS	• The Board focuses on the needs of all customers with emphasis on assisting the customer with sales of our products. • Direct engagement with customers by several Board members. • Review of strategy and performance monitoring throughout the year.	• Technical support provided to multiple customers through field trial support or educating the customer on proper application of our products. • Customers' viewpoints are taken into account as part of the decision-making process. • Assist customers with regulatory and registrations issues by country in particular with sugar cane in Brazil and Corn in the US.
EMPLOYEES	• Participation in employee activities and global staff meetings are encouraged. • Monthly meetings to encourage the sharing of ideas and views. • All-employee bonus and options schemes.	• Improvements were made to the remuneration policy mainly through the issuance of a new bonus option schemes. • The Board encouraged senior management to proactively manage career development for all employees. The senior management team has semi-annual meetings with its staff to access their employees' interest in expanding the current duties and responsibilities. • Expanded HS&E policies to include enhanced safety training the Seattle laboratory, safe driving courses globally and warehouse training.
SUPPLIERS	• Supply chain risk management. • Regular engagement with our suppliers. • Continued process improvements.	• Continued improvement of long-term agreements with manufacturers to ensure that product will still be available to the Group. • Decreased unit costs and simplified the packaging process by reducing the number of packagers. • Negotiated long-term materials agreements with favourable terms.

The Board has overseen the implementation of measures to ensure that stakeholder interests are always considered. Board papers prepared by management for Board approval highlight relevant stakeholder considerations to be considered as part of the debate when making decisions. As required, the General Counsel and Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to stakeholder issues.

RELATIONS WITH SHAREHOLDERS

The Board encourages the engagement of our shareholders and with the capital markets more generally. Our Chairman takes overall responsibility for ensuring that the views of our shareholders are communicated to the Board and that our Directors are made aware of major shareholders' issues and concerns so these can be fully considered. The Board achieves this through:

- dialogue with shareholders, prospective investors and analysts, which is led by the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer;
- reports received from analysts to ensure that the Board maintains an understanding of the priorities and concerns of our investors; and
- regular investor roadshows and meetings with major shareholders.

Investors, prospective investors and analysts can contact our Chief Executive Officer or Chief Financial Officer at any time or access information on our corporate website. The Board believes that appropriate steps have been taken during the year so that all members of the Board, and in particular the Non-executive Directors, have an understanding of the views of major shareholders.

HOW WE DO BUSINESS

RESEARCH AND DEVELOPMENT

NEW TECHNOLOGY

Plant Health Care has so far characterised four platforms:

INNATUS 3G | T-REX 3G | Y-MAX 3G

PLANT HEALTH CARE'S LABORATORY IN SEATTLE:

- Designs peptides from each platform.
- Screens them for activity in protecting plants from stress such as drought or disease.
- Selects lead peptides for testing.

FIELD TRIALS

Field trials are run through a network of universities and specialist contractors.

COLLABORATING WITH PARTNERS

Partners carry out laboratory, greenhouse and field trials on many crops and targets.

MANUFACTURING PROCESS

During 2019, we engaged the CSL Behring Fermentation Facility at Pennsylvania State University to scale up production of PRE*tec* peptides.

OBTAINING REGULATORY APPROVALS

Regulatory rules vary across the world; Plant Health Care is pursuing "fast-track" approvals for PRE*tec* peptides.

COMMERCIALISATION WITH PARTNERS

Based on the strength of the Group's commercial relationship with distributors, some of the products are now expected to be commercialised directly with in-country distribution.

PRODUCTS

HARPIN αβ | MYCONATE

Products sold through specialist distributors.

OUR PARTNERS

OUR VALUE PROPOSITIONS:

- Corn & soybean Seed Treatment Yield Enhancement.
- Asian Soybean Rust Disease Control and enhanced yield.
- Disease control and improved yield in sugar cane.
- Nematode control in specialty crops.
- Fungicide booster.

OUR GROWTH STRATEGY

Our future growth will be achieved by focusing on the following key areas:

	Key area	Achievements	Links to KPIs
1	**Substantial increase in market access**	We intend to drive revenue in the short term by focusing on distribution of Harpin αβ by aligning with large distributors with broad market access. We plan to expand sales in broad acre crops where Harpin αβ provides most benefits to farmers, including sugar cane, corn, soy, citrus, rice, almonds and grapes.	• Revenue • Gross profit • Gross profit margin • Operating loss
2	**Launching peptide products from our PRE*tec* platforms**	In trials conducted by PHC and our partners in 2019, our lead peptide, PHC279, continued to provide impressive levels of disease control and improved yield in a variety of crops, including soybeans, corn, wheat and lettuces. Our application to sell PHC279 in Brazil for the treatment of Asian soybean rust was accepted by the relevant agencies, and we are anticipating a rapid approval process. We anticipate launches from 2021 onwards.	• Revenue • Gross profit • Gross profit margin • Operating loss
3	**Building further the capability to deliver additional products from PRE*tec***	Having now established pilot plant manufacturing capabilities at Penn State University's CSL Behring Fermentation Facility, Plant Health Care can quickly scale up production of other PRE*tec* peptides in our pipeline, including PHC949 and PHC414.	• Revenue • Gross profit • Gross profit margin • Operating loss
4	**IP protection and ongoing innovation**	The Group has an extensive library of PRE*tec* peptides, which can be further expanded. The Group has now been granted the first patents for PRE*tec* peptides by the US PTO; numerous filings are in the process of being reviewed around the world, as the Group builds its IP portfolio.	• Revenue • Gross profit • Gross profit margin • Operating loss

HOW WE MEASURE SUCCESS

The Group uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial. The most significant relate to Group financial performance and to the Group's progress in driving the two pillars of its strategy.

The KPIs for financial performance of the Commercial area and for the Group as a whole include revenue, gross profit and margin. These KPIs indicate the volume of work the Group has undertaken, as well as the valuation with which this work has been delivered.

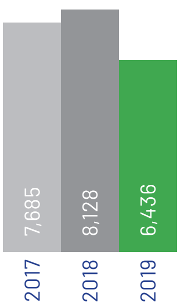
The KPIs for financial performance for the year ended 31 December 2019, with comparatives for the year ended 31 December 2018 and 2017, are set out below:

FINANCIAL

REVENUE

($'000)

6,436



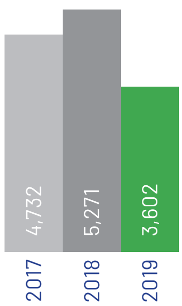
LINK TO STRATEGY

1 2 3 4

GROSS PROFIT

($'000)

3,602



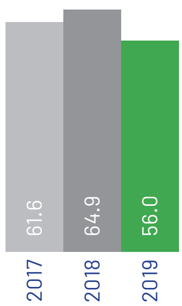
LINK TO STRATEGY

1 2 3 4

GROSS PROFIT MARGIN

(%)

56.0



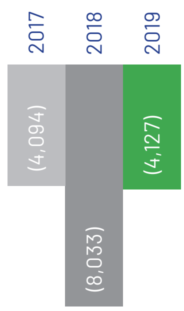
LINK TO STRATEGY

1 2 3 4

OPERATING LOSS

($'000)

(4,127)



LINK TO STRATEGY

1 2 3 4

NON-FINANCIAL

The KPIs for non-financial performance relate to the Group's technologies and include the number and nature of relationships realised with partners, and progress along the paths to commercial launch of products.

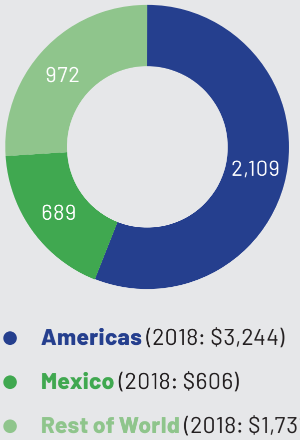
The Board continues to monitor the progress of its research and development activities and expenditures. As each research project advances, specific progress is reported to the Board and costs against budget are monitored. We anticipate refining the KPIs for research and development ("R&D") as each project develops.

PROPRIETARY PRODUCTS

In addition, an important KPI is the movement in revenue and gross margin achieved from the sale of our proprietary products.

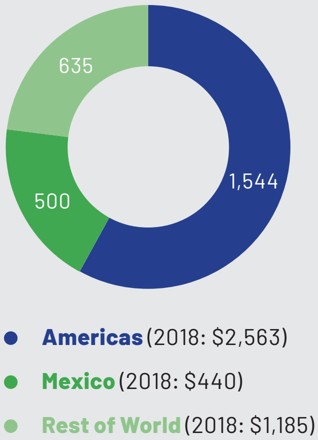
REVENUE

($'000)



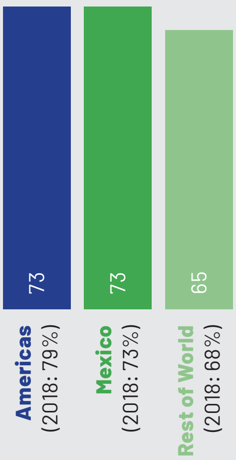
GROSS MARGIN

($'000)



GROSS MARGIN PERCENTAGE

(%)



EFFECTIVE MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually.

The Executive Committee reviews formally at least twice annually the Company's risk register, along with potential causes and impact, controls and actions to minimise the probability of those risks materialising, and considers new risks and opportunities presented to the Group, making recommendations to the Board as appropriate at least once annually.

Our business is subject to a number of potential risks and uncertainties, including those listed below. The occurrence of any of these risks may materially and adversely affect our business, financial condition, results of operations and future prospects. We manage and mitigate these risks by executing the strategy described above.

RISK MANAGEMENT FRAMEWORK

BOARD OF DIRECTORS

Identify risk → Assess risk → Mitigate risk → Update risk register → Review and evaluate risk

EXECUTIVE COMMITTEE	AUDIT COMMITTEE	REMUNERATION COMMITTEE

DIVISIONAL & FUNCTIONAL TEAMS

DESCRIPTION	MITIGATION
CAPITAL MARKETS, FINANCIAL AND LIQUIDITY RISK • We have a history of losses since inception, and anticipate continuing to incur losses in the future, and may not achieve or maintain profitability. The Group believes that the strategic plans that have been established will lead to profitability in the coming years. • We do not expect to require additional financing in the future. However, a shortfall in achieving our sales or working capital targets could exhaust our cash reserves. This may compel the Group to seek additional financing. The Group may be unable to obtain such financing on favourable terms or at all, which could force us to delay, reduce or eliminate our research, development or commercial activities. • Our reputation and share price depend on delivering against our stated objectives. If we are unable to meet market expectations, our share price may decrease, and we may lose shareholders. • Sales in any one period will be subject to seasonal factors such as weather, timing of registrations and third-party relations. As a result, Group sales may not follow a strictly linear trend which makes sales forecasting challenging.	• These risks are mitigated by being prudent with the management of the Group's cash, controlling costs and maintaining strong investor support.
COMMERCIALISATION RISK • We are subject to risks relating to product concentration due to the fact that we derive substantially all of our revenues from our Harpin aß and Myconate product lines and from the sale of third-party products. • We have a limited number of sales and marketing personnel and will need to expand our sales and marketing capabilities to grow revenues from our commercial products. • COVID-19 could adversely affect the Group's ability to collect from its customers and could have a negative impact on the Group' ability to generate revenue.	• These risks are mitigated by continuing to promote our products and perform regular reviews of our commercial business plans, and continued product development.
TECHNOLOGY RISK • Our PRE*tec* peptide development depends on demonstrating that the products can perform in the field against targeted value propositions. Trials can be influenced by weather and other factors, which can result in the trials having to be repeated; this can lead to delays of a year in product launches. • We are developing new production methods for the commercial manufacture of PRE*tec* peptides. We may be unsuccessful in achieving our targets for cost of goods. We may not be able to conclude agreements with out-sourcing manufacturing partners or we may experience delays in scaling up to full commercial production. Our PRE*tec* product launches depend on evaluation and distribution partners converting their declared interest into formal commercial transactions. • While a number of patents have been filed to date, we may be unable to secure adequate protection for the intellectual property covering our New Technology and product candidates, or develop and commercialise these product candidates without infringing the intellectual property rights of third parties.	• These risks are mitigated by reviewing and refining the strategy for commercialising our New Technology to include both technology licensing and direct sales to distributors.
REGULATORY AND LEGAL RISK • If we are unable to obtain regulatory approvals, or comply with ongoing and changing regulatory requirements, it could delay or prevent sales of our commercial products or impede the development of potential products. • If we use PRE*tec* in trait development, our technologies and product candidates will face more stringent regulatory regimes. • If we are unable to comply with regulations applicable to our facilities and procedures and those of our third-party manufacturers, our research and development or manufacturing activities could be delayed, limited or prevented.	• These risks are mitigated by conducting regular internal reviews to ensure our compliance with regulatory requirements.
PERSONNEL AND RESOURCES • Our future growth and ability to compete depend on retaining our key personnel and recruiting additional qualified personnel. • The success of the Group depends on obtaining and maintaining the appropriate level of skilled resources. • If any of our employees contract the COVID-19 disease, it could negatively impact our ability to meet our short and long term objectives.	• These risks are mitigated by keeping employees engaged in the strategy of the Group and the establishing of long-term incentives.

FINANCIAL INSTRUMENTS

The Group uses various financial instruments, including cash, short-term investments of investment grade notes and bonds, and items such as trade receivables and trade payables that arise directly from its operations.

Information on the risks associated with the Group's involvement in financial instruments is given in Note 19 to the financial statements.

On behalf of the Board

DR CHRISTOPHER RICHARDS

Chief Executive Officer
23 April 2020

HOW WE ARE PERFORMING

> *Through strict control of cash operating expenses and managing our working capital, our cash burn decreased to $4.8 million for 2019."*
>
> **JEFFREY HOVEY**
> Chief Financial Officer

A summary of the financial results for the year ended 31 December 2019 with comparatives for the previous financial year is set out below:

	2019 $'000	2018 $'000
Revenue	**6,436**	8,128
Gross profit	**3,602**	5,271
	56%	65%
Operating loss	**(4,127)**	(8,033)
Finance income (net)	**285**	89
Net loss for the year before tax	**(3,842)**	(7,944)

REVENUES

Revenues in 2019 decreased by 21% to $6.4 million (2018: $8.1 million) as a result of a delay to sales in Brazil and postponement of sales into the North American corn market by our channel partner as they respond to working capital pressures. The gross margin decreased 9% to 56% (2018: 65%) primarily due to the increased proportion of third-party sales in Mexico and increased tariffs imposed on China by the US.

AMERICAS

This segment includes activities in both North and South America but is exclusive of Mexico.

External revenue in the Americas segment decreased 35% to $2.1 million (2018: $3.3 million). The decrease in revenue was primarily due to a delay to sales in Brazil and postponement of sales into the North American corn market by our channel partner as it responds to working capital pressures. Revenue in the Americas is predominantly from Harpin αβ sales.

MEXICO

A significant portion of the Group's revenue comes from Mexico. Revenue from the Mexican segment increased 6% (7% in local currency) to $3.3 million (2018: $3.1 million). This was due to the rebound of produce prices in the north-west portion of Mexico. Revenue in Mexico includes sales of Harpin αβ, Myconate and third-party products.

REST OF WORLD

External revenue in the Rest of World segment decreased 44% (37% in constant currency) to $1.0 million (2018: $1.7 million). The decrease was primarily due to channel stock remaining high in the South African region partially offset by a sales increase of 17% in Spain. Revenue in the Rest of World segment is predominantly from Harpin αβ and some Myconate sales.

GROSS MARGIN

Gross margin declined 8.9% to 56.0% (2018: 64.9%). The decline is primarily due to the increased proportion of third-party sales in Mexico and increased tariffs imposed on China by the US.

OPERATING EXPENSES

The Group has maintained strict control of cash operating expenses, which decreased to $7.4 million from $10.4 million in 2018. The main contributors were reduced New Technology spend at $2.1 million (2018: $3.5 million) and reduced bad debt expense of $85,000 (2018: $0.7 million).

Unallocated corporate expenses decreased $2.6 million to $0.3 million (2018: $2.9 million loss). The decrease was attributable to the increase in the value of Sterling loans from our UK subsidiary due to the depreciation of the Pound.

Adjusted LBITDA*, a non-GAAP measure, decreased by $1.6 million to $3.8 million primarily due to reduced gross profit of $1.7 million offset by decreased spend in New Technology and sales and marketing of $1.5 million and $0.5 million, respectively and reduced bad debt expense to $85,000 (2018: $0.7 million).

	2019 $'000	2018 $'000
Gross margin	**3,602**	5,271
Operating expenses	**(7,729)**	(13,305)
Depreciation/amortisation	**778**	588
Share-based payment expense	**318**	797
Intercompany foreign exchange (losses)/gains	**(783)**	1,235
Adjusted LBITDA	**3,814**	5,414

* Adjusted LBITDA: loss before interest, tax, depreciation, amortisation, share-based payments and intercompany foreign exchange.

BALANCE SHEET

At 31 December 2019 and 2018, investment and cash and cash equivalents were $2.4 million and $4.3 million, respectively. Cash remains a primary focus for the Group. Cash burn decreased $1.5 million to $4.8 million (2018: $6.3 million) primarily due to reduced operating expenses in New Technology of $2.1 million (2018: $3.5 million). Working capital decreased to $7.7 million in 2019 (2018: $8.6 million). The decrease is primarily due to a decrease in cash and cash equivalents, offset by a fall in accounts payable.

Translation of the results of foreign subsidiaries for inclusion within the consolidated Group results resulted in an exchange loss of $0.8 million recorded within other comprehensive income and foreign exchange reserves (2018: gain of $1.1 million).

CASH FLOW AND LIQUIDITY

Net cash used in operations was $4.4 million (2018: $6.3 million).

Net cash provided by investing was $0.1 million in 2019 (2018: $0.9 million). The Group holds surplus cash in several bond and money market funds. The movement in these funds was used to further invest in the New Technology business and fund the Commercial business.

Net cash provided by financing activities was $2.6 million for 2019 (2018: $6.7 million). The reduction of $3.0 million (net of costs) is due to the 2019 equity raise compared to the prior year equity raise.

GOING CONCERN

In assessing whether the going concern basis is appropriate for preparing the 2019 Annual Report, the Directors have utilised the Group's detailed forecasts, which take into account its current and expected business activities, its cash and cash equivalents balance and investments of $2.4 million. The principal risks and uncertainties the Group faces and other factors impacting the Group's future performance were considered. Analysis of the going position is detailed in the CEO's report on pages 10 – 16 of the Strategic Report, the Directors' Report and Note 2 to the financial statements.

JEFFREY HOVEY

Chief Financial Officer
23 April 2020

STRONG EXPERIENCED LEADERSHIP

DR CHRISTOPHER G J RICHARDS

Chief Executive Officer

DATE OF APPOINTMENT
August 2012

DR RICHARD H WEBB

Non-Executive Chairman

DATE OF APPOINTMENT
September 2013

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R

MR JEFFREY HOVEY

Chief Financial Officer

DATE OF APPOINTMENT
November 2019

Dr. Christopher Richards joined the Company as Non-executive Chairman in August 2012. He became Executive Chairman in April 2015 to take on a more active role in investor relations and in developing strategy, particularly the focus on New Technology. Following the departure of Paul Schmidt in November 2016, Christopher became the Interim Chief Executive Officer. Christopher spent 20 years at Syngenta and its predecessor companies in various strategic management positions in South America, Europe and Asia. In November 2003, he was appointed COO of Arysta LifeScience, and he served as CEO from 2004 until 2010, leading Arysta LifeScience's transformation into a global agrochemical company with sales above $1.6 billion. He also served as a Director of Arysta LifeScience from 2003 to 2015. He serves on the Board of Directors of Origin Enterprises plc, a service provider to farmers for food production solutions, and is Chairman of Nanoco Group plc, a nanomaterials technology company carrying out research, development and commercialisation of products based on heavy metal-free quantum dots.

Richard Webb joined the Company in September 2013 as a Non-executive Director. In January 2015, he was appointed an Executive Director, responsible for leading the New Technology strategy and licensing. In January 2019 he became a Non-executive again. Early in his career he held various positions at Imperial Chemical Industries, including responsibilities for managing laboratory discovery and field development programmes for its public health pesticide business. Thereafter he worked as a consultant mostly with life sciences businesses. It was in this capacity that he was originally engaged by the Company between 2012 and 2013 to work on the development of its new business strategy. His doctorate, in pest biology, was from the London School of Hygiene & Tropical Medicine.

Jeffrey Hovey joined the Company as Chief Financial Officer in September 2013. He became an Executive Director in November 2019. Jeffrey Hovey drove restructuring and cost reduction for the Company in 2014. He has over 25 years' financial management experience and is a CPA with IFRS and GAAP experience. Jeffrey has held numerous senior financial and accounting roles in private and publicly listed retail, life sciences and technology companies. While with a regional office supply company, Jeffrey led the accounting and financial due diligence effort which ultimately led to the sale of the company to an international office supply company.

COMMITTEE KEY:

A Audit R Remuneration ● Chairman

MR JEFFREY TWEEDY

Chief Operating Officer

DATE OF APPOINTMENT
November 2019

MR GUY VAN ZWANENBERG

Non-executive Director

DATE OF APPOINTMENT
November 2019

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R

MR WILLIAM M LEWIS

Non-executive Director

DATE OF APPOINTMENT
April 2015

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Jeffrey Tweedy joined the Company as Commercial Head, Americas in October 2017 and has held the position of Chief Operating Officer since 2018. He became an Executive Director in November 2019. He leads all Commercial activities for the Company globally as well as the PRE*tec* product launches for the New Technology segment of the business. Jeffrey has over 28 years of experience in sales and business development in the US and internationally. He has held senior commercial North America and global roles in Syngenta, Arysta LifeScience and Horizon Ag.

Guy van Zwanenberg joined the Board in November 2019 as a Non-executive Director. He is the Chairman of the Audit Committee, a member of the remuneration committee and the Senior Independent Director. Guy has more than 40 years' experience in industry and practice. He qualified as a Chartered Accountant with Grant Thornton and then spent three years working with James Gulliver. Guy subsequently moved to become UK Finance Director of an American computer accessory company which was taken public in 1989. In 1991, he established his own interim financial management business and has since been involved in a number of SME businesses providing strategic and financial help. Guy joined Gamingking plc in 1998 (when listing on AIM) on a part-time basis as Finance Director and became Company Secretary and Non-executive Director in 2006, remaining until May 2013, during which time he helped to acquire several businesses and to reverse the company into Sceptre Leisure plc, which was then delisted. He joined Quixant plc as a Non-executive in March 2013 as part of the float team. In 2015 he joined as a Non-executive at Coms plc and was part of the team which transformed the business into the Saas business Smartspace plc and became its Chairman in July 2018. Guy is both a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Director.

William Lewis joined the Company as a Non-executive Director in April 2015. He also currently serves as Chairman of the Remuneration Committee and as a member of the Audit Committee. Since June 2014, William has served as President and CEO of Summit Agro USA, LLC, a joint venture agrochemicals business between Sumitomo Corporation and ISK Biosciences. He previously held senior roles within Arysta LifeScience, Syngenta Crop Protection and Zeneca/ICI. William has also been an owner/operator of two John Deere dealerships in GA where he improved the overall operations and value of the business, which led to the successful sale of the businesses.

CORPORATE GOVERNANCE

INTRODUCTION

Plant Health Care plc (the "Company") is committed to maintaining the highest standards of corporate governance throughout its operations and to ensuring that all of its practices are conducted transparently, ethically and efficiently. The Company believes that continual review of all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value. Therefore, and in compliance with the updated AIM Rules for Companies, the Company has chosen to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the "QCA Code").

The Company has followed the QCA Code's recommendations in terms of disclosures to be made on its website and in this Annual Report. Specifically, the QCA Code has ten principles, being:

1. Establish a strategy and business model which promote long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation
5. Maintain the board as a well-functioning, balanced team led by the chair
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Disclosures recommended by the QCA Code to be included on the Company's website, and not in its Annual Report, being principles 2, 3 and 9, may be found on the Company's website. For more details regarding Corporate Governance, including the Company's compliance with the ten principles of the QCA Code, please see the Company's Corporate Governance Statement located at https://www.planthealthcare.com/investors/corporate-governance. Consideration of the remaining seven principles is described below.

In assessing its compliance with the QCA Code, the Company's Board of Directors (the "Board") is mindful that in some areas it may not fully comply with the QCA Code. Such non-compliance reflects the size of the Company, its stage of development and the complex scientific/specialist nature of certain of its activities. The Board is alert to the potential risks this may create and has therefore provided the following background and explanation.

Messrs Lewis and van Zwanenberg chair the Company's two key Committees and also meet with the Chairman separately on a regular basis. Board meetings have appropriately robust agendas and are held face to face in the US or UK five times a year. The US is the main centre of activity and management of the Company. Each Board meeting also includes involvement of the key Executive leadership not on the Board. Messrs Lewis and van Zwanenberg are satisfied that the current Board has the right mix of skills that are relevant to the Company's current position and stage of development. They are also satisfied that they present effective challenges to the Executive Directors and management team.

The Company has established specific Committees and implemented certain policies and practices to ensure that:

- it is led by an effective Board which is collectively responsible for the long-term success of the Company;
- the Board and the Committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
- the Board establishes a formal and transparent arrangement for considering how it applies the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditors;
- there is a dialogue with shareholders based on the mutual understanding of objectives; and
- all aspects of the Company are run in a robust and responsible way.

The Company's overall strategic objective is to be a leading provider of proprietary biological products. The Company's strategy and business model, and amendments thereto, are developed by the Executive Committee and approved by the Board. The Executive Committee, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level. A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Company's results, compared with the budget, are reported to the Board at least five times per year. The full strategy and business operations of the Company are set out in the Strategic Report section of this Annual Report on pages 1 to 25.

The Company's business is subject to a number of potential risks and uncertainties. The occurrence of any of these risks may materially and adversely affect the Company's business, financial condition, results of operations and future prospects. The Company manages and mitigates these risks by executing its strategy and operational plans as described above.

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually. The Company maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Company. The insured values and type of cover are comprehensively reviewed on a periodic basis.

A summary of the principal risks and uncertainties facing the Company are set out on pages 22 and 23 of this Annual Report. The Executive Committee meets at least twice annually to review the Company's risk register, along with potential causes and impact, controls and actions to minimise the probability of those risks materialising, and consider new risks and opportunities presented to the Company, making recommendations to the Board as appropriate at least once annually.

BOARD OF DIRECTORS

The Board of Directors is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, budgets and corporate actions. In order to achieve its objectives, the Board adopts the ten principles of the QCA Code. Through successfully implementing these principles, the Company believes it is able to deliver long-term growth for shareholders and maintain a flexible, efficient and effective management framework within an entrepreneurial environment.

It is important that the Board itself contains the right mix of skills and experience in order to deliver the strategy of the Company. As such, the Board is currently comprised of:

- Dr Richard H Webb, Non-executive Chairman;
- Dr Christopher G J Richards, Executive Director and Chief Executive Officer;
- Mr Jeffrey Hovey, Executive Director and Chief Financial Officer;
- Mr Jeffrey Tweedy, Executive Director and Chief Operating Officer;
- Mr Guy van Zwanenberg, Senior Independent Director; and
- Mr William M Lewis, an independent Non-executive Director.

The backgrounds and relevant experience of these Directors are set out on the website.

Additionally, the Group has appointed a professional Group Secretary who is also the Group's General Counsel who assists the Chairman and Committee Chairmen in preparing for and running effective Board meetings and Committee meetings, including the timely dissemination of appropriate information prior to meetings and minutes following the meetings. The Company Secretary provides advice and guidance to the extent required by the Board on the legal and regulatory environment.

Each Director serves on the Board from appointment until the next annual general meeting at which he or she stands for election. Thereafter he or she stands for re-election in accordance with the Company's Articles of Association which is no less than once every three years.

COMMITTEES

In compliance with UK best practice, the Board has established the following Committees.

AUDIT COMMITTEE

The purpose of the Audit Committee is to monitor the integrity of the financial statements of the Company.

Some of the Audit Committee's duties include:

- reviewing the Group's accounting policies and reports produced by internal and external audit functions;
- considering whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- reporting its views to the Board of Directors if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control;
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receiving reports on non-compliance; and
- overseeing the appointment of and the relationship with the external auditor.

The Audit Committee has two members, each of whom is an independent Non-executive Director and at least one member who has recent and relevant financial experience. The current members of the committee are Guy van Zwanenberg as the Chairman and William Lewis.

REMUNERATION COMMITTEE

The purpose of the Remuneration Committee is to determine and agree with the Board regarding the framework or broad policy for the remuneration of the Company's Chairman and the Executive Directors as well as the composition of the Board itself.

Some of the Remuneration Committee's duties include:

- reviewing the pay and employment conditions across the Company, including the Executives on the Board;
- approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements;
- regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes, succession planning and vacancies; and
- identifying suitable candidates from a wide range of backgrounds to be considered for positions on the Board.

The Remuneration Committee has two members, each of whom is an independent Non-executive Director. The current members of the committee are William Lewis as the Chairman and Guy van Zwanenberg.

In light of the current composition of the Executive leadership and the Board, the Board as a whole has retained overall responsibility for the review of the overall risk management processes and principles. The Board as a whole constitutes the Nomination Committee and will appoint a subcommittee if considered appropriate; the Board also determines remuneration for the Non-executive Directors.

EXECUTIVE COMMITTEE

The Company's Executive Committee is the main decision-making body of the Company and ensures that key decisions are made in a timely manner with the best information available. The Executive Committee meets on a monthly basis and has six members: Christopher Richards chairs the Executive Committee and is joined by Zhongmin Wei (Chief Science Officer), Jeffrey Tweedy (Chief Operating Officer), Jeffrey Hovey (Chief Financial Officer), Christine Mazzone (General Counsel and Company Secretary) and Mark Turner (Director, Technology Licensing).

BOARD COMPOSITION

The Company's Board is currently comprised of three Non-executive Directors and three Executive Directors. The Chairman is non-independent.

Each Director serves on the Board from appointment until the next Annual General Meeting at which he or she stands for election. Thereafter he or she stands for re-election in accordance with the Company's Articles of Association, which is no less than once every three years.

Directors' biographies are set out on pages 26 and 27. The Board is responsible to its shareholders for the proper management of the Company and meets at least five times a year to set the overall direction and strategy of the Company, to review scientific, commercial, operational and financial performance and to advise on management appointments. All key operational and investment decisions are subject to Board approval. A summary of Board and Committee meetings held in the year ended 31 December 2019, and Directors' attendance records, is set out on page 37.

The Board considers itself to be sufficiently independent. The QCA Code suggests that a board should have at least two independent non-executive directors. Two of the Non-executive Directors who currently sit on the Board of the Company are regarded as independent under the QCA Code's guidance for determining such independence. Non-executive Directors receive their fees in the form of a basic cash fee.

Concerns relating to the Executive management of the Group or the performance of the Directors can be raised in confidence by contacting the Senior Independent Director, Guy van Zwanenberg, through the Company Secretary.

BOARD EXPERIENCE

The Board considers that all of the Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities, and bring considerable experience in scientific, commercial, operational and financial development of products and companies.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Company.

The Chairman, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Company and its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors receive updates from the Company Secretary and various external advisers on a number of corporate governance matters. Furthermore, the key Commercial executives and the New Technology team regularly present at Board meetings and attend dinners with Board members. Also the Board periodically visits the research and development centre in Seattle and is briefed by the team.

Directors' service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

The Board seeks advice from its external advisers as needed in the ordinary course of business and for exceptional circumstances, including its Nominated Adviser and outside counsel in the UK and USA as well as globally. There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access which every Director has to the Company Secretary, who is charged by the Board with ensuring that Board procedures are followed. Directors' service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

PERFORMANCE OF THE BOARD

The Board has a process for evaluation of its own performance, and that of its Committees and individual Directors, including the Chairman. This process is conducted on a regular basis and last took place in January 2020, with no substantive issues arising. Evaluation criteria include Board Composition, Strategy, Board Meetings, Training and Development, Governance, Risk, Company Secretary and Leadership. The Board may utilise the results of the evaluation process when considering the adequacy of the composition of the Board and for succession planning.

CORPORATE CULTURE

The Board seeks to maintain the highest standards of integrity and ethics in the conduct of the Company's operations. These values are exhibited in the written policies and working practices adopted by all employees in the Company. An open culture is encouraged within the Company, with regular communications to staff regarding progress and staff feedback regularly sought. Employees are expected to behave and to execute the Company's strategy and objectives in an ethical, compliant manner as well as to ask questions and raise concerns openly. The Chief Executive Officer and senior management team monitor the Company's cultural environment and seek to address any concerns that may arise, escalating these to Board level as necessary.

GUY VAN ZWANENBERG

Senior Independent Director
23 April 2020

AUDIT COMMITTEE REPORT

The Audit Committee is a formally constituted sub-committee of the Board.

The Audit Committee comprises Guy van Zwanenberg as chairman and William Lewis. The Committee meets separately with the external auditors without management present. The Secretary to the Committee is the Company Secretary

MAIN ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee meets formally three times a year: in September, it reviews and considers the half year results announcement; in December, together with the external auditors, it considers and approves the nature and scope of the annual audit; and then in late March or April, it receives reports from the external auditors on the conduct of their audit, and their review of the accounts, including accounting policies and areas of judgement, and their comments on risk management and control matters. The external auditors also present their fee proposals for the forthcoming annual audit at the December meeting.

INDEPENDENCE OF EXTERNAL AUDITORS

Both the Board and the external auditors have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. The policy in respect of services provided by external auditors is as follows:

- Audit-related services - the external auditors are invited to provide services which, in their position as auditors, they must or are best placed to undertake. This includes formalities relating to shareholders and other circulars or any other regulatory reports or work in respect of acquisitions or disposals.
- Tax consulting - in cases where they are best suited, we will use the external tax advisers.
- General consulting - recognising the public concern over the issue of auditors' independence, our policy is that the external auditors would not be used for general consulting work.

INTERNAL MANAGEMENT ACCOUNTING

The Audit Committee considered the performance of the internal accounting function and the resource requirements available taking into account the size and complexity of the Group's activities. Given the small size of the Board, the Board as a whole reviews the internal budgets and they are formally approved by the Board. The Board has concluded as a whole that these budgets are both properly prepared and based upon realistic assessments of the market opportunities in the context of the Group's ambitions.

This report was approved by the Audit Committee and presented on its behalf by:

GUY VAN ZWANENBERG

Chairman of Audit Committee
23 April 2020

REMUNERATION COMMITTEE REPORT

The Remuneration Committee has two members, each of whom is an independent Non-executive Director. The current members of the committee are William Lewis as the Chairman and Guy van Zwanenberg. The Committee is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors including the Executive Chairman, and for monitoring the remuneration of first-line executive management. The Committee may call on outside compensation experts as required.

REMUNERATION POLICY

It is Group policy to set Directors' remuneration levels to attract, incentivise and retain the quality of individuals that the Group requires to succeed in its chosen objectives. It is also Group policy to ensure that there is a strong link between the level of Executive Directors' remuneration and the performance of the Group in achieving its goals.

ELEMENTS OF REMUNERATION – EXECUTIVE DIRECTORS

CHIEF EXECUTIVE OFFICER

The following comprised the principal elements of the Group's Executive Directors' remuneration during 2019:

- basic salary and benefits;
- annual bonus (performance-related and discretionary);
- long-term share-based incentives; and
- pension contributions

In lieu of additional salary for his role as Interim Chief Executive Officer, Christopher Richards was granted share options in 2019 which were tied to certain performance conditions.

(A) 2004 UNAPPROVED SHARE OPTION SCHEME

In July 2004, the Board adopted the Plant Health Care plc Unapproved Share Option Scheme 2004. Under this scheme, the Board could grant options at an exercise price of not less than the market value of a share on the date of award. Options may normally be exercised between three and ten years from grant. In most cases, vesting is also dependent upon the option holder remaining an eligible employee. In 2014, the scheme reached the tenth anniversary of its approval by shareholders; no further options may be granted. The Company was authorised to award options and shares under these plans up to the greater of 3% of its issued share capital or such number as, when aggregated with any outstanding options converted from the Plant Health Care, Inc. option plans from 1996 and 2001, amounts to no more than 10% of the issued share capital of the Company.

(B) 2015 EMPLOYEE SHARE OPTION PLAN

On 16 June 2015, the Company adopted the Plant Health Care plc 2015 Employee Share Option Plan, or the EMI Plan, which provides for the grant of options to acquire the Company's ordinary shares. Under the EMI Plan, the Company may grant enterprise management incentive options, known as EMI options, to eligible bona fide employees who qualify under applicable United Kingdom ("UK") tax law, as well as options that do not qualify as EMI options, or NQOs. Vesting of options is subject to the performance conditions set out in the applicable option agreement and pursuant to the EMI Plan. The Board has the discretion and authority to set and measure the satisfaction of the performance conditions, which under the EMI Plan must be linked to the achievement of challenging financial performance over a period of at least three years, but no more than ten years, from the date of grant and the enhancement of shareholder value. Performance conditions may be amended, relaxed or waived by the Board provided that any varied performance conditions would be a fairer measure of performance than the original performance conditions and are no more or no less difficult to satisfy than prior to the amendment. At any time, the total market value of the shares that can be acquired upon the exercise of all EMI options under the EMI Plan may not exceed £3 million.

As part of the EMI Plan, the Board has adopted rules governing options awarded to the Company's US employees, or the US Sub-plan to the EMI Plan. The US Sub-plan to the EMI Plan provides for grants of both incentive stock options qualifying under section 422 of the Internal Revenue Code of 1986, as amended, and non-statutory stock options. The term of an incentive stock option may not exceed ten years (subject to certain limitations with respect to any employee who owns more than 10% of the voting power of all classes of the Company's outstanding ordinary shares). In the event the option holder ceases to be an employee before he or she exercises the vested portion of the option for any reason other than death, disability or by the employer for cause, the option shall expire three months after the date on which the option holder ceases to be an employee. In the event the option holder ceases to be an employee because of death or disability, the option holder, or his or her personal representative in the event of death, may exercise the vested portion of the option during the 12-month period following the date the option holder ceases to be an employee. In the event that the option holder's employment is terminated for cause by the employer, the option will expire immediately upon the date employment is terminated.

On 16 June 2015, the Company also adopted the Plant Health Care plc 2015 Non-Employee Share Option Plan, or the Non-Employee Option Plan, that provides for the grant of options to acquire ordinary shares to eligible option holders who are not employees. As part of the Non-Employee Option Plan, the Board has adopted rules governing options awarded to individuals who are not employees, or the US Sub-plan to the Non-Employee Option Plan. This sub-plan provides for grants of non-statutory stock options. As of 31 December 2018, no awards were outstanding under the Non-Employee Option Plan or the US Sub-plan to the Non-Employee Option Plan.

ELEMENTS OF REMUNERATION – EXECUTIVE DIRECTORS CONTINUED

(C) 2017 EMPLOYEE SHARE OPTION PLAN

On 19 May 2017, the Company adopted the Plant Health Care plc 2017 Employee Share Option Plan, or the 2017 ESOP, which provides for the grant of options to acquire the Company's ordinary shares. Under the 2017 ESOP, the Company may grant enterprise management incentive options, known as EMI options, to eligible bona fide employees who qualify under applicable United Kingdom ("UK") tax law, as well as options that do not qualify as EMI options, or NQOs. Vesting of options is subject to any performance conditions set out in the applicable option agreement and pursuant to the EMI Plan. At any time, the total market value of the shares that can be acquired upon the exercise of all EMI options under the 2017 ESOP may not exceed £3 million.

As part of the 2017 ESOP, the Board has adopted rules governing options awarded to the Company's US employees, or the US Sub-plan to the 2017 ESOP. The US Sub-plan to the 2017 ESOP provides for grants of both incentive stock options qualifying under section 422 of the Internal Revenue Code of 1986, as amended, and non-statutory stock options. The term of an incentive stock option may not exceed ten years (subject to certain limitations with respect to any employee who owns more than 10% of the voting power of all classes of the Company's outstanding ordinary shares).

(D) OPTIONS GRANTED OUTSIDE OPTION SCHEMES

The Company has granted options to acquire shares pursuant to separate unapproved option agreements to William Lewis and Richard Webb. Generally, the options may only be exercised while the option holder is a service provider to the Company. In the event that the option holder ceases to be a service provider as a result of injury, ill health or disability, upon the company for which the option holder works ceasing to be a member of the Group, or the transfer of the business that employs the option holder to a person that is not in the Group, the option may be exercised during the six-month period beginning on the date upon which the option holder is no longer a service provider to the Company. Shares allotted under these options rank equally with all other shares in the same class in issue at the date of allotment. If and for so long as the allotted shares are listed or traded on any stock exchange, the Company shall apply for the shares allotted under these options to be admitted to the relevant exchange. In the event of any capitalisation issue, rights issue, consolidation, sub-division, reduction or other variation of the Company's share capital, the number and description of the shares subject to each option or the exercise price of each option shall be varied as the Board determines, provided that it considers such adjustment to be fair and appropriate. Limitations apply to the extent to which any such adjustment may reduce the price at which shares may be purchased pursuant to the exercise of an option and the exercise price for a share to be newly issued on the exercise of an option shall not be reduced below its nominal value.

PENSION BENEFIT

United States employees were entitled to participate in the Plant Health Care, Inc. 401(k) Plan. This is a defined contribution plan approved by the US Internal Revenue Service. The main features of the plan are:

- participation is open to all US-based employees who have completed a probationary period after initial employment;
- employees may contribute a percentage of salary to the plan through a payroll withholding scheme;
- in 2019, the Group continued to match contributions up to 3%. In 2018, the Group made matching contributions of 3%;
- beginning in 2014, Group contributions vest immediately; and
- the plan is subject to various statutory non-discrimination tests to ensure that it does not favour highly compensated employees.

ELEMENTS OF REMUNERATION – NON-EXECUTIVE DIRECTORS

During 2018 and 2019, the remuneration for non-executive Directors consisted of stock options under the 2017 Employee Share Option Plan scheme and fees for their services in connection with the Board and Board Committees. The Non-executive Directors receive their fees wholly in cash.

SERVICE CONTRACTS

During 2018 and 2019, the Company had service contracts with all Executive and Non-executive Directors.

Provisions in the service contracts of other Executive Directors (including the Executive Chairman/Interim Chief Executive Officer) include:

- termination may be initiated by the Company or the Director at any time with three months' written notice;
- the Company may also terminate the agreement with immediate effect by paying a sum in lieu of notice equal to the basic fixed salary the Director would have been entitled to receive during the notice period; and
- the Company may also terminate the agreement with immediate effect at any time without notice or payment in lieu of notice for certain circumstances including gross misconduct affecting the business.

Provisions in the service contracts of Non-executive Directors include:

- each Director's appointment may be terminated with no less than three months' prior written notice; and
- each Director's appointment may also be terminated with immediate effect for certain circumstances including serious breach or repeated breach of any obligations to the Company; any act of fraud or dishonesty; or a declaration of bankruptcy.

DIRECTORS' REMUNERATION

For the years ended 31 December 2018 and 31 December 2019, the table below sets forth the audited compensation paid to the Directors.

	Base salary and fees $'000	Performance-related bonus $'000	Other benefits $'000	Share option benefit $'000	**Total 2019 $'000**	Total 2018 $'000
Executive:						
Dr C Richards	128	–	–	31	**159**	406
J Hovey***	200	–	26	38	**264**	385
J Tweedy***	260	–	10	61	**331**	436
Non-executive:						
M Higgins**	58	–	–	–	**58**	60
Dr R Webb*	45	–	–	22	**67**	351
W Lewis	32	–	–	–	**32**	33
G van Zwanenberg***	8	–	–	–	**8**	–
	731	–	36	152	**919**	1,671

* Dr Webb, who was previously Executive Director for New Technology, reverted to a Non-Executive role with effect from 1st January 2019 and became Chairman from 1 October 2019.

** M Higgins' appointment terminated on 30 September 2019.

*** G van Zwanenberg, J Hovey and J Tweedy were appointed on 1 November 2019.

OTHER BENEFITS

In 2019, the Group incurred $36,000 (2018: $19,000) of medical, dental and life insurance expense on behalf of two Directors.

OTHER INFORMATION

During the year, the Company's share price on AIM ranged between 4.80 and 9.95p. At 31 December 2019, the share price was 8.3p. At 23 April 2020, the last working day prior to the approval of this annual report, the share price was 6.28p.

This report was approved by the Remuneration Committee and presented on its behalf by:

WILLIAM LEWIS

Chairman of Remuneration Committee
23 April 2020

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2019. See Note 19 for discussion of financial risk management objectives and policies, and exposure to price, credit, liquidity and cash flow risk.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 45 and show a loss for the year of $3,684,000 (2018: loss of $7,692,000).

The Directors recommend that no dividend be paid at this time (2018: nil).

DIRECTORS

The beneficial interests of the Directors in the ordinary share capital of the Company and options to purchase ordinary shares of the Company as of 31 December 2019 were as follows:

	At 31 December 2019	
	Shares	**Options**
Dr. C. Richards	**2,233,015***	**3,363,777**
Dr. R. Webb	**1,015,264**	**2,073,727**
J Tweedy	**17,904**	**2,652,068**
J Hovey	**–**	**1,849,663**
W Lewis	**436,620**	**–**

* Includes a beneficial interest of William Richards, a minor child of Dr. Christopher Richards, of 34,578 ordinary shares.

None of the Directors have any holding in any subsidiary company, nor any material interest in the transactions of the Group.

SUBSTANTIAL SHAREHOLDERS

On 23 April 2020, the Directors are aware of the following persons who, directly or indirectly, are interested in 3% or more of the Company's existing ordinary share capital:

Name	Shares held	% of issued share capital*
Richard Griffiths	64,697,432	25.68
Ospraie AG Science	64,154,361	25.46
1798 Volantis	27,901,547	11.07
Boulder River Capital Corporation and its affiliates	15,365,253	6.10
Spreadex Limited	12,200,000	4.84

* The percentages shown are based on the most recent share register analysis or notification.

RESEARCH AND DEVELOPMENT

The Group continues to invest in R&D activities with an emphasis on the improvement of existing technologies, the formulation of products to meet specific customer needs and the development of proprietary Group's biostimulants based on the Company's Harpin platform technology. For further details of the Group's R&D activities, see the Chairman's statement and Strategic report on pages 8 to 25.

BUSINESS REVIEW

For a discussion of the Group's 2019 performance and future developments, see the Chairman's statement and Strategic report on pages 8 to 25.

POST BALANCE SHEET EVENTS

For detail on post balance sheet events, see note 24 on page 71.

BOARD MEETINGS AND ATTENDANCE

The following table shows the attendance of Directors at meetings of the Board, Audit Committee and Remuneration Committee held during the 2019 financial year:

	Board	Audit Committee	Remuneration Committee
Number of meetings held	**6**	**3**	**5**
Dr. C. Richards	6	—	4
Dr. R. Webb	6	1	1
M Higgins	6	3	4
W Lewis	6	3	5
G van Zwanenberg	1	1	1
J Tweedy	1	1	—
J Hovey	1	1	1

AUDITOR

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of its audit and to ensure that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

GOING CONCERN

In consideration of the Group's current resources and review of financial forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the approval of the Annual Report. Various sensitivity analyses have been performed to reflect possible downside scenarios (for further details see pages 10 – 11 of the Strategic Report).

The COVID-19 pandemic has so far had limited impact on our business and the Board believes that the business is able to navigate through the impact of COVID-19 due to the strength of its customer proposition, its balance sheet and net cash position of the Group. This is supported by the Company successfully completing an equity raise which generated $4.6 million (net of costs) from new and existing investors in March 2020. The Company issued 44,602,188 ordinary shares at 8p per share, directly attributable costs of $150,000 were incurred.

However, the rapid emergence of the coronavirus pandemic has caused significant disruption to many businesses where the implementation of social distancing measures is not practical or deemed ineffective and this had implications for the wider global economy and specifically to the supply chain of which we reside within – be it our customers willingness to purchase volumes planned prior to the pandemic or where customers will have the ability to settle their debts to the value of sales already recorded and to the originally agreed settlement terms. In many countries agricultural processes and procedures has been protected from more general worker restrictions and we expect this to remain to be the case throughout the pandemic. In addition our products support human subsistence, by enhancing crop yields and crop robustness, which flow into the wider food production process. However, there is a risk that the Group will be impacted by decisions further up the supply chain leading to delays in contract negotiations and cancelling of anticipated sales. If sales and settlement of existing debts are not in line with cash flow forecasts, the directors have identified costs savings associated with the reduction in revenues and have the ability to identify further cost savings if necessary, then additional funding may be required.

While the Directors have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations, should this occur, the Group may need to seek additional funding beyond the facilities that are currently available to it through a placement of shares or source other funding, as well as making significant reductions in its fixed cost expenses.

The Directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the Company and Group's ability to continue as going concerns and therefore that they may be unable to realise assets and discharge liabilities in the normal course of business. The financial statements do not include the adjustments that would be required if the Company and the Group were unable to continue as a going concern.

ANNUAL GENERAL MEETING

At the forthcoming annual general meeting of the Company, resolutions will be put forward to re-elect Dr. Christopher Richards, Guy van Zwanenberg, Jeffrey Hovey and Jeffrey Tweedy as Directors and to re-appoint BDO LLP as the auditor of the Company.

By order of the Board

CHRISTINE MAZZONE

Company Secretary
23 April 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs, as adopted by the European Union, and the Company financial statements have been prepared in accordance with applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Plant Health Care Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company statement of financial position, Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)'.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 2 in the financial statements, which refers to the potential impact of COVID-19 on the going concern of the group and parent company, specifically its impact on the ability of the group and the parent company to achieve adequate level of sales in order to maintain sufficient working capital to support its activities, and its accounts receivable balances being settled in line with their payment terms. These events or conditions, along with the other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about the parent company and group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The directors' assessment of going concern involves a number of highly subjective judgements, materially amplified taking account of the current COVID-19 pandemic. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.

Our audit procedures included the following:

- Review of the internal forecasting process to confirm the projections are prepared by an appropriate level of staff that is aware of the detailed figures included in the forecast but also has a high level understanding of the entity's market, strategy and changes in the customer base, and the potential impact that COVID -19 might have on these projections.
- Review of the forecasts prepared and challenge of the key assumptions, critiquing supporting documentation, and inputs within the model to determine whether there is adequate support for the assumptions underlying the forecasts.
- The Directors have applied downwards sensitivities to the more variable aspects of the forecasts and also modelled a number of mitigating cash saving initiatives.
- We have considered the appropriateness of the sensitivities applied in respect of the potential impact of COVID -19 and confirmed that they have suitably addressed the inputs, which are most susceptible to change. We have also considered the feasibility, taking account of our knowledge of the company, of each of the possible expenditure reductions identified.
- Review of post year end management accounts, specifically comparing the cash position against that budgeted.
- Made inquiries of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern.

KEY AUDIT MATTERS

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

Key audit matter	How the key audit matter was addressed in our audit
Revenue Recognition The Group's revenue is primarily earned from sale of goods, of both third party and proprietary products, to external customers. Details of the group's revenue streams and accounting policies applied during the period are given in note 2 and note 4 on pages 51 and 54, respectively. The key audit matters related to revenue recognition are as follows: 1) The risk of material misstatement in relation to revenue recognition concerns the inappropriate or incorrect recognition of revenue where the Group makes sales under specific terms and conditions within their sales agreements and contracts. These sales agreements and contracts differ to 'normal' product sales, in that there are additional contractual obligations; and 2) The 3rd party sales agreements will frequently have several components such as extended payment terms, multiple performance conditions and other rebate / support payments and financing components which need to be suitably considered and accounted for so as to ensure revenue is not recorded inaccurately / recognised prematurely and to ensure the appropriate application of IFRS 15 has been applied.	With regards to the risk of material misstatement related to the inappropriate or incorrect recognition of revenue we have performed the following specific testing: • A sample of sales agreements and contracts subject to additional contractual terms transacted during the year were reviewed in conjunction with management's proposed accounting treatment and BDO assessed whether the terms of the contract had been fulfilled as described (e.g. checked to service delivery) and the revenue appropriately recognised. • Testing samples of invoices raised in December 2019 and January 2020 to check revenue has been recorded, with reference to sales agreements, within the correct period. With regards to the audit of the components attached to certain sales agreements: • Where the contracts are inclusive of a significant financing component, rebates / marketing support payments, BDO have tested a sample and agreed the estimations made by management to supporting information (historical, current and forecast) to check that the amount of revenue recognised is appropriate. We assessed whether the revenue recognition policies adopted by the Group comply with IFRS as adopted by the European Union and Industry Standard. The relevant IFRS is International Financial Reporting Standard 15 Revenue from Contracts with Customers. **Key observations:** Based on the work performed we consider that revenue has been recognised appropriately and in accordance with the group's revenue recognition accounting policy and the accounting standards.

KEY AUDIT MATTERS CONTINUED

Key audit matter	How the key audit matter was addressed in our audit
Recoverability of trade receivables The Group has significant trade receivable balances at the year-end, which are frequently provided credit terms in excess of 90 days, extending in some instances to greater than 12 months. Details of the group's accounting policies applied during the period are given in note 2 and note 16 on pages 55 and 64, respectively. As the Group has continued selling into new markets and is working with new distributers, which have limited payment history this makes assessment of the expected credit losses, as defined by IFRS 9, particularly judgemental taking account that the Group is required to consider both current conditions and forward looking information to estimate said expected credit losses.	For a sample of trade receivable balances where funds have been collected post year end we have reviewed evidence of the bank receipts and for balances subject to payment plans we have checked that receipts are in accordance with these plans. In instances where balances are not yet due or have deviated from their payment plan we have reviewed management's impairment assessment, which included review of historical payment patterns, and consideration of both the 12 month expected credit losses and lifetime expected credit losses as appropriate. We completed sensitivity analysis (e.g including quantum of and timing of payment) over the key variables within the expected credit loss provision calculated by management. We have reviewed the enhanced financial statement disclosures to check that they are in accordance with the requirements of the standard. **Key observations:** Based on the procedures performed, we concur with management's judgements around the recoverability of trade receivables.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

LEVEL OF MATERIALITY APPLIED AND RATIONALE

We determined materiality for the financial statements as a whole to be $280,000 (2018 - $270,000) which represents 5% of the average loss before tax of the last three years, excluding non-recurring items (2018 – 5% loss before tax for FY18 only). We used loss before tax as a benchmark as this is a primary KPI used to address the performance of the business by the Board. The change to three year average loss before tax determinant in 2019 is to account for the volatility in the losses, both historically and on a forward looking basis.

Materiality for the parent company was set at $140,000 (2018 - $150,000), which represents 50% of group materiality (2018 50% of group materiality).

Individual component audits were carried out using component materialities of between 5 - 50% of overall financial statement materiality.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 75% (2018 – 75%) of materiality. In setting the level of performance materiality, we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

We agreed with the Audit Committee that misstatements in excess of $14,000 (2018: $13,500), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting unit in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results.

CLASSIFICATION OF COMPONENTS

The Group is comprised of 2 UK companies (including Plant Health Care Plc) and 4 significant international components.

BDO LLP completed a full scope statutory audit for the parent company and the UK subsidiary.

BDO Mexico were engaged to perform a full scope audit for group reporting purposes of the financial information of Plant Health Care de Mexico. We instructed BDO Mexico as to the scope and timing of their work on the financial information for group reporting purposes; we met with the audit team to review their audit documentation and findings and visited the Mexican entity's facility.

Work on the remaining components was completed by BDO LLP. This was inclusive of visits to both the US and Spanish locations so as to ensure we obtained a full understanding of the operational activities, met with management and appropriately scoped risks. Our work on the Brazilian component was completed remotely.

We ensured that audit teams both at group and at component level have the appropriate skills and competences which are needed to perform the audit.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 38, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

IAIN HENDERSON (SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor
London UK
23 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	4	**6,436**	8,128
Cost of sales		**(2,834)**	(2,857)
Gross profit		**3,602**	5,271
Research and development expenses		**(2,775)**	(4,090)
Sales and marketing expenses		**(3,144)**	(3,655)
Administrative expenses		**(1,810)**	(5,559)
Operating loss	5	**(4,127)**	(8,033)
Finance income	10	**323**	90
Finance expense	10	**(38)**	(1)
Loss before tax		**(3,842)**	(7,944)
Income tax credit	11	**158**	252
Loss for the year attributable to the equity holders of the parent company		**(3,684)**	(7,692)
Other comprehensive income			
Items which will or may be reclassified to profit or loss:			
Exchange (loss)/gain on translation of foreign operations		**(792)**	1,120
Total comprehensive loss for the year attributable to the equity holders of the parent company		**(4,476)**	(6,572)
Basic and diluted loss per share	12	**$(0.02)**	$(0.05)

The notes on pages 49 to 71 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2019

	Note	2019 $'000	2018 $'000
Assets			
Non-current assets			
Intangible assets	13	**1,649**	1,692
Property, plant and equipment	14	**475**	701
Right-of-use assets	18	**416**	–
Trade and other receivables	16	**150**	140
Total non-current assets		**2,690**	2,533
Current assets			
Inventories	15	**2,960**	2,975
Trade and other receivables	16	**3,412**	3,357
Tax receivable	11	**335**	400
Investments	19	**1,964**	1,825
Cash and cash equivalents		**457**	2,459
Total current assets		**9,128**	11,016
Total assets		**11,818**	13,549
Liabilities			
Current liabilities			
Trade and other payables	17	**1,406**	2,404
Short-term lease liabilities	18	**353**	–
Total current liabilities		**1,759**	2,404
Non-current liabilities			
Long-term lease liabilities	18	**107**	–
Total non-current liabilities		**107**	–
Total liabilities		**1,866**	2,404
Total net assets		**9,952**	11,145
Share capital	22	**3,030**	2,586
Share premium		**88,647**	86,126
Foreign exchange reserve		**(61)**	731
Accumulated deficit		**(81,664)**	(78,298)
Total equity		**9,952**	11,145

The consolidated financial statements were approved and authorised for issue by the Board on 23 April 2020.

CHRISTOPHER RICHARDS

Director

Registered no: 05116780 (England and Wales)

The notes on pages 49 to 71 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Accumulated deficit $'000	Total $'000
Balance at 1 January 2018	2,237	79,786	(398)	(71,403)	10,231
Loss for the year	–	–	–	(7,692)	(7,692)
Exchange difference arising on translation of foreign operations	–	–	1,120	–	1,120
Total comprehensive income/(loss)	–	–	1,120	(7,692)	(6,572)
Shares issued net of issue costs	349	6,340	–	–	6,689
Share-based payments	–	–	–	797	797
Balance at 31 December 2018	2,586	86,126	731	(78,298)	11,145
Loss for the year	–	–	–	(3,684)	(3,684)
Exchange difference arising on translation of foreign operations	–	–	(792)	–	(792)
Total comprehensive loss	–	–	(792)	(3,684)	(4,476)
Shares issued net of issue costs	444	2,521	–	–	2,965
Share-based payments	–	–	–	318	318
Balance at 31 December 2019	**3,030**	**88,647**	**(61)**	**(81,664)**	**9,952**

The notes on pages 49 to 71 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Loss for the year		**(3,684)**	(7,692)
Adjustments for:			
Depreciation	14	**358**	382
Depreciation of right-of-use assets	18	**373**	–
Amortisation of intangibles	13	**43**	206
Share-based payment expense		**318**	797
Finance income	10	**(323)**	(90)
Finance expense	10	**38**	1
Foreign exchange (loss)/gain		**(824)**	1,120
Income taxes credit		**(158)**	(252)
Decrease in trade and other receivables		**155**	961
Gain/(loss) on disposal of fixed assets		**–**	(7)
Decrease/(increase) in inventories		**15**	(1,439)
Decrease in trade and other payables		**(941)**	(475)
Income taxes received		**223**	216
Net cash used in operating activities		**(4,407)**	(6,272)
Investing activities			
Purchase of property, plant and equipment	14	**(132)**	(115)
Sale of property, plant and equipment		**20**	7
Finance income	10	**56**	90
Purchase of investments		**(1,940)**	(3,994)
Sale of investments		**1,859**	4,887
Net cash (used)/provided by investing activities		**(137)**	875
Financing activities			
Finance expense	10	**(3)**	(1)
Payment of lease liability		**(420)**	–
Issue of ordinary share capital		**2,965**	6,689
Repayment of finance lease principal		**–**	(7)
Net cash provided by financing activities		**2,542**	6,681
Net (decrease)/increase in cash and cash equivalents		**(2,002)**	1,284
Cash and cash equivalents at the beginning of the period		**2,459**	1,175
Cash and cash equivalents at the end of the period		**457**	2,459

The notes on pages 49 to 71 form part of these consolidated financial statements.

1. GENERAL INFORMATION

Plant Health Care plc (the ''Company'') is a public limited company incorporated in England and Wales. The address of its registered office is 1 Scott Place, 2 Hardman Street, Manchester M3 3AA. The Company and its subsidiaries (together, the ''Group'') is a leading provider of proprietary agricultural biological products and technology solutions focused on improving crop performance by activating a growth response and bolstering plant defence mechanisms against both abiotic and biotic stresses. The principal markets of the Company and its subsidiaries are described in Note 9.

2. ACCOUNTING POLICIES

REPORTING CURRENCY

The financial statements are presented in thousands of US Dollars. The exchange rates used to convert British Pounds to US Dollars at 31 December 2019 and 2018 were 1.3185 and 1.2734, respectively, and the average exchange rates for the years then ended were 1.2767 and 1.3348, respectively. The exchange rates used to convert Mexican Pesos to US Dollars at 31 December 2019 and 2018 were 0.0529 and 0.0509, respectively, and the average exchange rates for the years then ended were 0.0519 and 0.0521, respectively. The exchange rates used to convert Euros to US Dollars at 31 December 2019 and 2018 were 1.1215 and 1.1444, respectively, and the average exchange rates for the years then ended were 1.1194 and 1.1809, respectively.

The functional currency of the parent company is US Dollars primary due to the US being the country whose competitive forces and regulations impact this business.

BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively, "IFRSs") issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union and those parts of the Companies Act 2006 which apply to companies preparing their financial statements under IFRSs.

Amounts are rounded to the nearest thousand, unless otherwise stated.

GOING CONCERN

In assessing whether the going concern basis is an appropriate basis for preparing the 2019 Annual Report, the Directors have utilised its detailed forecasts which take into account its current and expected business activities, its cash and cash equivalents balance and investments of $2.4 million as shown in its balance sheet at 31 December 2019, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

Various sensitivity analyses have been performed to reflect a variety of possible cash flow scenarios, taking into account the COVID-19 pandemic, where the Group achieves significantly reduced revenues for the twelve months following the date of this Annual Report. Overall, the Directors have prepared cash-flow forecasts covering a period of at least twelve months from the date of approval of the financial statements, which foresee that the Group will be able to operate within its existing facilities.

The COVID-19 pandemic has so far had limited impact on our business and the Board believes that the business is able to navigate through the impact of COVID-19 due to the strength of its customer proposition, its balance sheet and net cash position of the Group. This is supported by, the Company successfully completed an equity raise which generated $4.6 million (net of costs) from new and existing investors in March 2020. The Company issued 44,602,188 ordinary shares at 8p per share, directly attributable costs of $150,000 were incurred.

However, the rapid emergence of the coronavirus pandemic has caused significant disruption to many businesses where the implementations of social distancing measures is not practical or deemed ineffective and this had implication for the wider global economy and specifically to the supply chain of which we reside within – be it our customers willingness to purchase volumes planned prior to the pandemic or where customers will have the ability to settle their debts to the value of sales already recorded and to the originally agreed settlement terms. In many countries agricultural processes and procedures has been protected from more general worker restrictions and we expect this to remain to be the case throughout the pandemic. In addition, our products support human subsistence, by enhancing crop yields and crop robustness, which flow into the wider food production process. However, there is a risk that the Group will be impacted by decisions further up the supply chain leading to delays in contract negotiations and cancelling of anticipated sales. If sales and settlement of existing debts are not in line with cash flow forecasts, the directors have identified cost savings associated with the reduction in revenues and have the ability to identify further cost savings if necessary, then additional funding may be required. While the Directors have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations, should this occur, the Group may need to seek additional funding beyond the facilities that are currently available to it through a placement of shares or source other funding, as well as making significant reductions in its fixed cost expenses.

The directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the Company and Group's ability to continue as going concerns and therefore that they may be unable to realise assets and discharge liabilities in the normal course of business. The financial statements do not include the adjustments that would be required if the Company and the Group were unable to continue as a going concern.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments designated at fair value through the profit and loss.

The principal accounting policies are set out below. The policies have been applied consistently to all the years presented and on a going concern basis.

2. ACCOUNTING POLICIES CONTINUED

ADOPTION OF NEW AND REVISED STANDARDS

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2019, and which have given rise to changes in the Group's accounting policies are:

- IFRS 16 "Leases"

Details of the impact of this standard is set out below. A number of other new standards, amendments and interpretations to existing standards have been adopted by the Group, but have not been listed, since they have no material impact on the financial statements. None of the other new standards, amendments and interpretations in issue but not yet effective are expected to have a material effect on the financial statements.

The Group has adopted IFRS 16 "Leases" with a date of initial application of January 2019. IFRS 16 supersedes IAS 17 "Leases" and related interpretations.

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

(A) TRANSITION METHOD AND PRACTICAL EXPEDIENTS UTILISED

The Group has applied IFRS 16 using the modified retrospective transition approach (option 1, asset = liability), with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures.

Previously, the Group determined at the inception of a contract whether an arrangement was or contained a lease under IFRIC 4 "Determining Whether an Arrangement Contains a Lease". The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise a right-of-use asset and lease liability in our Brazil subsidiary due to the low value of the asset. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At the commencement date of property leases the Group determines the lease term non-cancellable period of the lease. Leases are regularly reviewed and will be revalued if it becomes likely that an option to extend the lease will be exercised.

(B) RIGHT-OF-USE ASSETS

The Group recognises a right-of-use asset at the lease commencement date. The right-of- use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all leases. Subsequent to measurement, right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter.

(C) LEASE LIABILITIES

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate applicable to each lease as at 1 January 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. Judgement is required to determine an approximation, calculated based on US Government treasury bill rates of an appropriate duration and adjusted by an indicative credit premium and a lease specific adjustment. The weighted average incremental borrowing rate applied to the lease liabilities was 5.00%.

Subsequently, the lease liability is increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured if there is a modification, a change in lease term or a change in the fixed lease payments.

(D) IMPACTS ON THE FINANCIAL STATEMENTS

The table below shows a reconciliation from the total operating lease commitment as disclosed at 31 December 2018 to the total lease liabilities recognised in the accounts immediately after transition:

For the period	1 January 2019 $'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	**812**
** Operating lease commitment prior period omission error	**44**
Discounted using the incremental borrowing rate at 1 January 2019	**(47)**
Recognition exemption for lease of low-value assets/short-term leases	**(3)**
Total lease liabilities recognised at 1 January 2019	**806**

2. ACCOUNTING POLICIES CONTINUED

ADOPTION OF NEW AND REVISED STANDARDS CONTINUED

(D) IMPACTS ON THE FINANCIAL STATEMENTS CONTINUED

The implementation of IFRS 16 affected the following items on the balance sheet:

Right-of-use assets	**Increased by $750K**
Lease liabilities	**Increased by $806K**
Accrued expense	**Decreased by $57K**

BASIS OF CONSOLIDATION

These consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group. Control exists when the Group has: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, revenues and expenses have been eliminated.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

REVENUE

The Group recognises revenue at the fair value of consideration received or receivable. Sales of goods to external customers are at invoiced amounts less value-added tax or local tax on sales. The Group currently generates revenue solely within its Commercial business through the sale of its proprietary and third-party products. Credit terms provided to customers also affect the recognition of revenue where a significant financing component is considered to exist.

The majority of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for some sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is minimal judgement needed in identifying the point control passes to the customer: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

In the limited situations where the Group offers a product rebate to the customer, it records the fair value of the product rebate as a reduction to product revenue. An accrued liability for these product rebates is estimated and recorded at the time the revenues are recorded.

Sales support payments to customers are considered a reduction in transaction price and are recognised as a reduction to revenue as incurred.

GOODWILL

Goodwill is measured as the excess of the cost of an acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities, plus any direct costs of acquisition for acquisitions. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to administrative expenses in the consolidated statement of comprehensive income. The Group performs annual impairment tests for goodwill at the financial year end.

OTHER INTANGIBLE ASSETS

Externally-acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income. Internally generated intangibles expenses includes costs that are directly attributable to making the asset capable of operating as intended.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to contractual or other legal rights, and are initially recognised at their fair value.

Expenditure on internally-developed intangible assets (development costs) is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss.

2. ACCOUNTING POLICIES CONTINUED

OTHER INTANGIBLE ASSETS CONTINUED

Capitalised development costs are amortised over the periods of the future economic benefit attributable to the asset. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income. The Group has not capitalised any development costs to date.

The significant intangibles recognised by the Group and their estimated useful economic lives are as follows:

Licences	–	12 years
Registrations	–	5–10 years

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (that is the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included within administrative expenses in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

FOREIGN CURRENCY

Foreign currency transactions of individual companies are translated into the individual company's functional currency at the rate on the date the transaction occurs.

At the year end, non-functional currency monetary assets and liabilities are translated at the year-end rate with the differences being recognised in the profit or loss.

On consolidation, the results of operations that have a functional currency other than US Dollars are translated into US Dollars at rates approximating to those ruling when the transactions took place. Statements of financial position are translated at the rate ruling at the end of the financial period. Exchange differences arising on translating the opening net assets at opening rate and the results of operations that have a functional currency other than US Dollars at average rate are included within other comprehensive income in the consolidated statement of comprehensive income and taken to the foreign exchange reserve within capital and reserves.

OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

FINANCIAL INSTRUMENTS

Trade receivables collectible within one year from the date of invoicing are recognised at invoice value less provision for expected credit losses. Trade receivables collectible after more than one year from the date of invoicing are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Investments comprise short-term investments in notes and bonds having investment grade ratings. Investments are designated as at fair value through profit and loss upon initial recognition when they form part of a group of financial assets which is actively managed and evaluated by key management personnel on a fair value basis in accordance with the Company's documented investment strategy that seeks to improve the rate of return earned by the Company on its excess cash while providing unrestricted access to the funds. The Company's investments are carried at fair value as determined by quoted prices on active markets, with changes in fair values recognised through profit or loss.

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The Group applies both the simplified and general approaches under IFRS 9 to measure expected credit losses using a lifetime expected credit loss provision for trade receivables. Under the simplified approach, expected credit losses on a collective basis, trade receivables are grouped based on credit risk and ageing. Under the general approach, trade receivables that have payment terms over 180 days are reviewed.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on factors affecting the Group's customers.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. The Group's ordinary shares are classified as equity instruments.

EMPLOYEE BENEFITS

The Group maintains a number of defined contribution pension schemes for certain of its employees; the Group does not contribute to any defined benefit pension schemes. The amount charged to profit or loss represents the employer contributions payable to the schemes for the financial period.

The expected costs of all short-term employee benefits, including short-term compensated absences, are recognised during the period the employee service is rendered.

2. ACCOUNTING POLICIES CONTINUED

EQUITY-SETTLED SHARE-BASED PAYMENTS

The Group operates a number of equity-settled, share-based payment plans, under which it receives services from employees and non-employees as consideration for the Group's equity instruments, in the form of options or restricted stock units (''awards''). The fair value of the award is recognised as an expense, measured as of the grant date using the binomial option pricing and Monte Carlo models. The total amount to be expensed is determined by reference to the fair value of instruments granted, excluding the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is typically the period over which all of the specified vesting conditions are to be met.

LEASED ASSETS: LESSEE

The Group has changed its accountancy policy for leases where the Group is the lessee as a result of IFRS 16. This replaces the existing guidance in IAS 17, "Leases". The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases and the Group adopted this new standard front effect from 1 January 2019.

Prior to the 2019 financial year, the Group classified its leases as either finance or operating leases. Payments made under operating leases were charged to the profit and loss on a straight-line basis over the period of the lease.

IFRS 16 changes the previous guidance in IAS 17 that requires lessees to recognise a lease liability that reflects the net present value of future lease payments and a corresponding "right of use asset" in all lease contracts, although lessees may not elect to recognise lease liabilities and right-of-use assets in respect of short term leases or leases of assets of low value.

IFRS 16 also changes the definition of a "lease" and the manner of assessing whether a contract contains a lease. At inception of a contract, the group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the following lease payments:

- fixed payments;
- variable payments that are based on index or rate;
- the exercise price of any extension or purchase option if reasonably certain it can be exercised; and
- penalties for terminating the lease, if relevant.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate.

The right-of-use assets are initially measured based on initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs. The right-of-use assets are depreciated over the period of the lease term using the straight-line method. The lease term includes periods covered by the option to extend, if the group is reasonably certain to exercise that option. In addition, right-of–use assets may during the lease term be reduced by any impairment losses, if any, or adjusted for certain remeasurements of the lease liability.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recognised at cost. Cost includes the purchase price and costs directly attributable to bringing the asset into operation. Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment over their expected useful lives.

It is calculated at the following rates:

Production machinery	–	10–20% per annum
Office equipment	–	20–33% per annum
Vehicles	–	20% per annum
Leasehold improvements	–	25% per annum

INVENTORIES

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is based upon a weighted average cost method. The Group compares the cost of inventory to its net realisable value and writes down inventory to its net realisable value, if lower than its cost. Cost comprises all costs of purchase and all other costs of conversion. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The inventory provision is based on which products have been determined to be obsolete.

TAXATION

Current tax is the expected tax payable on the taxable income arising in the period reported on, calculated using tax rates relevant to the financial period.

2. ACCOUNTING POLICIES CONTINUED

DEFERRED TAX

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the end of the financial period and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

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

RESEARCH AND DEVELOPMENT TAX

Companies within the Group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure (e.g. R&D tax credits). The Group accounts for such allowances as tax credits which means they are recognised when it is probable that the benefit will flow to the Group and that the benefit can be reliably measured. R&D tax credits reduce current tax expense and to the extent the amounts are due in respect of them and not settled by the balance sheet date, reduce current tax payable.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from estimates and assumptions. The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

REVENUE

The Group recognises revenue at the fair value of consideration received or receivable. Sales of goods to external customers are at invoiced amounts less value-added tax or local tax on sales. The Group currently generates revenue solely within its Commercial business through the sale of its proprietary and third-party products. When the Group makes product sales under contracts/agreements these will frequently be inclusive of rebate/support payments or a financing component where judgement can be required in the assessment of the transaction price.

RECOVERABILITY OF TRADE RECEIVABLES

The Group applies both the simplified and general approaches under IFRS 9 to measure expected credit losses using a lifetime expected credit loss provision for trade receivables. Under the simplified approach, expected credit losses on a collective basis, trade receivables are grouped based on credit risk and ageing. Given the Group has a low history of default, limited judgement is required for trade receivables in this grouping.

The Group then separately reviews those receivables with payment terms over 180 days using the general approach. Under this approach judgements are required in the assessment of the risk and probability of credit losses and the quantum of the loss in the event of a default. The Group has debtors with a gross value (before provisioning but after the assessment of financing components) of $1.6 million within this grouping.

4. REVENUE

Revenue arises from:	2019 $'000	2018 $'000
Proprietary products	3,770	5,581
Third-party products	2,666	2,547
Total	6,436	8,128

The following table gives an analysis of revenue according to sales with payment terms of less than or more than 180 days

YEAR TO 31 DECEMBER 2019

Segment	Sales contracts with payment terms less than 180 days $'000	Sales contracts with payment terms greater than 180 days $'000	Total $'000
Mexico	3,330	–	3,330
Americas	1,394	737	2,131
Rest of World	848	127	975
	5,572	864	6,436

4. REVENUE CONTINUED

YEAR TO 31 DECEMBER 2019 CONTINUED

Timing of transfer of goods	**Sales contracts with payment terms less than 180 days $'000**	**Sales contracts with payment terms greater than 180 days $'000**	**Total $'000**
Point in time (delivery to port of departure)	**5,536**	**737**	**6,273**
Point in time (delivery to port of arrival)	**36**	**127**	**163**
	5,572	**864**	**6,436**

YEAR TO 31 DECEMBER 2018

Segment	Sales contracts with payment terms less than 180 days $'000	Sales contracts with payment terms greater than 180 days $'000	Total $'000
Mexico	3,127	—	3,127
Americas	3,270	—	3,270
Rest of World	769	962	1,731
	7,166	962	8,128

Timing of transfer of goods	Sales contracts with payment terms less than 180 days $'000	Sales contracts with payment terms greater than 180 days $'000	Total $'000
Point in time (delivery to port of departure)	7,079	282	7,361
Point in time (delivery to port of arrival)	87	680	767
	7,166	962	8,128

Financing component of sales contracts	$'000
At 1 January 2019	335
Financing components recognised	67
Financing components unwound to the income statement	(267)
At 31 December 2019	**135**

5. OPERATING LOSS

	Note	**2019 $'000**	2018 $'000
Operating loss is arrived at after charging/(crediting):			
Share-based payment charge	8	**318**	797
Depreciation	14	**358**	382
Depreciation of right-of-use assets	18	**373**	—
Amortisation of intangibles	13	**43**	206
Operating lease expense		**41**	420
Gain on disposal of property, plant and equipment		**(20)**	(7)
Impairment of trade receivables		**85**	174
Employee termination costs		**63**	308
Foreign exchange (losses)/gains		**(784)**	1,485
Auditor's remuneration:			
Amounts for audit of parent company and consolidation		**101**	95
Amounts for audit of subsidiaries		**44**	41
Total auditor's remuneration		**145**	136

6. STAFF COSTS

Staff costs for all employees, including Executive Directors, comprise:

	2019 $'000	2018 $'000
Wages and salaries	**3,424**	4,082
Social security and payroll taxes	**287**	363
Defined contribution pension costs	**71**	71
Medical and other benefits	**177**	260
Redundancy	**63**	308
	4,022	5,084
Share-based payments charge	**318**	797
	4,340	5,881

The average number of employees of the Group during the year, including Executive Directors, was as follows:

	2019	2018
Research	**8**	9
Administration	**8**	8
Sales and marketing	**16**	20
	32	37

7. DIRECTORS' AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, and include only the Directors of the Company. Further disclosures on the remuneration of each individual Director are included in the Directors' remuneration section of the Remuneration Committee report on pages 33 to 35.

	2019 $'000	2018 $'000
Base salary, fees and bonuses	**731**	442
Other short-term employee benefits	**37**	19
Share-based payments	**152**	389
Social security and taxes	**45**	56
	965	906

No Executive Directors who served during the year were eligible to participate in the Group's 401(k) retirement plan (2018: nil).

The highest-paid Director earned $260,000 (2018: $234,000) consisting of an annual salary, no bonus payout (2018: $16,000) and other benefits of $10,500 (2018: $19,000).

8. SHARE-BASED PAYMENTS

The Company operates three equity-settled, share-based remuneration schemes for employees: a share option scheme and two employee share option plans, as described in the "Elements of remuneration" section for Executive Directors within the Remuneration Committee report on pages 33 to 35.

(A) SHARE OPTIONS

In June 2004, the Company approved the 2004 Unapproved Share Option Scheme (the ''Option Plan''). The Option Plan provides for the issuance of options for ordinary share capital of the Group to all eligible employees.

In 2014, the scheme reached the 10th anniversary of its approval by shareholders and no further options may be granted under the Option Plan.

In addition, in limited instances, the Company has granted options to certain management for ordinary share capital of the Company under separate unapproved option agreements.

8. SHARE-BASED PAYMENTS CONTINUED

(B) 2015 EMPLOYEE SHARE OPTION PLAN

In June 2015, the Board approved the 2015 Employee Share Option Plan and the 2015 Non-Employee Share Option Plan (the ''Plans''). The Plans provide for the issuance of options for ordinary share capital of the Company to both employees and non-employees. The 2015 Employee Share Option Plan provides for the grant of both enterprise management incentive ("EMI") options as well as non-qualifying options ("NQOs"). No share options were granted under this scheme in 2019.

(C) 2017 EMPLOYEE SHARE OPTION PLAN

In May 2017, the Board approved the 2017 Employee Share Option Plan. The plan provides for the issuance of options for ordinary share capital of the Company to both employees and non-employees. The 2017 Employee Share Option Plan provides for the grant of both enterprise management incentive ("EMI") options as well as non-qualifying options ("NQOs").

The valuation of the awards granted under the 2017 Employee Share Option Plan during the years ended 31 December 2018 and 31 December 2019 were as follows:

	25 May 2018	12 November 2019	14 November 2019
Share options granted	5,627,716	74,000	5,471,388
Weighted average fair value	12p	4p	4p
Assumptions used in measuring fair value:			
Weighted average share price	24p	8p	9p
Exercise price	24p–50p	8p	9p
Risk-free rate	0.98%	0.54%	0.47%
Expected vesting period (years)	1.0–3.0	1.0–3.0	1.0–3.0
Option life (years)	10.0	10.0	10.0
Expected volatility	60.0%	60.0%	60.0%
Expected dividend rate	0.0%	0.0%	0.0%

The valuation of the share options granted during the year ended 31 December 2019 was as follows:

- the weighted average share price and the expected volatility were determined by reference to the share price of Plant Health Care plc on AIM and the historical share price of Plant Health Care plc on AIM for the applicable expected vesting period, respectively; and
- the expected vesting period reflects performance conditions for these options.

Additional details of share-based payments are provided in note 21.

9. SEGMENT INFORMATION

The Group's CODM views, manages and operates the Group's business segments according to its strategic business focuses—Commercial and New Technology. The CODM further analyses the results and operations of the Group's Commercial business on a geographical basis, and therefore the Group has presented separate geographic segments within its Commercial business below: Commercial – Americas (North and South America, other than Mexico); Commercial – Mexico; and Commercial – Rest of World. The Rest of World segment includes the results of the United Kingdom and Spanish subsidiaries, which together operate across Europe and South Africa. The Group's Commercial segments are focused on the sale of biological products and are the Group's only revenue generating segments. The Group's New Technology segment is focused on the research and development of the Group's PRE*tec* platform.

Below is information regarding the Group's segment loss information for the year ended:

2019	Americas $'000	Mexico $'000	Rest of World $'000	Elimination $'000	Total Commercial $'000	New Technology $'000	Total $'000
Revenue*							
Proprietary product sales	2,109	689	972	–	3,770	–	3,770
Third-party product sales	22	2,641	3	–	2,666	–	2,666
Inter-segment product sales	844	–	368	(1,212)	–	–	–
Total revenue	2,975	3,330	1,343	(1,212)	6,436	–	6,436
Group consolidated revenue	2,975	3,330	1,343	(1,212)	6,436	–	6,436
Cost of sales	(1,583)	(1,704)	(759)	1,212	(2,834)	–	(2,834)
Research and development	–	–	–	–	–	(2,031)	(2,031)
Sales and marketing	(1,530)	(883)	(731)	–	(3,144)	–	(3,144)
Administration	(651)	(233)	(153)	–	(1,037)	(193)	(1,230)
Non-cash expenses:							
Depreciation	(97)	(87)	(11)	–	(195)	(540)	(735)
Amortisation	(38)	–	(5)	–	(43)	–	(43)
Share-based payment	(62)	–	(32)	–	(94)	(188)	(282)
Segment operating (loss)/profit	(986)	423	(348)	–	(911)	(2,952)	(3,863)
Corporate expenses:**							
Wages and professional fees							(1,026)
Administration***							762
Operating loss							(4,127)
Finance income							323
Finance expense							(38)
Loss before tax							(3,842)

* Revenue from one customer within the Americas segment totalled $675,000, or 10% of Group revenues.
Revenue from one customer within the Mexico segment totalled $1,243,000 or 19% of Group revenues.

** These amounts represent public company expenses for which there is no reasonable basis by which to allocate the amounts across the Group's segments.

*** Includes net share-based payment expense of $36,000 attributed to corporate employees who are not affiliated with any of the Commercial or New Technology segments.

OTHER SEGMENT INFORMATION

	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	New Technology $'000	Total $'000
Segment assets	7,367	1,915	1,972	–	11,254	564	11,818
Segment liabilities	967	434	137	–	1,538	328	1,866
Capital expenditure	78	38	–	–	116	16	132

9. SEGMENT INFORMATION CONTINUED

2018	Americas $'000	Mexico $'000	Rest of World $'000	Elimination $'000	Total Commercial $'000	New Technology $'000	Total $'000
Revenue*							
Proprietary product sales	3,244	606	1,731	–	5,581	–	5,581
Third-party product sales	26	2,521	–	–	2,547	–	2,547
Inter-segment product sales	1,539	–	67	(1,606)	–	–	–
Total revenue	4,809	3,127	1,798	(1,606)	8,128	–	8,128
Group consolidated revenue	4,809	3,127	1,798	(1,606)	8,128	–	8,128
Cost of sales	(2,242)	(1,574)	(647)	1,606	(2,857)	–	(2,857)
Research and development	–	–	–	–	–	(3,487)	(3,487)
Business development	(478)	–	–	–	(478)	(23)	(501)
Sales and marketing	(1,302)	(805)	(1,047)	–	(3,154)	–	(3,154)
Administration**	(786)	(250)	(1,001)	–	(2,037)	(193)	(2,230)
Non-cash expenses:							
Depreciation	(25)	(51)	(4)	–	(80)	(302)	(382)
Amortisation	(201)	–	(5)	–	(206)	–	(206)
Share-based payment	(17)	–	(61)	–	(78)	(395)	(473)
Segment operating (loss)/profit	(242)	447	(967)	–	(762)	(4,400)	(5,162)
Corporate expenses:***							
Wages and professional fees							(1,334)
Administration****							(1,537)
Operating loss							(8,033)
Finance income							90
Finance expense							(1)
Loss before tax							(7,944)

* Revenue from one customer within the Americas segment totalled $1,611,000, or 20% of Group revenues.
Revenue from one customer within the Mexico segment totalled $1,089,000 or 14% of Group revenues.
Revenue from one customer within the Rest of World segment totalled $1,100,000 or 14% of Group revenues

** The Administration expense for the Rest of World segment includes a charge of $600,000 for the write-off of receivables. During 2018, the Group transferred stock from our original distributor to a new distributor in South Africa in order to strengthen its sales position in this region. This transfer of stock has been accounted for by the Group recording a write-off of receivables with the original distributor of $600,000.

*** These amounts represent public company expenses for which there is no reasonable basis by which to allocate the amounts across the Group's segments.

**** Includes net share-based payment expense of $324,000 attributed to corporate employees who are not affiliated with any of the Commercial or New Technology segments.

OTHER SEGMENT INFORMATION

	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	New Technology $'000	Total $'000
Segment assets	8,369	2,103	2,501	–	12,973	576	13,549
Segment liabilities	1,630	414	168	–	2,212	192	2,404
Capital expenditure	14	58	–	–	72	43	115

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories, property, plant and equipment and intangible assets, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued liabilities.

9. SEGMENT INFORMATION CONTINUED

GEOGRAPHIC INFORMATION

The Group operates in three principal countries - the United Kingdom (country of domicile), the United States and Mexico.

The Group's revenues from external customers by location of operation are detailed below:

	Year ended 31 December 2019		Year ended 31 December 2018	
	Amount $'000	%	Amount $'000	%
United Kingdom	**271**	**4**	1,126	14
United States	**1,715**	**27**	2,101	26
Mexico	**3,330**	**52**	3,127	38
All other	**1,120**	**17**	1,774	22
Total	**6,436**	**100**	8,128	100

The Group's non-current assets by location of assets are detailed below:

	Year ended 31 December 2019		Year ended 31 December 2018	
	Amount $'000	%	Amount $'000	%
United Kingdom	**11**	**–**	16	1
United States	**2,430**	**90**	2,307	91
Mexico	**209**	**8**	201	8
All other	**40**	**2**	9	–
Total	**2,690**	**100**	2,533	100

10. FINANCE INCOME AND EXPENSE

	2019 $'000	2018 $'000
Finance income		
Interest on deposits and investments	**56**	70
Financing component of revenue contracts	**267**	20
	323	90
Finance expense		
Interest on finance leases	**(35)**	–
Other interest	**(3)**	(1)

11. TAX CREDIT

	2019 $'000	2018 $'000
Current tax on loss for the year	**(167)**	(239)
Deferred tax – origination and reversal of timing differences	**9**	(13)
Total tax credit	**(158)**	(252)

11. TAX CREDIT CONTINUED

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2019 $'000	2018 $'000
Loss before tax	**(3,842)**	(7,944)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%)	**(730)**	(1,509)
Effect on tax rates in foreign jurisdictions	**(12)**	48
Disallowable expenses	**204**	7
Share-based payment expense per accounts	**60**	151
Prior period R&D credit	**(326)**	(419)
Losses available for carryover	**654**	1,365
Losses utilised in the year	**(3)**	—
Capital allowances in excess of amortisation	**(79)**	(79)
Other temporary differences	**74**	184
Actual tax credit	**(158)**	(252)

Deferred tax asset	Deferred taxation $'000
At 1 January 2019	79
Credited to the profit and loss account	9
At 31 December 2019 (note 16)	**88**

The deferred tax asset comprises sundry timing differences.

At 31 December 2019, the Group had a potential deferred tax asset of $18,749,361 (2018: $18,456,752) which includes tax losses available to carry forward of $17,972,737 (2018: $17,793,692)(being actual federal, foreign and state losses of $98,263,971 (2018: $98,786,744)) arising from historical losses incurred and other timing differences of $776,624.

The tax receivable of $335,000 (2018: $400,000) represents money owed from HMRC for the Research and Development tax relief offered to small and mid-sized companies.

12. LOSS PER SHARE

Basic loss per ordinary share has been calculated on the basis of the loss for the year of $3,684,000 (2018: loss of $7,692,000) and the weighted average number of shares in issue during the period of 178,031,230 (2018: 168,850,278).

Equity instruments of 18,098,134 (2018: 14,098,057), which includes share options, the 2015 Employee Share Option Plan and the 2017 Employee Share Option Plan, as shown within Note 21, that could potentially dilute basic earnings per share in the future have been considered but not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented. This is due to the Group incurring a loss on operations for the year.

13. INTANGIBLE ASSETS

	Goodwill $'000	Licences and registrations $'000	Trade name and customer relationships $'000	Total $'000
Cost				
Balance at 1 January 2018	1,620	3,342	159	5,121
Additions – externally acquired	–	–	–	–
Balance at 31 December 2018	1,620	3,342	159	5,121
Additions – externally acquired	–	–	–	–
Balance at 31 December 2019	**1,620**	**3,342**	**159**	**5,121**
Accumulated amortisation				
Balance at 1 January 2018	–	3,064	159	3,223
Amortisation charge for the year	–	206	–	206
Balance at 31 December 2018	–	3,270	159	3,429
Amortisation charge for the year	–	43	–	43
Balance at 31 December 2019	**–**	**3,313**	**159**	**3,472**
Net book value				
At 1 January 2018	1,620	278	–	1,898
At 31 December 2018	1,620	72	–	1,692
At 31 December 2019	**1,620**	**29**	**–**	**1,649**

The intangible asset balances have been tested for impairment using discounted budgeted cash flows of the relevant cash generating units. For the years ended 31 December 2018 and 2019, cash flows are projected over a five-year period with a residual growth rate assumed at 0%. For the years ended 31 December 2018 and 2019, pre-tax discount factors of 14.9% and 14.9% have been used over the forecast period.

GOODWILL

Goodwill comprises a net book value of $1,432,000 related to the 2007 acquisition of the assets of Eden Bioscience and $188,000 related to an acquisition of VAMTech LLC in 2004. The entire amount is allocated to Harpin, a cash generating unit within the Commercial - Americas segment. No impairment charge is considered necessary, and no reasonably possible change in key assumptions used would lead to an impairment in the carrying value of goodwill.

LICENCES AND REGISTRATIONS

These amounts represent the cost of licences and registrations acquired in order to market and sell the Group's products internationally across a wide geography. These amounts are amortised evenly according to the straight-line method over the term of the licence or registration. Impairment is reviewed and tested according to the method expressed above. Licences and registrations have a weighted average remaining amortisation period of three years. No impairment charge is considered necessary, and no reasonably possible change in key assumptions used would lead to an impairment in the carrying value of licences and registrations.

14. PROPERTY, PLANT AND EQUIPMENT

	Production machinery $'000	Office equipment $'000	Leasehold improvements $'000	Vehicles $'000	Total $'000
Cost					
Balance at 1 January 2018	–	1,106	815	360	2,281
Additions	–	53	4	58	115
Disposals	–	–	–	(7)	(7)
Balance at 31 December 2018	–	1,159	819	411	2,389
Additions	–	95	–	37	132
Disposals	–	–	–	(56)	(56)
Balance at 31 December 2019	**–**	**1,254**	**819**	**392**	**2,465**
Accumulated depreciation					
Balance at 1 January 2018	–	874	206	233	1,313
Depreciation charge for the year	–	171	167	44	382
Disposals	–	–	–	(7)	(7)
Balance at 31 December 2018	–	1,045	373	270	1,688
Depreciation charge for the year	–	140	136	82	358
Disposals	–	–	–	(56)	(56)
Balance at 31 December 2019	**–**	**1,185**	**509**	**296**	**1,990**
Net book value					
At 1 January 2018	–	232	609	127	968
At 31 December 2018	–	114	446	141	701
At 31 December 2019	**–**	**69**	**310**	**96**	**475**

The net book value of property, plant and equipment includes an amount of $nil (2018: $nil) in respect of assets held under finance leases. Depreciation expense includes an amount of $nil (2018: $nil) in respect of assets held under finance leases.

15. INVENTORIES

	2019 $'000	2018 $'000
Raw materials	**323**	114
Finished goods and goods for resale	**2,637**	2,861
	2,960	2,975

The inventory provision amount reversed during the year was nil (2018: reversal of $4K). In 2019, raw materials and finished goods for resale included in cost of sales was $2.6 million (2018: $2.7 million).

16. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Current		
Trade receivables	**3,497**	3,366
Less: provision for impairment	**(264)**	(186)
Trade receivables, net	**3,233**	3,180
Other receivables and prepayments	**179**	177
Current trade and other receivables	**3,412**	3,357
Non-current		
Other receivables	**62**	61
Deferred tax asset (see note 11)	**88**	79
Non-current trade and other receivables	**150**	140
	3,562	3,497

The trade receivable current balance represents trade receivables with a due date for collection within a one-year period. The other receivable non-current balance represents lease deposits.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for sales contracts with 180 days or fewer payment terms. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The expected loss rates are based on the ageing of the receivable, past experience of credit losses with customers and forward-looking information. An allowance for a receivable's estimated lifetime expected credit losses is first recorded when the receivable is initially recognised, and subsequently adjusted to reflect changes in credit risk until the balance is collected. In the event that management considers that a receivable cannot be collected, the balance are written off.

Sales contract receivables provided on terms greater than 180 days are at first discounted to recognise the financing component of the transaction and then assessed using the "general approach". Under this approach, the Group models and probability weights a number of scenarios based on its assessment of the credit risk and historical expected losses.

	Considered under the simplified approach $'000	Considered under the general approach $'000
Trade receivables	**1,508**	1,989
Expected credit loss assessed	**(10)**	(254)
	1,498	1,735

The receivables considered under the general approach relate to two customers in the Americas segment and one customer in the Rest of World segment. The key considerations in the assessment of the provision were the probability of default, expected loss in the event of default and the exposure at the point of default.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables set out above.

Movements on the provision for impairment of trade receivables are as follows:

	2019 $'000	2018 $'000
Balance at the beginning of the year	**186**	52
Provided	**161**	775
Receivables written off as uncollectible	**(85)**	(641)
Foreign exchange	**2**	–
Balance at the end of the year	**264**	186

The net value of trade receivables for which a provision for impairment has been made is $1.6 million (2018: $1.3 million).

16. TRADE AND OTHER RECEIVABLES CONTINUED

The following is an analysis of the Group's trade receivables, both current and past due, identifying the totals of trade receivables which are not yet due and those which are past due but not impaired.

	2019 $'000	2018 $'000
Current	**2,401**	2,608
Past due:		
Up to 30 days	**–**	1
31 to 60 days	**9**	82
61 to 90 days	**11**	24
Greater than 90 days	**812**	465
Total	**3,233**	3,180

17. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Current		
Trade payables	**826**	1,434
Accruals	**527**	918
Taxation and social security	**52**	50
Income tax liability	**1**	2
	1,406	2,404

18. LEASES: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The recognised right-of-use assets relate to the following types of assets:

	2019 $'000
Real estate leases	**387**
Vehicles	**29**

REAL ESTATE LEASES

Buildings are leased for office/warehouse space under leases which typically run for a period of three and five years and lease payments are at fixed amounts. Some leases include extension options exercisable for a period of one year before the end of the cancellable lease term.

VEHICLES

The group leases a vehicle for an employee with a standard lease term of three years with fixed payments. The group does not purchase or guarantee the future value of lease vehicles.

RIGHT-OF-USE ASSETS

	Real estate lease $'000	Vehicles $'000	Total $'000
At 1 January 2019	750	–	750
Additions	–	39	39
Amortisation	(363)	(10)	(373)
At 31 December 2019	**387**	**29**	**416**

LEASE LIABILITIES

	Real estate lease $'000	Vehicles $'000	Total $'000
At 1 January 2019	806	–	806
Additions	–	41	41
Interest expense	32	1	33
Lease payments	(408)	(12)	(420)
At 31 December 2019	**430**	**30**	**460**

18. LEASES: RIGHT OF USE ASSETS AND LEASE LIABILITIES CONTINUED

LEASE LIABILITIES CONTINUED

The maturity of the lease liabilities is as follows:

2019	Carrying amount	Undiscounted contractual cash flows	Less than one year	One to two years	Two to five years
Leased buildings	**430**	**445**	**353**	**85**	**7**
Leased vehicle	**30**	**31**	**14**	**14**	**3**
Total	**460**	**476**	**367**	**99**	**10**

The current and non-current portions of the leases were $353,000 and $107,000 as at 31 December 2019, respectively.

19. FINANCIAL INSTRUMENTS

(A) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that all entities in the Group will be able to continue as going concerns, while maximising shareholder value through the optimisation of its debt and equity structure. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated deficit as disclosed in Note 22.

(B) CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

		Fair value through profit or loss		Amortised cost (loans and receivables)	
	Notes	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
Financial assets					
Trade and other receivables	16	**–**	–	**3,233**	3,180
Investments	19	**1,964**	1,825	**–**	–
Cash and cash equivalents		**–**	–	**457**	2,459
		1,964	**1,825**	**3,690**	**5,639**

	Amortised cost	
	2019 $'000	2018 $'000
Current financial liabilities		
Trade and other payables	**826**	1,681
Accrued liabilities	**580**	723
Lease liability	**353**	–
	1,759	2,404

The amounts disclosed for all of the above financial assets and financial liabilities approximate fair value in all material respects.

(C) INVESTMENTS

2019 – INVESTMENTS

Description	Classification	**2019 Value $'000**
PNC Money Market Fund	Government	**1**
PNC Ultra Short Bond Fund	Mutual fund	**1,963**
		1,964

2018 – INVESTMENTS

Description	Classification	2018 Value $'000
PNC Money Market Fund	Government	77
PNC Ultra Short Bond Fund	Mutual fund	1,748
		1,825

The above instruments are Level 1 in the IFRS 13 fair value measurements hierarchy.

The Group limits its investments to instruments with maturities of less than five years having a rating at or exceeding investment grade in order to limit credit and liquidity risk. These investments are managed by an investment adviser and the portfolio's performance is reviewed by key management personnel. The aim of the portfolio includes both capital preservation and a rate of return that exceeds the rate available through the purchase of money market securities.

19. FINANCIAL INSTRUMENTS CONTINUED

(D) LIQUIDITY RISK

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by reference to continuously monitored forecast and actual cash flows. As part of its monitoring, the Group ensures that the financial liabilities due to be paid can be met by existing cash and cash equivalents. Cash equivalents are composed of short-term investment grade securities and are readily marketable and convertible to cash. The Group does not currently generate sufficient cash from its operations to meet its annual funding needs. In consideration of the Group's current resources and review of financial forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the approval of the financial statements.

(E) FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group invests its surplus cash in bank deposits denominated in US Dollars and British Pounds, which earn interest at money market rates, and in short-term investments comprised of notes and bonds with maturities of less than five years and having investment grade ratings. In doing so, the Group exposes itself to fluctuations in money market interest rates and market price fluctuations.

(F) MARKET RISK

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

The Group is exposed to foreign currency risk from transactions and from translating the monetary net assets of overseas entities denominated in currencies other than functional currency. Transaction exposure arises because affiliated companies undertake transactions in foreign currencies. The Group does not use forward foreign exchange rate contracts to hedge exchange rate risk.

The US Dollar carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Euro	**127**	152	**53**	46
Pound	**1,344**	1,849	**68**	122
Mexican Peso	**1,147**	1,262	**445**	413
Brazilian Real	**398**	772	**134**	120

If the exchange rate on uncovered exposures were to move significantly there would be foreign exchange differences on the retranslation of financial assets and liabilities and an impact on the Group's gross profit. A significant depreciation in the Mexican Peso or British Pound could have a negative impact on the Group's gross profit.

A hypothetical 10% change (positive or negative) in foreign currency exchange rates applicable to our business would have the following effect (increase or decrease) on revenue:

	2019 $'000	2018 $'000
Mexican Peso	**333**	313
Pound Sterling	**27**	113
Brazilian Real	**42**	117
Spain Euro	**70**	60

A hypothetical 10% change (positive or negative) in foreign currency exchange rates applicable to our business would have the following effect (increase or decrease) on expenses:

	2019 $'000	2018 $'000
Mexican Peso	**293**	268
Pound Sterling	**52**	593
Brazilian Real	**89**	101
Spain Euro	**63**	56

(G) PRICE RISK

The Group is exposed to price risk on its investments. To manage the price risk arising from investments in securities, the Group limits its portfolio to include only investment grade securities on active exchanges having maturities of less than five years.

19. FINANCIAL INSTRUMENTS CONTINUED

(H) INTEREST RATE RISK

The Group is exposed to interest rate risk on its cash and investment balances. To manage the interest rate risk, the Group limits its portfolio to cash and investment grade securities on active exchanges having maturities of less than five years.

If interest rates were to move significantly, finance revenues could be affected. However, this impact would not be material to the Group's financial statements and, therefore, no analysis of the sensitivities has been presented.

The Group is exposed to interest rate risk on its cash deposits, which earn interest at a variable rate of interest.

The Group's borrowings comprise finance leases, which are at fixed rates.

The Group does not utilise any hedging instruments to address interest rate risk.

(I) CREDIT RISK MANAGEMENT

The Group's principal credit risk relates to the recovery of trade receivables. In order to manage credit risk, the Group sets limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Balances that are beyond agreed upon terms are actively followed up to ensure collection.

The Group sells to a large number of customers across international locations within the US, Europe, South Africa and Mexico.

Further details on trade receivables, including analysis of bad debts and ageing, are given in Note 16.

The Group manages the credit risk on its investments by limiting investments to notes and bonds with maturities of less than five years having investment grade ratings.

The Group believes the credit risk on liquid funds, being cash and cash equivalents, is limited because the counterparties are banks with high-credit ratings assigned by international credit-rating agencies. However, the concentration of credit risk by counterparty does exceed 10% of the overall cash and cash equivalent balance.

The maximum exposure to credit risk on cash balances at the reporting date is the carrying value of the cash balances. The Group ensures that its investments are maintained in high quality investment grade securities to limit credit risk.

20. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company at 31 December 2019:

Name	Registered addresses	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Plant Health Care, Inc.	701 S. Carson Street Suite 200 Carson City, NV 89701	United States (Nevada)	100%	Holding company
Plant Health Care, Inc.		United States (Pennsylvania)	100%*	Sales
Plant Health Care de Mexico S. de R.L. de C.V.	Bodega 26 Avenida Ceylan 959 Colonia Industrial Vallejo 2300 Ciudad de Mexico CDMX, Mexico	Mexico	100%*	Sales
Plant Health Care (UK) Limited	1 Scott Place 2 Hardman Street Manchester M3 3AA	United Kingdom	100%*	Sales
Plant Health Care España	CL. Serrano, 76 28.612, Madrid	Spain	100%*	Sales
Plant Health Care Brasil	Rua Dr Antonio Cento 560 – cj 708 São Paulo – SP CEP 04750-001	Brazil	100%*	Sales
VAMTech, LLC	2711 Centerville Road Suite 400 Wilmington, DE 19808	United States (Delaware)	100%*	Sales

* Held indirectly.

For all undertakings listed above, the country of operation is the same as its country of incorporation or registration.

21. SHARE CAPITAL

(A) ISSUED SHARE CAPITAL

	2019 $'000	2018 $'000
Allotted, called-up and fully paid share capital:		
207,387,381 (2018: 172,822,881) ordinary shares at £0.01 each	**3,030**	2,586

(B) MOVEMENT IN SHARE CAPITAL

The movements on issued share capital are as follows:

	Ordinary shares of Plant Health Care plc	
	Number	$'000
In issue at 1 January 2018	147,822,881	2,237
Shares issued	25,000,000	349
In issue at 31 December 2018	172,822,881	2,586
Shares issued	34,564,500	444
In issue at 31 December 2019	**207,387,381**	**3,030**

During the year ended 31 December 2019, the following fully paid £0.01 ordinary shares in the Company were issued:

i. 34,564,500 new ordinary shares with net proceeds of $2,965,000 (directly attributable costs of $35,000) were issued pursuant to an equity placing at £0.068 per share.

(C) OTHER EQUITY INSTRUMENTS

The Company had the following other equity instruments in issue at 31 December 2019 and 2018:

	2019 Number	2018 Number
Share awards under the 2004 plan	**301,852**	414,538
Share awards under the 2015 plan	**3,087,763**	3,511,635
Share awards under the 2017 plan	**14,708,519**	10,171,884
	18,098,134	14,098,057

(D) SHARE OPTIONS

(I) 2004 EMPLOYEE SHARE OPTION PLAN

The Company has issued share options to certain employees under the Plant Health Care plc Unapproved Share Option Scheme 2004. In 2014, the scheme reached the 10th anniversary of its approval by shareholders; no further options may be granted. At the time of its admission to AIM, the Company also agreed to honour outstanding options under the Plant Health Care, Inc. 2001 Equity Incentive Plan. No further options have been or will be issued under that plan. In addition, in limited instances, the Company has granted options to certain management for ordinary share capital of the Company under separate unapproved option agreements.

The movements on share options are as follows:

	Options over ordinary shares			
	Directors and former Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2018	535,538	270,550	806,038	131p
Awarded	–	–	–	–
Exercised	–	–	–	–
Forfeited	(200,000)	(191,500)	(391,500)	168p
Outstanding at 31 December 2018	335,538	79,000	414,538	96p
Awarded	–	–	–	–
Exercised	–	–	–	–
Forfeited	(89,686)	(23,000)	(391,500)	131p
Outstanding at 31 December 2019	**245,852**	**56,000**	**301,852**	**83p**

Of the total number of options outstanding at 31 December 2019, 301,852 (2018: 414,538) had vested and were exercisable. The weighted average exercise price was 83p (2018: 96p).

The options outstanding at 31 December 2019 have a weighted average remaining life of 3.22 years (2018: 3.17 years) and the range of exercise prices is 53p to 225p (2018: 53p to 245p).

21. SHARE CAPITAL CONTINUED
(D) SHARE OPTIONS CONTINUED
(II) 2015 EMPLOYEE SHARE OPTION PLAN

	Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2018	–	4,359,212	4,359,212	24p
Awarded	–	–	–	–
Forfeited	–	(847,577)	(847,577)	27p
Outstanding at 31 December 2018	–	3,511,635	3,511,635	23p
Awarded	–	–	–	–
Forfeited	–	(423,872)	(423,872)	49p
Outstanding at 31 December 2019	**–**	**3,087,763**	**3,087,763**	**20p**

Of the total number of options outstanding at 31 December 2019, nil (2018: 177,500) had vested and were exercisable.

The options outstanding at 31 December 2019 have a weighted average remaining life of 1.0 year (2018: 2.0 years) and the exercise price was 20p (2018: 20p to 89p).

(III) 2017 EMPLOYEE SHARE OPTION PLAN

	Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2018	2,981,657	1,562,511	4,544,168	25p
Awarded	2,327,642	3,300,074	5,627,716	29p
Forfeited	–	–	–	–
Outstanding at 31 December 2018	5,309,299	4,862,585	10,171,884	28p
Awarded	–	5,545,388	5,545,388	8p
Forfeited	–	–	–	–
Outstanding at 31 December 2019	**5,309,299**	**9,399,220**	**14,708,519**	**21p**

Of the total number of options outstanding at 31 December 2019, 9,163,131 (2018: 5,627,716) had vested and were exercisable.

The options outstanding at 31 December 2019 have a weighted average remaining life of 8.47 years and the range of exercise prices is 8p to 50p.

22. RESERVES
The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Foreign exchange reserve	Gains/losses on retranslating the net assets of overseas operations.
Accumulated deficit	Cumulative net gains and losses recognised in the consolidated income statement. During the year ended 31 December 2014, the Company transferred the amounts in the share-based payment reserve and reverse acquisition reserve into retained earnings.

23. PENSIONS

The Group does not maintain any defined benefit pension plans. The Group does maintain a retirement plan qualified under section 401(k) of the United States Internal Revenue Code. This plan covers all US employees. In 2019, the Group's pension expense under the scheme was $53,661 (2018: $61,296). Mexico has a government-run pension plan to which our operations there must contribute. In 2019, the expense for this plan was $3,497 (2018: $2,083). Several United Kingdom employees receive contributions to their pension plans. The expense for this was $8,003 (2018: $7,808). A Spain employee receives contributions to their pension plan. The expense for this was $5,763 (2018: $nil). Total pension expense for the year was $70,925 (2018: $71,188).

24. POST BALANCE SHEET EVENTS

In March of 2020, the Company successfully completed an equity raise which generated $4.6 million (net of costs) from new and existing investors. The Company issued 44,602,188 ordinary shares at 8p per share, directly attributable costs of $150,000 were incurred.

The rapid emergence of the coronavirus pandemic has caused significant disruption to many businesses where the implementation of social distancing measures is not practical or deemed ineffective. This has had implications for the wider global economy and specifically to the supply chain. The pandemic could affect our customers willingness to purchase volumes planned prior to the pandemic or where customers will have the ability to settle their debts according to the originally agreed settlement terms.

In many countries agricultural processes and procedures has been protected from more general restrictions on worker travel and we expect this to remain to be the case throughout the pandemic. In addition, our products support human subsistence, by enhancing crop yields and crop robustness, which flow into the wider food production process. However, there is a risk that the Group will be impacted by decisions further up the supply chain leading to delays in contract negotiations and cancelling of anticipated sales, which could impact the Group's working capital. The coronavirus pandemic wasn't a condition in existence at the year-end date therefore, it is being a regarded as a non-adjusting subsequent event.

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2019

	Note	2019 $'000	2018 $'000
Fixed assets			
Fixed asset investments	31	**13,874**	16,381
Current assets			
Debtors	33	**18**	27
Cash at bank and in hand		**51**	392
Total current assets		**69**	419
Creditors: amounts falling due within one year	34	**(65)**	(312)
Net current assets		**4**	107
Total assets less current liabilities		**13,878**	16,488
Capital and reserves			
Called-up share capital	28	**3,030**	2,586
Share premium	28	**88,647**	86,126
Accumulated deficit	28	**(77,799)**	(72,224)
Shareholders' funds		**13,878**	16,488

The financial statements were approved and authorised for issue by the Board on 23 April 2020.

DR CHRISTOPHER RICHARDS

Director

Registered no: 05116780 (England and Wales)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss in these financial statements. The Group's loss for the year includes loss after tax of $5,893,000 (2018: loss of $9,956,000), which is dealt with in the financial statements of the parent company.

The notes on pages 74 to 76 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital $'000	Share premium $'000	Accumulated deficit $'000	Total $'000
Balance at 1 January 2018	2,237	79,786	(63,065)	18,958
Shares issued	349	6,340	—	6,689
Share-based payment	—	—	797	797
Loss in the year	—	—	(9,956)	(9,956)
Balance at 31 December 2018	2,586	86,126	(72,224)	16,488
Shares issued	444	2,521	—	2,965
Share-based payment	—	—	318	318
Loss in the year	—	—	(5,893)	(5,893)
Balance at 31 December 2019	**3,030**	**88,647**	**(77,799)**	**13,878**

The notes on pages 74 to 76 form part of these financial statements.

25. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". The principal accounting policies, which have been applied consistently, are set out below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. See Note 26.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- no cash flow statement has been presented for the parent company;
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- disclosures in respect of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

INVESTMENTS

Fixed asset investments comprise investments by the Company in the shares of subsidiary undertakings and loans to Group undertakings. At the end of each financial period, the Directors review the carrying amount of the Company's investments with reference to forecast discounted future cash flows and related estimates and judgements to determine whether there is any indication that those assets have suffered an impairment loss. They are stated at cost less any provision where, in the opinion of the Directors, there has been impairment.

SHARE-BASED PAYMENTS

The Company operates a number of equity-settled, share-based payment plans, under which it receives services from employees and non-employees as consideration for the Company's equity instruments, in the form of options or restricted stock units (''awards''). The fair value of the award is recognised as an expense, measured as of the grant date using a binomial option pricing and Monte Carlo models. The total amount to be expensed is determined by reference to the fair value of instruments granted, excluding the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is typically the period over which all of the specified vesting conditions are to be met.

The Company grants share options and shares under its share-based payment plans directly to employees of its subsidiaries. In accordance with the provisions of the plan, the cost of the share-based payments will be recorded by each subsidiary as an expense, with a corresponding increase in equity as a contribution from the parent. The Company, over whose shares options are issued, recognises an increase in the investment in the related subsidiary and a credit to accumulated deficit.

DEFERRED TAXATION

Deferred tax balances are recognised in respect of timing differences that have originated but not reversed by the balance sheet date. However, where there is uncertainty over the timing of their realisation, deferred tax assets are not recognised.

26. JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the Directors have made the following judgements:

- At the end of the financial period, the Company reviews the carrying amounts of its fixed asset investments to determine whether there is any indication that those assets have suffered any impairment loss. The recoverable amount is determined based on a value-in-use calculation. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More details are included in Note 31.

27. SHARE-BASED PAYMENTS

See Note 21 of the Group financial statements.

28. RESERVES

See Note 22 of the Group financial statements for a description of the nature and purpose of each reserve within owners' equity.

29. DIRECTORS' REMUNERATION

The Directors' remuneration for the Company is disclosed in Note 7 of the Group financial statements.

30. STAFF COSTS

Staff costs for all employees, including Executive Directors, comprise:

	2019 $'000	2018 $'000
Wages and salaries	**271**	246
Social security and payroll taxes	**22**	46
	293	292
Share-based payments charge	**53**	289
	346	581

The average number of employees of the Group during the year, including Executive Directors, was four (2018: four).

31. FIXED ASSET INVESTMENTS

	Shares in Group undertakings $'000	Loans to Group undertakings $'000	Total $'000
Cost			
Cost at 1 January 2018	16,915	64,152	81,067
Additions, net of repayments	–	6,836	6,836
Cost at 31 December 2018	16,915	70,988	87,903
Additions, net of repayments	–	5,606	5,606
Cost at 31 December 2019	**16,915**	**76,594**	**93,509**
Impairments			
Impairments at 1 January 2018	(16,915)	(45,134)	(62,049)
Charge	–	(9,473)	(9,473)
Impairments at 31 December 2018	(16,915)	(54,607)	(71,522)
Charge	–	(8,113)	(8,113)
Impairments at 31 December 2019	**(16,915)**	**(62,720)**	**(79,635)**
Net book value			
At 31 December 2018	–	16,381	16,381
At 31 December 2019	**–**	**13,874**	**13,874**

The fixed asset investment balances have been tested for impairment using discounted budgeted cash flows, a pre-tax discount rate of 14.9% (2018: 14.9%), and performance projections over five years. The calculated net present value in this review is $13,874,000 (2018: $16,381,000), which resulted in an impairment of $8,113,000 in 2019 (2018: $9,473,000).

32. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Company are disclosed in Note 20 of the Group financial statements.

33. DEBTORS

	2019 $'000	2018 $'000
Prepayments	**18**	27

All amounts fall due within one year.

34. CREDITORS

	2019 $'000	2018 $'000
Trade creditors	**38**	117
Accruals	**27**	195
Totals	**65**	312

35. SHARE CAPITAL

The share capital of the Company is disclosed in Note 21 of the Group financial statements.

36. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 102 "Related Party Transactions" not to disclose any transactions with its wholly-owned subsidiary companies as these are included within the consolidated financial statements of the Group.

37. POST BALANCE SHEET EVENTS

The post balance sheet events is disclosed in Note 24 of the Group financial statements.

DIRECTORS

DR CHRISTOPHER G J RICHARDS
Chief Executive Officer

DR RICHARD H WEBB
Chairman and Non-executive Director

GUY VAN ZWANENBERG
Non-executive Director

WILLIAM M LEWIS
Non-executive Director

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In this document, references to "the Company" are to Plant Health Care plc. References to "Plant Health Care", "the Group", "we" or "our" are to Plant Health Care plc and its subsidiaries and lines of business, or any of them as the context may require. The Plant Health Care name and logo, Myconate, ProAct, N-Hibit, Innatus™ 3G and other names and marks appearing herein and on Company literature are trademarks or trade names of Plant Health Care. All other third-party trademark rights are acknowledged.

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