Plant Health Care plc

Annual report and accounts 2020

GROWING SUSTAINABLY

PLANT HEALTH CARE

AT THE HEART OF THE MOVEMENT TOWARDS SUSTAINABLE FOOD PRODUCTION

OVERVIEW

- Plant Health Care is a leading provider of biological products, helping farmers to feed the world sustainably.
- The market for biological products is growing at more than 16% pa, driven by the need to make farming more sustainable.
- Plant Health Care's core patented products act as "vaccines for plants", improving crop yield and quality by making plants healthier.
- The Company's Commercial business is now EBITDA positive and cash generative; demand in major markets in accelerating.
- The Company has invested more than $20 million in PRE*tec*, a powerful new platform technology, since 2012.
- PRE*tec* products are targeting markets worth more than $5 billion around the world.
- The first PRE*tec* product, Saori™, will be launched in 2021; a rich product pipeline follows.

Learn more in our **business model** on page 6

Stay up to date on our website at **planthealthcare.com**

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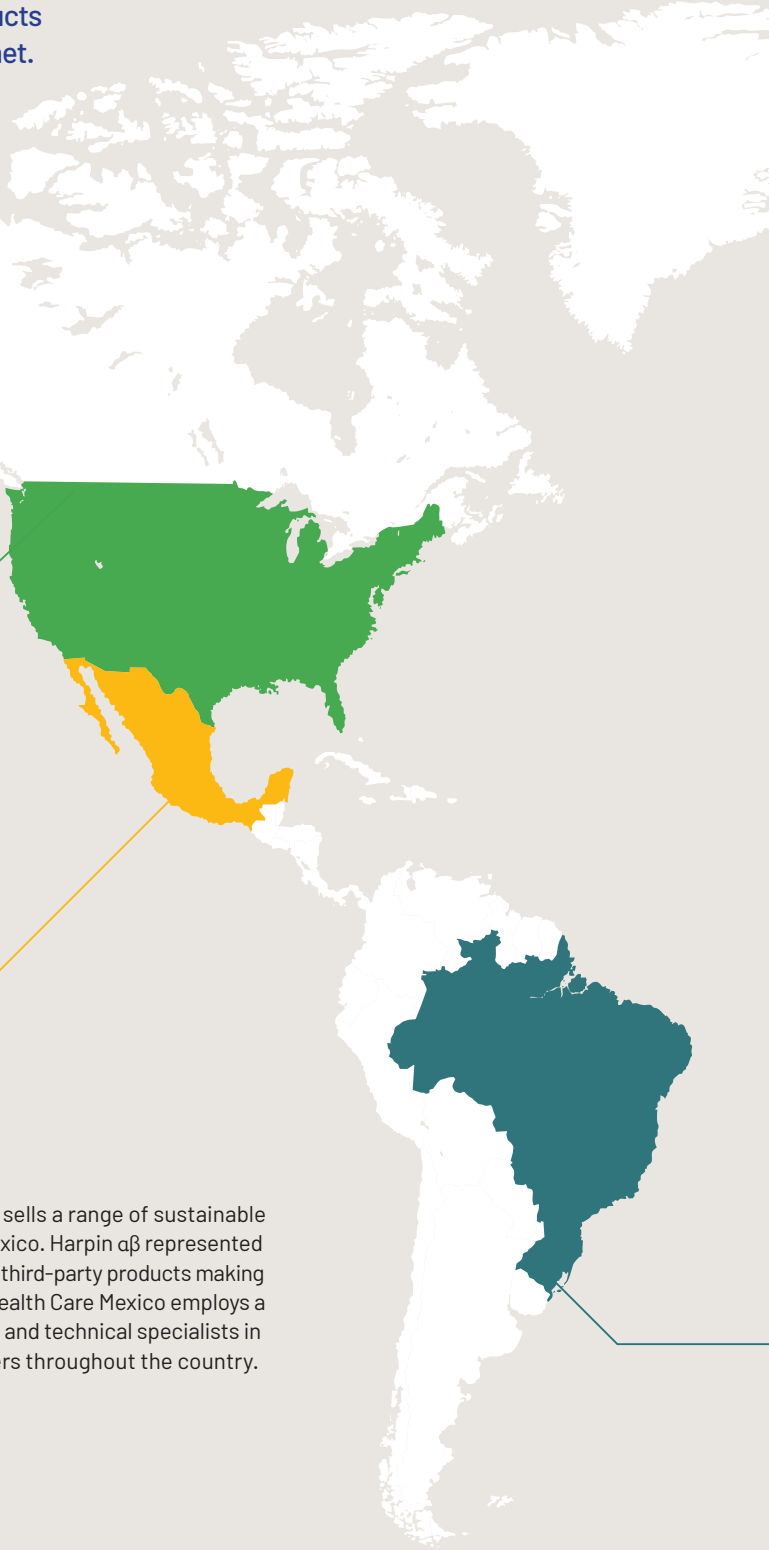
We help farmers to feed the world sustainably.

DR CHRISTOPHER RICHARDS
Chief Executive Officer

LEADING THE FIELD

Sustainability is a major trend in agriculture. Plant Health Care aims to help mainstream farmers by providing cost-effective products which help them to feed the world, without damaging the planet. Our products are classified by the Environmental Protection Agency of the USA as "low toxicity and zero residue"; as such, they receive "fast track" approval.



NORTH AMERICA (CORN)

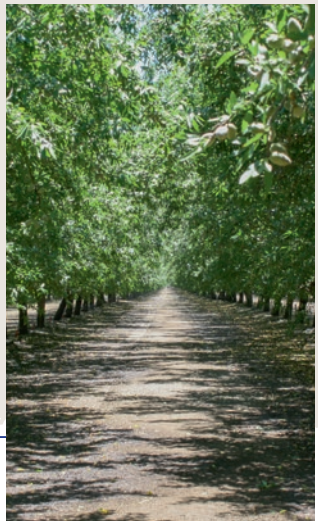
- Harpin αβ is sold into corn through the second largest distributor in the USA. Farmers apply Harpin αβ to the seed prior to planting; the crop comes up stronger and taller and better able to resist stress such as drought. Higher yields result. Launched in 2018, sales reached 650,000 acres in 2020.

NORTH AMERICA (FRUITS AND VEGETABLES)

- Harpin αβ is sold as "Employ®" through Wilbur-Ellis, a $3.4 billion distributor into the specialty crop market in the USA. Employ helps farmers to grow better quality crops, with lower pesticide inputs. Sales to Wilbur-Ellis doubled in 2020. Plant Health Care is also working with Wilbur-Ellis to develop four PRE*tec* peptides for this market.

MEXICO

- Plant Health Care Mexico sells a range of sustainable products to farmers in Mexico. Harpin αβ represented 25% of sales in 2020, with third-party products making up the remainder. Plant Health Care Mexico employs a staff of 15, including sales and technical specialists in the field, selling to retailers throughout the country.



EMEAA

- In the UK, Harpin αβ is sold through Headland, a major distributor supplying to the professional turf market. Many leading golf courses and soccer fields are greener and more resilient to abiotic stress as a result.
- In Spain, Harpin αβ is sold as ProAct AA, where sales into fruit and vegetable crops have now reached $1.0 million.

The Commercial business saw Harpin αβ on ground sales grow two times in 2020 driven by strong performance in sugar cane, corn and specialty crops and delivering a cash positive business in 2020. Alignment with large distributors combined with strong performance in 2020 gives us confidence in strong Harpin αβ growth for 2021.

JEFFREY TWEEDY
Chief Operating Officer

BRAZIL

- Harpin αβ is sold as H2Copla into sugar cane in Brazil, through Coplacana, the largest distributor of inputs for this crop. Launched in 2018, sales reached 43,000Ha in 2020, three times the level of sales in 2019.
- Saori™, the world's first launch of a PRE*tec* peptide product, will be in Brazil in late 2021.
- Saori™ helps soy farmers to combat diseases, which can devastate the crop.

HOW WE PERFORMED

Using environmentally friendly peptides derived from natural proteins, our innovative, patent-protected products help growers to protect their crops from stress and diseases, and to produce higher quality fruit and vegetables, all while being compatible with mainstream agricultural practices.

2020 HIGHLIGHTS

COMMERCIAL

- Revenue was $6.6 million (2019: $6.4 million), a 3% increase on the prior year, 10% in constant currency*.
- The Commercial business was EBITDA and cash positive for the first time.
- In-market sales in the USA and Brazil doubled in 2020; product adoption points to strong revenue growth ex PHC.
- In-market distributor inventory reduced by more than $1 million.
- Market access: 30 million hectares.
- Harpin αβ in-market sales doubled in core markets.

PRE*tec* PRODUCTS

- Saori™ (PHC279), the first product from the PRE*tec* platform, was registered as a seed treatment for soybeans in Brazil.
- PHC279 was submitted for registration in the USA.
- $20 million invested in PRE*tec* platform.
- A Joint Development Agreement was signed with Wilbur-Ellis for the development of four PRE*tec* products in specialty crops in the USA.
- Low-cost manufacture of PRE*tec* peptides was demonstrated at the pilot scale.
- The first patents on PRE*tec* were granted by the US Patent Office.
- The Group has a rich pipeline from the PRE*tec* platform.

GROUP

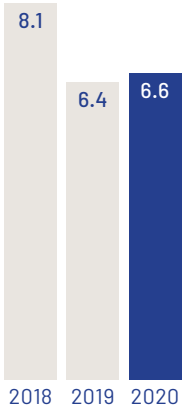
- Cash used in operations reduced to $2.5 million (2019: $4.4 million).
- Adjusted LBITDA improved to $3.3 million (2019: $3.8 million)
- Cash and cash equivalents including investments at 31 December 2020 were $4.1 million (2019: $2.4 million).
- The Company successfully raised £3.6 million ($4.4 million) through the issuance of new ordinary shares in March 2020 and a further £6.6 million ($9.1 million) in March 2021.

* Constant currency is defined on page 10.

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

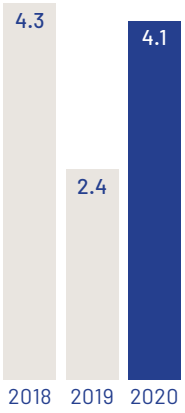
REVENUE ($m)

$6.6m



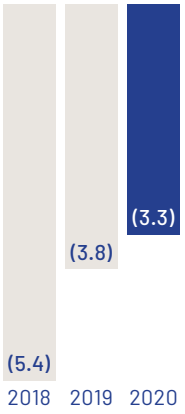
CASH AND INVESTMENTS ($m)

$4.1m

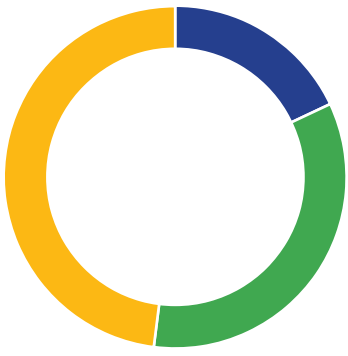


ADJUSTED LBITDA ($m)

$(3.3)m

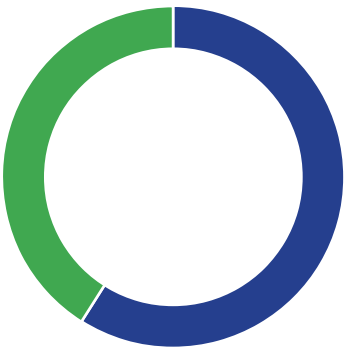


2020 SALES SPLIT BY REGION ($m)



$1.2m Rest of World
$2.2m Americas
$3.2m Mexico

2020 SALES SPLIT BY PRODUCT ($m)



$3.9m Harpin αβ
$2.7m Third party*

* Third party sold in Mexico.

HOW WE DO BUSINESS

The Company develops and commercialises products which support mainstream farmers to produce better crops, more efficiently and more sustainably.

GENERATING CASH

The Commercial business is now EBITDA positive and generates cash. It is focused on driving the revenue of Harpin αβ in large markets, where the product adds the most value. The current major targets are corn and specialty crops in the USA and sugar cane in Brazil. We will extend sales of Harpin αβ into new crops and countries over time.

Find out more on page 11

INVESTING IN PRODUCTS

We are investing to develop and launch products from the PRE*tec* platform. The first target markets are soybeans in Brazil and specialty crops in the USA. We aim to launch at least one large new PRE*tec* product every year from 2021 onwards. We will start the development of PRE*tec* products in Europe during 2021.

Find out more on page 14

WORKING IN PARTNERSHIP

We work in partnership with influential distributors, which enable us to access large numbers of farmers. Our distribution partners provide valued technical advice on the best use of our products. We work together to drive product adoption, to mutual benefit.

Find out more on page 11

CREATING SHARED VALUE

Global product development is complex, expensive and time consuming. We will often work with strong local partners under Joint Development Agreements, to share experience and investment, sharing profit from commercialisation.

We make appropriate use of outsourcing to optimise the use of capital. We work with manufacturing partners to produce high-quality products using the Group's proprietary production processes, developed in our laboratories in Seattle. We do not plan to own manufacturing assets.

BUILDING ON OUR OPPORTUNITIES

We develop extensive intellectual property, mainly in our Seattle laboratory. We intend to continue investing in our IP, to defend and extend our lead in innovation with peptides for agriculture.

We are active players in the global market for biological products, which is growing at more than 16% annually. There are numerous players in a fragmented market, which we expect to consolidate over time. Our global capabilities in innovation and commercial development position us well for this trend.

OUR GROWTH STRATEGY

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

1 SUBSTANTIAL INCREASE IN MARKET ACCESS

ACHIEVEMENTS

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 the most benefit to farmers, including sugar cane, corn, soy, citrus, rice, almonds and grapes.

LINKS TO KPIS

- Revenue
- Gross profit
- Gross profit margin
- Operating loss
- LBITDA

2 LAUNCHING PEPTIDE PRODUCTS FROM OUR PRE*tec* PLATFORMS

ACHIEVEMENTS

In trials conducted by PHC and our partners in 2020, 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.

LINKS TO KPIS

- Revenue
- Gross profit
- Gross profit margin
- LBITDA

3 BUILDING FURTHER THE CAPABILITY TO DELIVER ADDITIONAL PRODUCTS FROM PRE*tec*

ACHIEVEMENTS

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 its pipeline, including PHC949 and PHC414.

LINKS TO KPIS

- Revenue
- Gross profit
- Gross profit margin
- LBITDA

4 IP PROTECTION AND ONGOING INNOVATION

ACHIEVEMENTS

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 USPTO; numerous filings are in the process of being reviewed around the world, as the Group builds its IP portfolio.

LINKS TO KPIS

- Revenue
- Gross profit
- Gross profit margin
- Operating loss
- LBITDA

5 CONSOLIDATION

ACHIEVEMENTS

The Group is well positioned to consolidate the biologicals market due its capability to evaluate technologies and broad market access.

LINKS TO KPIS

- Revenue
- Gross profit
- Gross profit margin
- Operating loss

Find our key performance indicators on page 22

CHAIRMAN'S STATEMENT

Dr Richard Webb, Non-executive Chairman

CONTINUED SUSTAINABLE GROWTH

I am proud to report that Plant Health Care rose to the challenge in this most challenging of years. Our staff adapted swiftly and creatively to find effective ways to work around the global restrictions caused by Covid-19. Despite all the disruption, we delivered year-on-year revenue growth in 2020. Operating cost savings were also delivered and a further improvement in working capital over 2020.

The outcome was that our Commercial operations were EBITDA and cash positive for the first time. In a year when revenues grew and our development programme accelerated, PHC still reduced cash burn by more than expected. We ended the year with over $4 million of cash equivalents and investments in hand. This is a great credit not only to the Executive leadership, but also to our loyal and hard-working staff in five countries.

Covid-19 brought about many work and personal life challenges. We took early and decisive management action during the onset of Covid-19. The Group decided early on to look after its employees and customers to minimise disruption to the business and ensure that the long-term goals of the Group are unaffected. As part of several governmental assistance programmes, the Group received $0.3 million from the Paycheck Protection Program in the USA and $0.1 million in Spain. The Group experienced minimal disruption from Covid-19 globally, where domestic demand for fruits and vegetables and the Peso devaluation held back sales growth.

Agricultural input companies faced mixed fortunes in 2020, but world opinion is swinging strongly in support of novel and sustainable solutions to help farmers preserve their soils, increase crop yields and quality, and reduce carbon and residue footprints. PHC is a pioneer in this sector, and after investing $20 million in new technology over the past seven years, we now have a broad portfolio of benign biologicals close to launch.

In agriculture, long dominated by harsh chemical fertilisers and pesticides, our patented PRE*tec* is a disruptive technology. It acts not directly on pests, diseases or soils, but on the plants themselves, to boost their defences and improve yield, vigour and harvest quality. We call our products "vaccines for plants". Tiny protein fragments mimic natural signals in the environment and stimulate the plants to defend themselves, to build stronger, and to lay down more seeds and biomass. PRE*tec* rapidly biodegrades, but its beneficial effects persist. The resulting deeper roots sequester more carbon to the soil, the higher yields require no additional fertiliser, and in sugar cane the surge converts to over 20% more biofuel produced per hectare.

Our success in getting registrations in Brazil ahead of expectation shows that international regulatory authorities recognise the benefits and benign profile of our new products. PRE*tec* registrations are advancing in Brazil and North America – it is our ambition to address Europe next, as the largest biologicals market in the world.

In March 2020 we completed a $4.4 million fundraise at 8p per share in the teeth of an emerging international crisis and stock market downturn. Post year end, in March 2021 we completed a $9.1 million (net of costs) fundraise at 14p per share, to finance accelerated PRE*tec* product launches and address opportunities in Europe.

During 2020, Board meetings and the AGM moved to a remote format, which is not ideal but works well. AMBA Secretaries Limited took over the role of PHC Company Secretary in July 2020 and the Board is benefiting from her deep experience.

DR RICHARD WEBB

Chairman

22 April 2021

MISSION AND VALUES

Sustainability - We care passionately about sustainability. All of our products help farmers grow crops more sustainably. We aim to support mainstream agriculture, as well as organic growers, to feed the world sustainably.

Science - We believe that science drives progress. All of our products are built by leading edge science. We understand how they work, so that we can make them even more effective and more sustainable.

People - We are a team which works together to achieve our aims. We help our people develop their full potential, working with customers and other stakeholders to deliver our mission.

Prosperity - Economic sustainability is essential to our success as a business. Our work should create financial benefits for our customers, partners and employees, alongside shareholders.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dr Christopher Richards, Chief Executive Officer

A CLEARLY DEFINED STRATEGY

Plant Health Care had a year of substantial progress, in both the Commercial business and in the development of the very exciting PRE*tec* new technology. Global agriculture needs sustainable products more than ever; Plant Health Care intends to contribute to this effort with outstandingly cost-effective products. This progress builds on the clear strategic direction established in recent years, with momentum maintained in spite of the disruption of Covid-19 on so many aspects of life.

FUNDRAISE

We were delighted in March 2021 to receive the support of shareholders for a fundraise. We raise $9.1 million (net of costs) to finance accelerated PRE*tec* product launches and address growth opportunities in Europe.

COMMERCIAL BUSINESS – IN-MARKET SALES ACCELERATING

In the Commercial business, in-market sales of Harpin αβ in our three core growth markets in the USA and Brazil doubled. We now have close relationships with the major distributors which are our partners in these markets and work with them to drive customer adoption of the product. Improved visibility of in-market sales led us to reduce in-market inventory of Harpin αβ by more than $1 million. As a result, reported sales of Harpin αβ ($3.9 million) substantially understate progress in developing grower demand for this outstanding product. Revenue growth of 10% in constant currency (3% in US$) to $6.6 million would have been significantly higher.

Harpin αβ sales in the Brazilian sugar cane market in 2020 were three times that of 2019, driven by consistent yield increases well in excess of 20% and a return on investment ("ROI") for growers of more than 14 times. As we track monthly sales, we have seen product adoption accelerate. We increased our investment in field promotion in sugar cane in the second half of 2020, which should help to bring the benefits of Harpin αβ to new users over the coming years.

In the USA, Harpin αβ performed very well as a seed treatment in corn in 2020, consistently delivering stronger early plant growth. With in-market sales 1.8 times those in 2019, we are confident of continued growth in the coming years.

Also in the USA, we are delighted by the progress with our new partner, Wilbur-Ellis, in specialty crops. Wilbur-Ellis is not only a very large distributor with nationwide reach, it is also focused on bringing the benefits of biological products to growers through its highly skilled agronomists in the field. This capability is delivering increased sales in crops where Harpin αβ was already established.

With the launch of Harpin αβ into almonds and grapes in California, we anticipate further growth to come.

In Europe, sales to new markets compensated for the impact of Covid-19; sales increased by 24% (22% in constant currency). However, reduced demand for domestic fruits and vegetables in the pandemic adversely affected sales in Mexico; in particular, we were unable to raise prices to compensate for the devaluation of the Mexican Peso. Sales in Mexico nonetheless came close to target in local currency.

PRE*tec* NEW TECHNOLOGY – PROGRESS TOWARDS FIRST PRODUCT LAUNCHES

After eight years and an investment in excess of $20 million, we are enormously excited by the prospect of the first product launch from the PRE*tec* platform. Saori™, the new name for PHC279 in Brazil, will be introduced to Brazilian soybean growers in the second half of 2021. The current pipeline of PRE*tec* products is targeting markets with a current value of more than $5 billion; we are set on a highly ambitious plan. With outstanding grower benefits and an excellent sustainability profile, we are confident of a bright future for PRE*tec* products.

The Brazilian authorities registered Saori in an astonishingly short 13 months from the date of our submission. As we report later, the "early read" from this season's trials with Saori demonstrates again the substantial benefits of the product for growers. Our focus in 2021 will be on getting Saori trialed by as many "early adopters" as possible, with the limited product volumes available this year; this will provide a good base for accelerated product adoption in 2022 and beyond.

In the USA, we were delighted to conclude a Joint Development Agreement with Wilbur-Ellis for the development and commercialisation of four PRE*tec* peptides in specialty crops in the USA. The regulatory submission of PHC279 was made to the Environmental Protection Agency ("EPA") of the USA in late 2020; we expect registration to be granted in the second half of 2022, with a succession of product launches following.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Dr Christopher Richards, Chief Executive Officer

PRE*tec* NEW TECHNOLOGY – PROGRESS TOWARDS FIRST PRODUCT LAUNCHES CONTINUED

The PRE*tec* product pipeline is building well, with substantial progress in bringing forward the next products. PHC949 is showing exceptional promise for control of nematodes; we expect to make a submission for this product to the EPA during 2021, with first sales in 2023. Hard on its heels comes PHC404, a powerful biostimulant, and other products will follow.

Substantial progress has been made towards establishing low-cost manufacture of PRE*tec* peptides at a commercial scale. While the launch of Saori is being met from pilot scale manufacture, we anticipate concluding long-term toll manufacturing arrangements during the course of 2021.

IMPACT OF COVID-19

Covid-19 impacted growers of fruits and vegetables globally, as supply chains rushed to adapt to the closing of food service industries such as restaurants and canteens. In the first months of the pandemic, this caused significant disruption to companies supplying inputs for these crops, including Plant Health Care. However, with the exception of Mexico, growth in demand for Harpin αβ was such that the impact on the Company's revenue was limited. The Company's ability to promote the use of our products through field days, technical visits and promotional events was significantly constrained; while remote contacts were used extensively, we cannot rule out some impact on future growth.

The ravages of Covid-19 did not leave Plant Health Care's team untouched. Like everyone else around the world, PHC employees faced substantial additional challenges, alongside ensuring the safety of family, customers and colleagues. This required substantial changes to work patterns, making it especially hard for our field promotion teams to engage with customers. While I am pleased to report that the handful of PHC employees who contracted Covid-19 have all made a full recovery, we continue to monitor the development of the virus closely; new variants and variable lockdown regimes will present challenges throughout 2021 and, most likely, beyond.

> *Our commercial business is now profitable, with revenue poised to accelerate. Our first PREtec product will be launched in 2021; a strong pipeline follows.*
>
> **DR CHRISTOPHER RICHARDS**
> **Chief Executive Officer**

SUMMARY AND OUTLOOK

Plant Health Care is well positioned for growth in 2021. In our core markets, Harpin αβ is gaining traction together with very strong distributor partners. The prices of agricultural commodities have bounced back to the highest level for many years; growers will be investing more in their crops and may be willing to try new, yield-enhancing products.

The PRE*tec* product pipeline looks stronger every time we look at it. Our first product launch, Saori™ in Brazil, is a pivotal moment for the Group. With regulatory submissions in the USA and in South America, the schedule of product launches is taking shape, with profitable sales building from there. The recent fundraise will allow us to invest, to accelerate this growth, not only in the Americas but also to enter Europe, the largest market in the world for sustainable agriculture.

Supporting this growth is an exciting challenge for the Plant Health Care team. As we grow, the team is increasing in size, but we remain a small team of high-performing professionals around the world. The global team is increasingly sharing ideas for product development and growth, learning from each other. What works for citrus and fruit in Spain often works also in the USA; exceptional results on golf courses in the UK offer learnings for the much larger market in the USA; and seed treatment in Brazil and the USA can teach much to Europe. I am highly privileged to lead this outstanding team.

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

CONSTANT CURRENCY

We evaluate our results of operations on an 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.

DR CHRISTOPHER RICHARDS
Chief Executive Officer
22 April 2021

POTENTIAL FOR SIGNIFICANT REVENUE GROWTH

Overall sales in 2020 were $6.6 million, an increase of 3% (10% in constant currency*) compared with 2019 ($6.4 million). Sales by region are listed in the table below:

	2020 $'000	2019 $'000	Growth percentage	CC growth percentage
North America	**1,657**	1,715	(3%)	(3%)
South America	**527**	416	27%	64%
EMEAA	**1,213**	975	24%	22%
Mexico	**3,214**	3,330	(3%)	7%

Sales of core Harpin αβ products increased by 7% (13% in constant currency). Harpin αβ represented 56% of sales in 2020 (2019: 59%).

Although sales in North America were flat year over year because of a one-time sale in 2019, in-market sales of our two distributors in corn and specialty crops grew substantially. In corn, in-market sales of Harpin αβ reached 650,000 acres, some 1.8 times those in 2019; this resulted in substantial reduction in the inventory held by our distributor. Moreover, the product is delivering impressive results; data from the Independent Seedsmen Association (IPSA) an independent agency, showed yield increases of up to 5%. This creates a strong base for future sales growth. In specialty crops (fruits and vegetables), sales to Wilbur-Ellis doubled. We also achieved a registration for Harpin αβ in California, for use on the important almond and citrus crops; Wilbur-Ellis will launch Employ into those crops in 2021. Sales ex Plant Health Care in 2020 were $1.7 million (2019: $1.7 million); we estimate that distributor inventory in North America decreased by approximately $400k.

EMEAA

The prestigious Agricultural Technical Adviser José María Filgueiras Sánchez recommends ProAct for its excellent results in citrus.

About seven years ago, José María Filgueiras Sánchez, one of Spain's leading experts in citrus cultivation, encountered problems with skin physiological disorders in mandarins. He decided to test ProAct and was surprised by the spectacular results provided by Plant Health Care's biostimulant product.

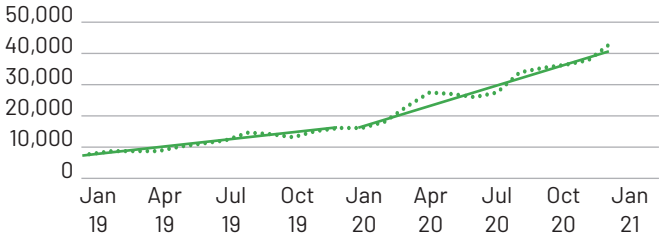
Filgueiras Sánchez, Agricultural Technical engineer and Agrovesa's company associate, located in the south of Alicante (Spain), advises thousands of hectares in the Spanish Mediterranean and since that test recommends the use of ProAct in different varieties of mandarins, oranges and lemons:

"...because the results have always been very good as on that first occasion: "We are very happy with the product because we are drastically reducing skin physiological disorders in all varieties".

José María Filgueiras Sánchez, Agrovesa Technical Adviser, talks to Ángel Marín, Commercial Director EMEAA at Plant Health Care

In-market sales to sugar cane in Brazil grew three times in 2020 versus 2019 levels due to continued adoption of our proprietary product H2Copla in the sugar cane market. The H2Copla product is gaining traction rapidly, due to the consistent yield increases of more than 23%. During 2020, we reviewed with our partner Coplacana the plans for promoting H2Copla in the field, following the first 18 months of sales since launch in 2018. We have agreed increased resources dedicated to the product, which should drive further sales increases in the future. Sales ex PHC in Brazil increased 27% in 2020 (64% in constant currency) to $0.5 million (2019: $0.4 million).

NUMBER OF HECTARES OF HARPIN αβ SOLD ONTO SUGAR CANE



Sales in EMEAA increased to $1.2 million due to further growth into the citrus market and expansion into the Chile market. Sales in Spain increased by 33% to $0.9 million (2019: $0.7 million). In South Africa, sales continued to be hit by drought and the Group decided not to make any sales in order to further reduce in-market inventory.

Sales in Mexico decreased 3% to $3.2 million (increased 7% in constant currency). Sales of Harpin αβ decreased by 9% (increased by 1% constant currency). The decrease in sales can be attributed to the devaluation of the Peso and decreased domestic demand of fruits and vegetables.

BRAZIL
Accelerating in-market sales of H2Copla

2020 was a challenging year in Brazil due to the restrictions imposed by Covid-19. Despite these restrictions, Plant Health Care, working in collaboration with Coplacana, increased in-market sales of H2Copla® on sugar cane by three times versus 2019. Plant Health Care Brazil increased sales and expanded the technical team in Brazil to focus on accelerating sales in sugar cane and to grow product adoption by sugar cane processors.

"There is an amazing opportunity to generate value with sustainability on sugar cane in Brazil. The Harpin protein generates incredible benefits helping the crop to enhance development and production with the current technology adoption. During the last five years, Plant Health Care Brazil has expanded ways of using the Harpin protein on sugar cane, making it even more user friendly to growers," says Rodrigo de Miranda, PHC Brazil General Manager.

H2Copla® has continued to consistently demonstrate sugar cane yield increases of more than 25% over four years of testing. Applications have expanded from foliar ratoon to in-furrow, ratoon cut and seedling applications prior to planting. H2Copla® has delivered amazing yield results with expanded use patterns. H2Copla is now poised for rapid adoption in sugar cane.

Rodrigo de Miranda, General Manager, PHC Brazil

H2Copla is all technology. When I use it, I know that I will have great results. I am so in love with it and can't live without it anymore. The results are incredible.

ALVARO AMGARTEN
Sugar cane producer in Cosmopolis, São Paulo, Brazil

NORTH AMERICA
Expansion in California via Wilbur-Ellis

2021 brings renewed excitement to the expansion of Plant Health Care's core product, Harpin αβ, with expansion in California. In collaboration with Wilbur-Ellis, Harpin αβ, the active ingredient in Employ®, is being launched as part of Wilbur-Ellis' Integrated Crop Management Portfolio.

"With California leading the US specialty crops this year, we launched Employ® in almonds and grapes, which focuses on almost 2 million acres of opportunity. We intend to continue our label expansion with Wilbur-Ellis in leafy and brassica crops, berries and cherries this fall," says Plant Health Care's Head of Sales, Barner Jones. "Growers continue to focus on integrated crop management in specialty crops, which makes Employ® a perfect fit in California," says Jones.

Employ® has shown its ability to improve root development which aids in nutrient uptake and water utilisation while helping the plant improve its natural ability to defend itself against abiotic and biotic stress factors, including diseases and nematodes, thus showing significant improvement in yield.

Barner Jones, Head of Sales – US and cherries from California

ADMINISTRATION
Travis Hester – Supply Chain Manager

Travis graduated from the North Carolina State University with a degree in Agricultural Business Management. He joined Plant Health Care in July of 2018 and has been instrumental in consolidating our vendors to better support the commercial business while improving the overall inventory position of Plant Health Care.

During 2020, the focus of Supply Chain has been to select a potential manufacturing partner for scale up of the production of Saori™.

In 2021, Travis will focus on delivering commercial production of Saori and begin scale up production of PHC949.

Travis Hester - Supply Chain Manager

PRE*tec* PEPTIDES: POISED TO ENTER LARGE MARKETS

PRE*tec* – NEW TECHNOLOGY

After an investment of more than $20 million since 2012, Plant Health Care's PRE*tec* (Plant Response Elicitor Technology) platform has now generated a strong pipeline of blockbuster products; the first product from this pipeline, Saori, was registered in Brazil in January 2021. The Group is currently focusing on three products targeting very large market opportunities with a value of more than $5 billion. Further products are under evaluation.

WHAT IS PRE*tec*?

PRE*tec* is a novel, environmentally friendly approach to growing crops more sustainably. PRE*tec* peptides can be thought of as "vaccines for plants" - they stimulate the plants' natural defence systems and result in improved crop yield and quality. Derived from naturally occurring proteins, PRE*tec* peptides present a broad opportunity to develop novel crop protection and yield-enhancing products. Plant Health Care has filed more than 40 patents on PRE*tec*, the first three of which have now been granted by the US Patent Office.

GROWTH OPPORTUNITIES

In November, the Company announced a Joint Development Agreement with Wilbur-Ellis for the commercialisation of four PRE*tec* products in US specialty crops (fruits and vegetables). This collaboration brings together the development and marketing strengths, as well as decades of agricultural knowledge, of Wilbur-Ellis, especially in biological products, with Plant Health Care's industry-leading expertise on PRE*tec* peptides. As one of the largest US distributors of crop protection products and with its focus on innovative products for specialty crops markets, Wilbur-Ellis is an ideal partner to launch PRE*tec* into the US specialty crops market. Multiple PRE*tec* products are being evaluated, initially focusing on improving disease and nematode control, and plant stress tolerance. The parties are committed to rapidly moving new products through the development process in order to make this novel technology available to growers as soon as possible.

In Brazil, regulatory authorities approved PHC279 (subsequently branded Saori™) for sale in soybeans. Saori will be used as a seed treatment; trials over the last three years have shown excellent early vigour and disease control, resulting in significantly increased crop yield. There is an extensive field-testing programme underway in the 2020/21 season, which has confirmed these outstanding grower benefits. Plant Health Care is in discussion with several leading crop protection companies regarding the distribution of Saori. Many of these companies have planted their own soybean trials to independently confirm the performance of Saori.

The Group is planning the commercial launch of Saori during the second half of 2021. Initial sales will specifically focus on early adopters of novel technologies within the sustainable agricultural markets. There are 38 million hectares of soy planted in Brazil, on which growers spend some $2.5 billion on controlling disease. Significant penetration of this market is expected over the coming years.

Europe represents an excellent market opportunity for PRE*tec*. Increasingly stringent environmental and safety regulations across the EU have resulted in many heavily used products having their registrations cancelled, often leaving growers without viable solutions to manage their crops. Moreover, the EU has set out targets to further reduce agrochemical usage, through the "Farm to Fork" framework, which aims to promote the adoption of sustainable agriculture. As a result, Europe is expected to see rapid growth in the market for biostimulants and biocontrols over the next decade and is already recognised as the largest global market for plant biostimulants and one of the largest markets for biocontrol solutions. Plant Health Care has started to conduct trials in the EU and the UK, as a first step to entering this very large market.

TARGET MARKETS

PRE*tec* peptides are targeting markets with global agrochemical sales of more than $5 billion. These markets are split by crops (corn,soy, etc.), geographies (USA, Brazil and Europe) and mode of application (seed treatment or foliar spray), providing a number of specific opportunities. The average yield increase (5%+) achieved with PRE*tec* in large acreage row crops is one easily identifiable point of potential value of PRE*tec* to the industry and highlights how valuable even a small market share could be.

The opportunity for Saori in Brazil (and LATAM more generally) to prevent and treat disease (especially Asian Soybean Rust ("ASR")) is very large. ASR, caused by the fungus Phakopsora pachyrhizi, is a devastating disease which can lead to crop yield loss of up to 90%. Brazilian soybean farmers spent US$2.85 billion on disease control in the 2019/20 season, approximately 90% of which was for ASR control. The Group has also observed significantly improved early plant growth and enhanced early season disease control in Saori testing, suggesting that Saori may add value beyond the ASR control opportunity. Being adopted for use on even a single-digit percentage of the available soybean hectares in Brazil would generate millions of Dollars in annual Saori sales.

In addition to the opportunities discussed elsewhere for PRE*tec* in specialty crops in the USA via its collaboration with Wilbur-Ellis, the Company is pursuing development in the USA of PHC279 as: (1) a fungicide booster in which the peptide is added to existing

chemical fungicides to improve the spectrum of disease control in potatoes and other row crops, (2) a foliar micronutrient, in which PHC279 improves nutrient uptake by corn and soy plants to improve yield, and (3) as a seed treatment to fight soil-borne disease and increase yields in soybeans. In Brazil, PHC is also exploring the opportunity for PHC279 as a foliar product to enhance disease control and yield in sugar cane.

PHC414 is a biostimulant that has demonstrated reliable performance in a variety of crops. As such, the Group anticipates that the product will be regulated as a fertiliser in some countries and is being targeted at the quality and yield characteristics of the global fruit and vegetable market.

PHC949 is being developed for the control of nematodes in row crops and specialty crops in the USA and LATAM. Recent field studies indicate that PHC949 offers improved nematode control characteristics relative to current leading chemical products whether it is applied via foliar application or as a seed treatment.

The global nematicides market size was estimated to be valued at US$1.3 billion in 2019 and is projected to reach US$1.6 billion by 2025. Vegetables accounted for the largest share of the nematicides market globally in 2018 and North America was the largest market, driven by use on soybean, corn and cotton crops. PHC949 is expected to find applications in US and Brazilian soy crops as well as US, Brazilian and European vegetable crops.

REGISTRATIONS

Saori™ was approved for commercial use as a seed treatment for the prevention and control of ASR. The approval process was completed by the three responsible Brazilian regulatory agencies in just over one year. This rapid approval is a testimony to the safety profile of Saori and the urgency the Brazilian government attaches to making new sustainable solutions available for soybean growers in order to reduce reliance on traditional, less safe, chemical fungicides. The Company is currently planning to pursue regulatory approval for Saori in the other important South American soybean growing markets, including Argentina and Paraguay.

In the USA, PHC279 was submitted for approval to the EPA as a biopesticide in February 2020. This submission starts the clock on an 18-month review process that is expected to permit PHC279 to be used for the prevention and treatment of a variety of agronomically important diseases in a wide range of row crops and specialty crops. Given PHC's prior success achieving registration for a similar product, PHC398, approved earlier in the year by the EPA, the Group anticipates by the EPA in the second half of 2022.

Also in the USA, PHC404 was registered in 2020 under the brand ZARAgrow™ for use as a fertiliser in California.

In 2021 the Group plans to submit an application to the EPA for approval of PRE*tec* peptide PHC949 for use in row crops and specialty crops for the control of soil nematodes. Assuming the review process proceeds as expected, the US launch of PHC949 could occur in early 2023.

In Europe, a variety of PRE*tec* products are being evaluated, both as plant protectants for enhanced disease control and as biostimulants in row crops and specialty crops. In 2021, the Group intends to ramp up the PRE*tec* development programme substantially.

INTELLECTUAL PROPERTY PROTECTION OF PRE*tec*

Innovation is at the heart of what Plant Health Care does every day and having a strong position protecting its intellectual property is critical to its success. Plant Health Care has filed more than 50 patent applications worldwide for its PRE*tec* peptide technology since 2012. In 2020, the Group announced that its first seven US PRE*tec* patents were granted by the US Patent and Trademark Office ("USPTO"). These patents provide protection for a wide range of PRE*tec* peptides and their use in agricultural production. Additional patents are expected to be granted in 2021, including the first foreign patents corresponding to the US patents. These patents provide robust barriers to potential competitors and will enable the Company to pursue strategic and opportunistic out-licensing opportunities.

NEW TECHNOLOGY CONTINUED

PRE*tec* – TARGETING MARKETS WITH VALUE GREATER THAN $5 BILLION

2012–14
DISCOVERY

- Build lab and team
- >800 peptides synthesised and screened in lab
- Mode of action studies

2015–17
IP SECURED

- Identified six lead products
- Initial field trials
- >40 patents filed; first patents granted in 2020

2017–19
EFFICACY CONFIRMED

- Testing in multiple crops in the USA, Brazil and the EU
- PHC279 emerging as first champion
- Low-cost production process in lab

2020–21
REGULATOR SUBMISSION FIRST LAUNCH

- PHC279 registered in Brazil; launch H2 2021
- PHC279 production scale-up confirms low COGS
- PHC949 second champion; US submission
- JDA with Wilbur-Ellis in US specialty crops

2022–25
ACCELERATE LAUNCHES

- Achieve US and Brazil registrations of PHC279 and PHC949
- Launch first products with Wilbur-Ellis in the USA
- Further JDAs and partnerships for multiple launches
- Product development in Europe

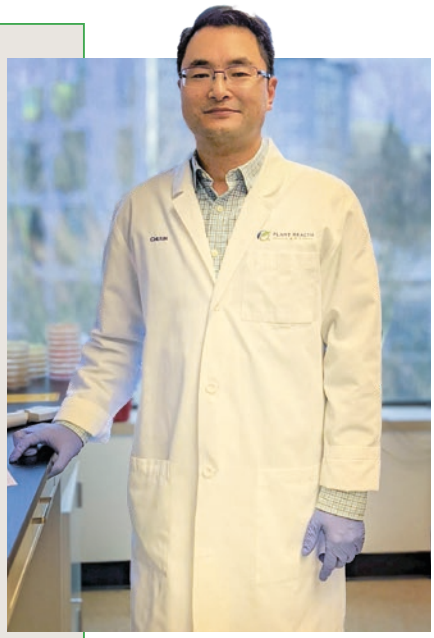
SUNK INVESTMENT> $20 MILLION; SCOPE TO ACCELERATE LAUNCH ROLL-OUT

NEW TECHNOLOGY

CHIJUN LI
SENIOR SCIENTIST

Chijun holds a PhD in Plant Science from the Institute of Botany, Chinese Academy of Sciences, Beijing, China, and received his master's in Plant Science from Sichuan University in Chengdu, Sichuan, China.

Chijun joined Plant Health Care in June 2015 to support the research effort in our Seattle, Washington laboratory. He has been pivotal in successfully developing the first-generation antibiotic-free strain for the production of our 279 peptide, optimised the processing method for our 949 peptide and assisted with the pilot scale production at the Penn State University for several of our lead peptides.



Chijun Li, Senior Scientist

SCIENCE

Zhongmin Wei, Chief Science Officer

SCIENTIFIC EXCELLENCE

A plant has its own strong immune activity, which is activated in nature by infectious agents such as bacteria and fungi. The same reaction can be activated by carefully targeted plant vaccines/elicitors, such as Harpin αβ or a PRE*tec* peptide. Our PRE*tec* technology platform enables us to develop multiple such plant vaccine products with targeted performance such as disease, nematode, growth and yield enhancement.

PRE*tec* has a completely novel mode of action: it works inside out by activating a plant's innate defence and growth system. As illustrated in the picture below, as a signal molecule the active piece of peptide sequence penetrates the cell wall and directly interacts with pre-existing receptor-like proteins by chemical binding. The binding complex triggers cascade responses and leads to the activation of specific plant resistance and growth pathways, through the plant. The activation involves elevating the expression of multiple genes, just as if the plant had been attacked by a pathogen and abiotic stress such as drought. It is important to remember that this is not genetic modification; PRE*tec* is simply stimulating an entirely natural response within the plant. While the reaction can have effects which last for a considerable time, these effects are not passed on to the next generation.

PRE*tec* is environmentally friendly and a sustainable technology. There is no demonstrable toxicity against any other living organisms. Most of the ingredients of the product are edible material such as protein and corn starch. Once PRE*tec* is applied to crops, the peptide will quickly be degraded into plant food and leaves no residues in the environment. This is acknowledged by the Environmental Protection Agency ("EPA") of the USA, which has classified PRE*tec* peptides as having low toxicity and leaving zero residues in either plants or the environment.

After 30 years of research and development work on plant elicitors, we were able to build the PRE*tec* discovery platform over the last eight years. We synthesised, characterised and tested more than 800 peptides for specific performance, which led to the discovery of three distinct product development platforms, each of which has the potential to produce many products with different characteristics. These discoveries led to over 40 patents being filed, the first of which have now been granted by the US Patent Office.

Innatus 3G – This platform enables us to develop products serving as a plant vaccine to prevent diseases such as Asian Soybean Rust ("ASR"). The vaccinated plants also show enhanced growth, strength and yield increase. We are currently focused on PHC279 from the Innatus 3G platform, which has shown remarkable activity in many crops.

T-Rex 3G – This platform enables us to develop products specifically for the activation of plants' natural defence against nematode infection for both major row crops and specialty crops. The vaccinated plants also show great resistance to abiotic stress such as drought. Within T-Rex 3G, we are currently focused on PHC949. This product is showing performance comparable to that of conventional chemicals in field trials; this is very remarkable efficacy for a biological product, with its very benign toxicological profile.

Y-Max 3G – This platform enables us to develop products as biostimulants activating plant growth genes and pathways for yield increase and quality improvement in various crops such as fruit and vegetables. We are currently focused on PHC404 and PHC414 from the Y-Max platform. Both are showing encouraging results in the field.

Dozens of potential PRE*tec* candidates have been identified and tested in greenhouses and in the field for multiple years as pipeline products.

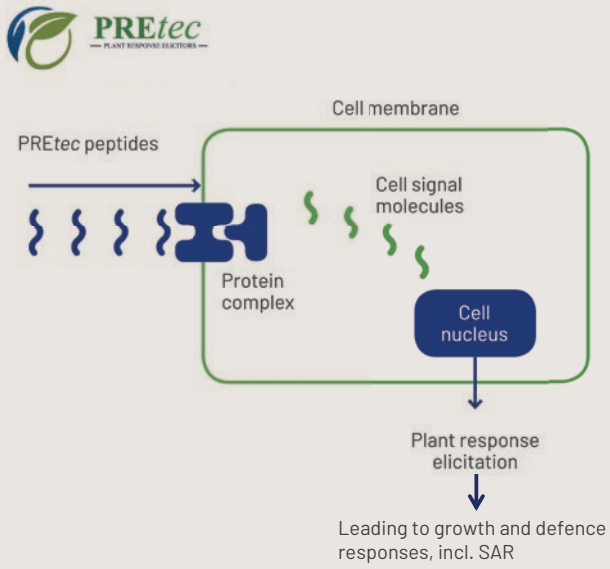
We have developed fermentation-based high-yield production methods for our PRE*tec* products. Both dry and liquid formulations have been developed. Our production method is simple, consistent and very low cost. The production method uses largely food grade raw materials and has zero discharge, which makes it very environmentally friendly. Toll manufacturing at pilot scale has been achieved and large-scale commercial production is in process.

SCIENCE CONTINUED

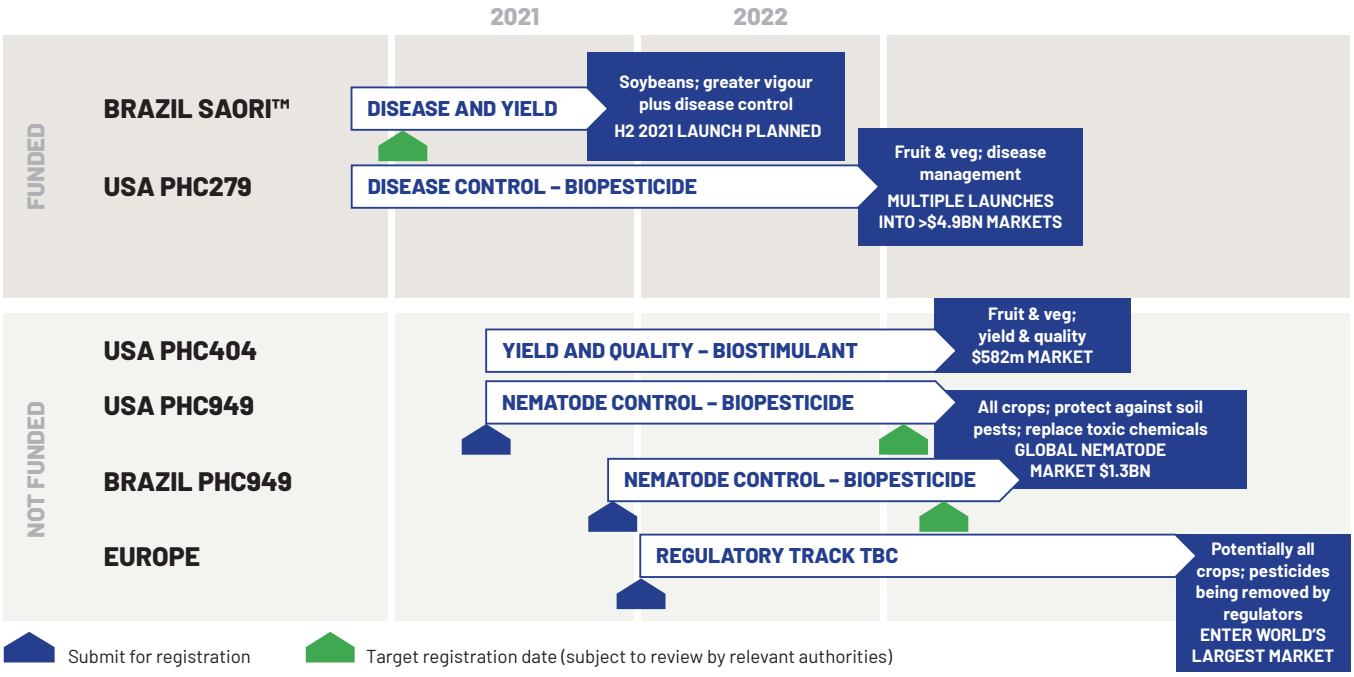
In comparing to the current Harpin commercial product, PRE*tec* offers the following advantages:

1) More potent – enters the plant cells and activates plant defence and growth pathways.
2) More stable and able to deliver liquid formulation product, so easier to use.
3) Differentiated products have specific performance advantages, such as increased disease resistance, reduced nematode infection and enhanced yield.
4) Lower cost to achieve the same effect in the field.

PLANT RESPONSE ELICITOR TECHNOLOGY



MULTIPLE PRODUCTS FROM THE PRE*tec* PIPELINE



PRODUCT PIPELINE TARGETING MARKETS WORTH >$5BN

AT THE HEART OF SUSTAINABLE AGRICULTURE

Plant Health Care is committed to protecting the environment in areas where we conduct our business. This requires the Group to be fully compliant with a range of national, regional and international guidelines on safety, EMC emissions and energy efficiency.

Our core proprietary products are classified by the US Environmental Protection Agency as non-toxic and presenting zero residues in the crop. Both Harpin αβ and PRE*tec* require very little energy input to be created though fermentation, and very small quantities are required to achieve notable yield increases. Modern crop cultivation requires a significant amount of energy during the application of fertilisers, pesticides, and water. Plant Health Care's products enable significant reductions in carbon intensity of crops.

AGRICULTURAL INPUTS

Agricultural inputs are the focus of increasing concern around the world. While often critical for ensuring food security and high harvest yields, conventional inputs may be energy-intensive and hazardous to handle; they may leave damaging residues in harvested crops and the environment; and they may result in long term depletion of soils and the net release of greenhouse gases.

This has led to increasingly tight restrictions on the use of conventional inputs, as regulations are tightened and use patterns are restricted. For example, the European Union's 'Farm to Fork' framework sets out a target to reduce chemical pesticide usage by 50% by 2030, encouraging the use of Integrated Pest Management. Specifically, the EU aims to facilitate market entry by biological products; similar initiatives are already in place in the USA and some other countries, including Brazil.

BIOLOGICALS

Biologicals are inputs that are based on living systems or derived from plants or copied or inspired by naturally occurring materials.

They are not all entirely harmless and benign but, compared with chemical pesticides, they tend to be less harmful, less persistent, and less damaging to the environment. Consequently, biologicals are subject to significantly less demanding, expensive and time-consuming registration procedures.

Biologicals are increasingly used in organic farming and in export fruit and vegetable production, where consumer pressure for provenance is particularly high. However, organic farming accounts for less than 5% of global food production. Many biologicals are more expensive and may be less practical to use by mainstream farmers. As a result, the adoption of biologicals in conventional agriculture has been limited.

PHC: A LEADER IN BIOLOGICALS

Plant Health Care has been committed to biologicals from the beginning, with a particular focus on developing products that can be used across mainstream agriculture in many crops and regions. The Company's technology seeks to enable the plants themselves to manage their environmental challenges.

We have been able to stabilise small peptide molecules so the finished products have a long shelf life, the active ingredient will last longer in the farmer's tank mix, (we have not conducted studies to support the claims) yet will biodegrade rapidly in the environment leaving no residues.

Our peptides do not have demonstrable toxicity in mammalian and non-targeted organisms. Based on the sequence analysis and search through the data base our peptides do not elicit any allergenicity reaction to human and other organisms.

Our fermentation-based production is environmentally friendly. Most ingredients used in the production are food grade material. There is zero discharge during and after the production run except for the evaporation of water during the dry formulation.

BENEFITS

Minimising harmful impacts through sustainable manufacturing and safe handling are core principles for us. Moreover, once applied in commercial agricultural systems, our products have the potential to deliver massive benefits at the global environmental scale. Increasing yields for growers mean less land is required for agriculture. Treated crops grow stronger without additional fertiliser, tend to require less fungicide to control diseases, and survive stressful events like drought that might otherwise lead to the loss of harvest. Biomass increases with the yield, and roots tend to grow "deeper and steeper" after treatment. This means more straw and more root material left in the soil, helping to retain soil structure and associated biodiversity, locking in carbon.

SUSTAINABLE AGRICULTURE

Farming is one of the most impactful global activities in terms of energy inputs, net greenhouse gas emissions and environmental impact. With proper management, agriculture could deliver environmental improvement and carbon sequestration. Lower inputs, higher yields, improved soil health and avoiding losses in the food chain are the key driving factors. Plant Health Care has deployed cutting edge science over many years to develop a pipeline of new inputs to provide practical and economic benefits for sustainable agriculture around the world.

FINANCIAL SUMMARY

Jeffrey Hovey, Chief Financial Officer

CONTINUED CONTROL OF EXPENSES AND REDUCED WORKING CAPITAL

A summary of the financial results for the year ended 31 December 2020 with comparatives for the previous financial year is set out below:

	2020 $'000	2019 $'000
Revenue	**6,611**	6,436
Gross profit	**3,683**	3,602
	56%	56%
Operating loss	**(3,568)**	(4,127)
Finance income (net)	**264**	285
Net loss for the year before tax	**(3,304)**	(3,842)
Adjusted LBITDA	**(3,304)**	(3,814)
Cash equivalents and investments	**4,149**	2,420

REVENUES

Revenues in 2020 increased by 3% to $6.6 million (2019: $6.4 million). On a constant currency basis revenue increased 10% or $0.6 million driven by strong growth in the sugar cane and citrus markets in Brazil and Spain, respectively. The gross margin was steady at 56% (2019: 56%) despite a cost increase in Harpin due to the US tariffs with China. The Group was able to maintain its margin versus 2019 levels due to increased Harpin sales in several regions.

The Group has three separate reporting segments as set out below.

AMERICAS

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

External revenue in the Americas segment increased 2% to $2.2 million (2019: $2.1 million). The increase in revenue was primarily due to further expansion into the specialty crop market through our partner Wilbur-Ellis. 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 decreased 3% (increase of 7% in constant currency) to $3.2 million (2019: $3.3 million). This was due to reduced domestic demand for fruits and vegetables and the devaluation of the Peso as a result of the Covid-19 pandemic. Revenue in Mexico includes sales of Harpin αβ, Myconate and third-party products.

REST OF WORLD

External revenue in the Rest of World segment increased 24% (22% in constant currency) to $1.2 million (2019: $1.0 million). The increase was primarily due to a sales increase of 33% (30% in constant currency) in Spain due to further growth into the citrus market and expansion into Chile. Revenue in the Rest of World segment is predominantly from Harpin αβ and nominal Myconate sales.

The Group's revenue, gross margin and LBITDA is weighted towards the second half of the financial year.

GROSS MARGIN

Gross margin remained steady at 56% (2019: 56%). The Group experienced a cost increase in Harpin due to the US tariffs with China but was able to maintain its margin versus 2019 levels due to increased Harpin sales in several regions.

OPERATING EXPENSES

The Group has maintained strict control of cash operating expenses, which decreased to $7.3 million (2019: $7.4 million). The main contributors were reduced sales and marketing spend at $2.9 million (2019: $3.2 million) offset by increased spend in new technology of $2.3 million (2019: $2.1 million).

Unallocated corporate expenses decreased $0.1 million to $0.2 million (2019: $0.3 million). The decrease was attributable to the increase in the value of Sterling loans from our UK subsidiary due to the appreciation of the Pound.

Adjusted LBITDA*, a non-GAAP measure, decreased by $0.5 million to $3.3 million primarily due to improved gross profit of $0.1 million and reduced spend in Sales and Marketing $0.3 million offset by increased spend in New Technology $0.2 million. The LBITDA in 2020 also improved due to the receipt of $0.3 million from the Paycheck Protection Program in the USA and a Covid loan of $0.1 million from the Spanish government.

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

	2020 $'000	2019 $'000
Operating loss	**(3,568)**	(4,127)
Depreciation/amortisation	**639**	778
Share-based payment expense	**596**	318
Intercompany foreign exchange gains	**(971)**	(783)
Adjusted LBITDA	**(3,304)**	(3,814)

BALANCE SHEET

At 31 December 2020 and 2019, investments, cash and cash equivalents were $4.1 million and $2.4 million respectively. Cash remains a primary focus for the Group. Cash used in operations decreased to $2.5 million (2019: $4.4 million) primarily due to improved working capital through increased collections, increased accounts payable and proceeds of $0.3 million from the Paycheck Protection Program in the United States and a Covid-19 loan of $0.1 million from the Spanish government.

Inventory ($3.6 million), accounts receivable ($3.1 million), and payables ($1.3 million) were comparable to the prior year ($3.0 million, $3.6 million and $0.8 million, respectively) with the exception of large trade payable balance with our manufacturer of Harpin αβ (2020: $0.5 million; 2019: nil).

Translation of the results of foreign subsidiaries for inclusion within the consolidated Group results resulted in an exchange loss of $1.2 million recorded within other comprehensive income and foreign exchange reserves (2019: loss of $0.8 million).

CASH FLOW AND LIQUIDITY

Net cash used in operations was $2.5 million (2019: $4.4 million). The decrease is due to reduced losses and improvement in working capital through increased collections and payables management.

Net cash used by investing was $1.2 million in 2020 (2019: $0.1 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 $4.2 million (2019: $2.6 million). The increase was primarily due to the March 2020 equity raise of $4.4 million.

GOING CONCERN

In assessing whether the going concern basis is appropriate for preparing the 2020 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 $4.1 million. The principal risks and uncertainties the Group faces and other factors impacting the Group's future performance were considered. The directors confirm that they have a reasonable expectation that the group will have adequate resources to continue in operational existence for the next 12 months from approval of these financial statements and accordingly these financial statements are prepared on a going concern basis, with no material uncertainty over going concern. Analysis of the going concern position is detailed in the Directors' report and note 2 to the financial statements.

JEFFREY HOVEY
Chief Financial Officer
22 April 2021

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.

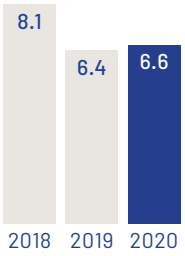
The KPIs for financial performance of the Commercial area and for the Group as a whole include revenue, gross profit and margin, operating loss and LBITDA. These KPIs indicate the volume of work the Group has undertaken, as well as the valuation with which this work has been delivered.

The KPIs for financial performance for the year ended 31 December 2020, with comparatives for the year ended 31 December 2019, are set out on the right.

FINANCIAL

REVENUE ($m)

$6.6m



WHY WE MEASURE IT
The value of goods recognised as income in accordance with IFRS 15 "Revenue from Contracts with Customers".

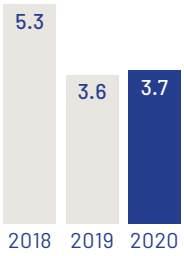
WHY IT IS IMPORTANT
Revenue growth shows how the business is performing year over year.

WHAT IT MEANS
When viewed with the gross profit and operating expenses, revenue gives an indication if the Group is close to achieving a breakeven position.

LINKS TO STRATEGY
1 2 3 4 5

GROSS PROFIT ($m)

$3.7m



WHY WE MEASURE IT
To analyse the profitability and financial performance of each segment and the Group as a whole.

WHY IT IS IMPORTANT
A strong gross profit indicates the efficiency of the Group in producing its goods.

WHAT IT MEANS
The Group's gross profit increased from 2019 levels.

LINKS TO STRATEGY
1 2 3 4 5

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 R&D as each project develops.

PROPRIETARY PRODUCTS

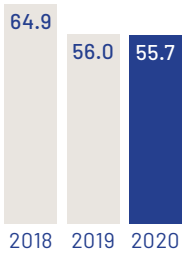
In addition, an important KPI is the movement in revenue and gross margin achieved from the sale of our proprietary products; Harpin and Myconate.

REVENUE ($'000)

$2,165 Americas (2019: $2,109)
$613 Mexico (2019: $689)
$1,206 Rest of World (2019: $972)

GROSS PROFIT MARGIN (%)

55.7%



WHY WE MEASURE IT
To show the efficiency with which the Group can sell its products.

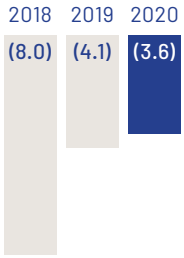
WHY IT IS IMPORTANT
A high gross profit margin leads to a strong bottom line.

WHAT IT MEANS
The Group's gross profit margin remained steady from the prior year.

LINKS TO STRATEGY
1 2 3 4 5

OPERATING LOSS ($m)

$(3.6)m



WHY WE MEASURE IT
The result after deducting operating expenses from the gross profit.

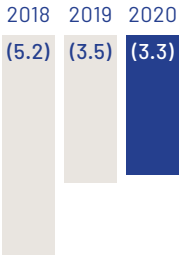
WHY IT IS IMPORTANT
Achieving an operating profit is a critical goal of the Group as it would significantly reduce the key risk of running out of cash before realising the Group's long-term vision.

WHAT IT MEANS
A reduced operating loss from the previous year indicates that the Group is making progress towards its long-term goals.

LINKS TO STRATEGY
1 4 5

LBITDA ($m)

$(3.3)m



WHY WE MEASURE IT
The result after deducting intercompany Forex gains and losses, shared-based payments, depreciation, amortisation, interest and tax from the Group's revenue.

WHY IT IS IMPORTANT
Reducing LBITDA is a core short-term and long-term goal of the Group. Improving LBITDA reduces the risk of the Group running out of cash before the Group has realised its strategic goals.

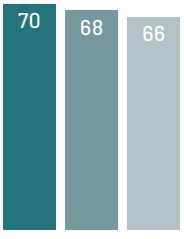
WHAT IT MEANS
The Group's LBITDA improved in 2020 which brought the Group closer to cash flow neutral.

LINKS TO STRATEGY
1 2 3 4

GROSS MARGIN ($'000)

- **$1,512** Americas (2019: $1,544)
- **$418** Mexico (2019: $500)
- **$792** Rest of World (2019: $635)

GROSS MARGIN PERCENTAGE (%)



- **70%** Americas (2019: 73%)
- **68%** Mexico (2019: 73%)
- **66%** Rest of World (2019: 65%)

SECTION 172 STATEMENT

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
INVESTORS	• Investor website. • Proactive investor relations. • Periodic investor calls or meetings. • Webinars to update investors on the progress of the Group. • Stock Exchange announcements and press releases.
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.
EMPLOYEES	• Participation in employee activities and global staff meetings is encouraged. • Monthly meetings to encourage the sharing of ideas and views. • All-employee bonus and options schemes. • Due to Covid-19, the ability to work remotely was put in place throughout most of 2020. • Covid-19 safeguards were implemented during March 2020 and maintained throughout the pandemic.
SUPPLIERS	• Supply chain risk management. • Regular engagement with our suppliers. • Continuous process improvements. • The risks associated with delays and constraints to the supply chain as a result of the Covid-19 pandemic had the potential to have a material impact on the Group.

Outcomes
• Investors' opinions are taken into account when determining strategy, operational performance and remuneration policies.
• 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 registration issues by country, in particular with sugar cane in Brazil and corn in the USA.
• Improvements were made to the remuneration policy mainly through the issuance of new bonus option schemes. • Board encouraged senior management to proactively manage career development for all employees. The senior management team has semi-annual meetings with its staff to assess employees' interest in expanding their current duties and responsibilities. • Expanded HS&E policies to include enhanced safety training for the Seattle laboratory, sensitivity training globally and warehouse training. • Our employees have been minimally affected by Covid-19 due to the ability to work remotely and the safeguards established.
• 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 Group minimised supply chain disruptions due to Covid-19, by ordering product ahead of typical needs and prior to the pandemic being widespread.

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 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 are led by the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer;
- reports are 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.

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

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 in the management of the Group's cash, controlling costs and maintaining strong investor support.
DISRUPTION TO THE GLOBAL SUPPLY CHAIN • The supply chain for the Group is global. Because of this, it is subject to disruption from political, social, economic factors and the impacts of the Covid-19 pandemic.	• This risk is mitigated by the Group's ability to use multiple suppliers in the European and Southeast Asian markets.

Description	Mitigation
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 αβ product line 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's ability to generate revenue. • Our PRE*tec* product launches depend on evaluation and distribution partners converting their declared interest into formal commercial transactions.	• These risks are mitigated by continuing to promote our products and perform regular reviews of our commercial business plans, continued product development and maintaining close relationships with our key distributors.
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 outsourcing manufacturing partners or we may experience delays in scaling up to full commercial production. • 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. Annual reviews of the remuneration structure are carried out to retain and reward outstanding performance.

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 20 to the financial statements.

On behalf of the Board

DR CHRISTOPHER RICHARDS
Chief Executive Officer
22 April 2021

STRONG AND EXPERIENCED LEADERSHIP

DR CHRISTOPHER G J RICHARDS

CHIEF EXECUTIVE OFFICER
Appointed August 2012

Dr. Christopher Richards joined the Company as Non-executive Chairman in August 2012. He became Executive Chairman in April 2015 then Interim Chief Executive Officer in November 2018. Chris spent 20 years at Syngenta and its predecessor companies in various strategic management positions in South America, Europe and Asia. He then served as CEO of Arysta LifeScience from 2004 until 2010, leading Arysta LifeScience's transformation into a global agrochemical company with sales above $1.6 billion. He was then Chairman of Arysta LifeScience until 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 nano-materials technology company carrying out research, development and commercialisation of products based on heavy-metal free quantum dots. Chris farms in Devon, UK.

DR RICHARD H WEBB

NON-EXECUTIVE CHAIRMAN
Appointed September 2013

Richard Webb joined the Company in September 2013 as a Non-executive Director.

In January 2015, he was appointed as Executive Director, responsible for leading the New Technology strategy and licensing. In January 2019 he became a Non-executive again, taking over as Chairman in October 2019. Richard held various positions at ICI plc, including, early in his career, managing laboratory, field and commercial development programmes for its public health pesticide business. Later he held corporate strategy roles at the time of ICI's demerger and restructuring. Thereafter he worked as a consultant, mostly with life sciences business. It was in this capacity that he was originally engaged by the Company in 2012 to work on the development of its new business strategy. His doctorate, in pest biology, is from the London School of Hygiene & Tropical Medicine.

MR JEFFREY HOVEY

CHIEF FINANCIAL OFFICER
Appointed November 2019

Jeffrey Hovey joined the Company as Chief Financial Officer in September 2013. He became an Executive Director in November 2019. He drove re-structuring and cost reduction for the Company in 2014. He has over 25 years' financial management experience and is a CPA with IFRS and US GAAP experience. Jeffrey Hovey 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, he led the accounting and financial due diligence effort which ultimately led to the sale of the company to an international office supply company.

KEY TO COMMITTEE MEMBERSHIP

Ⓐ Audit

Ⓡ Remuneration

● Chairman

MR JEFFREY TWEEDY

CHIEF OPERATING OFFICER

Appointed November 2019

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 30 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.

MR GUY VAN ZWANENBERG

NON-EXECUTIVE DIRECTOR

Appointed November 2019

Guy van Zwanenberg joined the Board in November 2019 as a Non-executive Director. He is the Chair 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 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.

MR WILLIAM M LEWIS

NON-EXECUTIVE DIRECTOR

Appointed April 2015

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 Lewis 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 Lewis 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 REPORT

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 10 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 are 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 or remotely based on Covid restrictions 5 times a year, with ad hoc meetings as and when the business needs demand. 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 establish 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 CEO, 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 2 to 27.

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 26 and 27 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 Webb, Non-executive Chairman
- Dr Christopher G J Richards, Executive Director and CEO
- Mr Jeffrey Hovey, Executive Director and CFO
- Mr Jeffrey Tweedy, Executive Director and COO
- 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 is set out on the website.

The Company Secretary 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 receive 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 make 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.

The Board made the decision not to form a separate HSE committee. Matters if HSE are treated with the up most importance and considered by the Board as a whole. HSE is a standing agenda item considered at every scheduled Board meeting.

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) and Mark Turner (Director, Technology Licensing).

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD COMPOSITION

The Company's Board is currently comprised of 3 Non-executive Directors and 3 Executive Directors. The Chairman is non-independent.

Directors' biographies are set out on pages 28 and 29. 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 2020, and Directors' attendance records, is set out on page 38.

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, 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 are briefed by the team.

In early 2020, the Board received a refresher from its Nomad on the requirements of the UK market Abuse Regulations and disclosure requirements of the FCA.

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, 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 CEO and senior management team monitors the Company's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.

GUY VAN ZWANENBERG

Senior Independent Director

22 April 2021

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, to review and consider 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 will receive reports from the external auditor 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 auditor also present their fee proposals for the forthcoming annual audit at the December meeting.

INDEPENDENCE OF EXTERNAL AUDITOR

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

- Audit related services - the external auditor is invited to provide services which, in their position as auditor they must or is 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 auditor's tax advisers. However, in the current year and prior years, the Group has not used the auditors tax advisers for tax consultant services.
- General consulting - recognising the public concern over the issue of auditor's independence, our policy is that the external auditor 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 the Audit Committee
22 April 2021

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 2020:

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

In lieu of additional salary for his role as Interim Chief Executive Officer, Christopher Richards was granted share options in 2020 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 10 years from grant. In most cases, vesting is also dependent upon the option holder remaining an eligible employee. In 2014, the scheme reached the 10th 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 10 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 10 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. No further awards will be granted under the 2015 Employee Share Option Plan.

(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 10 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 Dr 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 2020, the Group made matching contributions of up to 4%. In 2019, the Group made matching contributions of up to 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 2019 and 2020, 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 2019 and 2020, 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/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 2019 and 31 December 2020, 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 2020 $'000**	Total 2019 $'000
Executive:						
Dr C Richards	150	–	–	171	**321**	159
J Hovey***	213	20	31	62	**326**	264
J Tweedy***	277	33	13	78	**401**	331
Non-executive:						
M Higgins**	–	–	–	–	**–**	58
Dr R Webb*	95	–	–	77	**172**	67
W Lewis	51	–	–	–	**51**	32
G van Zwanenberg***	49	–	–	–	**49**	8
	835	53	44	388	**1,320**	919

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

** M Higgins appointment terminated 30 September 2019.

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

OTHER BENEFITS

In 2020, the Group incurred $44,000 (2019: $36,000) of medical, dental and life insurance and pension expense on behalf of two Directors.

OTHER INFORMATION

During the year, the Company's share price on AIM ranged between 5.0 and 15.25p. At 31 December 2020, the share price was 13.45p. At 22 April 2021, the last working day prior to the approval of this annual report, the share price was 16.40p.

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

WILLIAM LEWIS
Chairman of Remuneration Committee
22 April 2021

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2020. See note 20 for discussion of financial risk management objectives and policies, 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 47 and show a loss for the year of $3,224,000 (2019: loss of $3,684,000).

The Directors recommend that no dividend be paid at this time (2019: 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 2020 were as follows:

	At 31 December 2020	
	Shares	Options
Dr C Richards	**2,733,015***	**5,941,022**
Dr R Webb	**1,265,264**	**1,658,981**
J Tweedy	**66,364**	**4,116,469**
J Hovey	**29,076**	**3,150,910**
W Lewis	**630,463**	**–**

* 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 22 April 2021, the Directors are aware of the following persons who, directly or indirectly, are invested in 3% or more of the Company's existing ordinary share capital:

Name	Shares held	% of issued share capital*
Richard Griffiths	64,697,432	21.39
Ospraie AG Science	64,154,361	21.21
1798 Volantis	27,533,547	9.10
Scobie Ward	16,848,280	5.57
Boulder River Capital Corporation and its affiliates	15,365,253	5.08
Spreadex Limited	10,831,858	3.58

* 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 2 to 27.

BUSINESS REVIEW

For a discussion of the Group's 2020 performance and future developments, see the Chairman's statement and Strategic report on pages 2 to 27.

POST-BALANCE SHEET EVENTS

For detail on post-balance sheet events, see note 25 on page 73.

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 2020 financial year:

	Board	Audit Committee	Remuneration Committee
Number of meetings held	11	4	3
Dr C Richards	11	1	3
Dr R Webb	11	2	3
W Lewis	10	4	3
G van Zwanenberg	11	4	3
J Tweedy	10	–	–
J Hovey	10	4	3

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.

BREXIT

The United Kingdom ('UK') formally left the European Union ('EU') on 31 January 2020. This was followed by a transition period until 31 December 2020, during which trade and border arrangements, citizens' rights, and jurisdiction on matters such as dispute resolution, remained broadly unchanged, in accordance with the UK-EU Withdrawal Agreement and the EU (Withdrawal Agreement) Act 2020. Shortly before the expiry of the transition period, on 24 December 2020, the UK and the EU agreed upon a comprehensive Trade and Cooperation Agreement, which incorporated a free trade agreement, a partnership for citizens' security and a horizontal agreement on governance.

The directors currently deem that the effects of the UK's withdrawal from the EU and entering into the Trade and Cooperative Agreement with the EU will not have a significant impact on the group and company's operations, due to the global geographical footprint of the business and the nature of its operations. However, the directors and management continue to monitor the situation to manage the risk of the return of volatility in the global financial markets and impact on global economic performance.

COVID-19

The directors have continued to monitor and respond to the effects of the global Covid-19 pandemic on the Group and took prompt steps to ensure there was no material impact on the company's operations and working capital. In particular, the board implemented travel restrictions for Group business units and remote working arrangements for most of the Groups global workforce and instituted safety protocols for all business segments based on local Covid guidelines.

Future working practices after the pandemic has receded are expected to include a blend of home and office working. Some limited rationalisation of office space has already been undertaken as leases permit, but we do not currently anticipate a major reduction in the near future.

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 this annual 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 continuing impact of the pandemic 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 $4.4 million (net of costs) from new and existing investors in March 2020 and the $9.1 million fund raise in March of 2021.

As further detailed in note 2 to the financial statements, the Group's going concern assessment is based on forecasts and projections of anticipated trading performance. The assumptions applied are subjective and management applies judgement in estimating the probability, timing and value of underlying cash flows. The directors confirm that they have a reasonable expectation that the group will have adequate resources to continue in operational existence for the next 12 months from approval of these financial statements and accordingly these financial statements are prepared on a going concern basis, with no material uncertainty over going concern.

GREENHOUSE GAS EMISSIONS

The 2018 Regulations introduced requirements under Part 15 of the Companies Act 2006 for an enhanced group of companies, which are defined as large by the Companies Act 2006, to disclose their annual energy use and greenhouse gas emissions, and related information. Under the 2018 Regulations, the Group is not currently defined as large and is considered a low energy user, with annual energy consumption less than 40 MWh. Based on Plant Health Care's dedication to reducing the planet's carbon footprint and addressing climate change, Plant Health Care plc, itself consumes less than 40MWh and therefore is a low energy user, and the Group has chosen to include a sustainability section on page 19.

ANNUAL GENERAL MEETING

At the forthcoming annual general meeting of the Company, resolutions will be put forward to re-elect Richard Webb and William Lewis as Directors and to re-appoint BDO LLP as the auditor of the Company.

By order of the Board

AMBA SECRETARIES LIMITED

Company Secretary
22 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and 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 and company financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and 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 the Alternative Investment Market.

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 they have been prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006, 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 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 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 is made available on a website. Annual reports 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 annual reports contained therein.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

to the members of Plant Health Care plc

OPINION ON THE FINANCIAL STATEMENTS

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 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

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 2020, 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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)'.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remain 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.

CONCLUSIONS RELATING TO GOING CONCERN

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

- 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.
- 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 considered the appropriateness of the sensitivities applied in respect of the impact of Covid-19 and its effects on the group's solvency and liquidity position.
- Review of post year-end management accounts, specifically comparing the cash position against that budgeted.
- Making 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.
- Considering the adequacy of the disclosures in the financial statements against the requirements of the accounting standards.

We consider this area to be a key audit matter.

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

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

OVERVIEW

COVERAGE[1]

85% (2019: 86%) of Group loss before tax

92% (2019: 94%) of Group revenue

96% (2019: 97%) of Group total assets

KEY AUDIT MATTERS

2020	2019
Debtors recoverability	Debtors recoverability
Going concern	Going concern
—	Revenue recognition
Impairment of fixed asset investment and goodwill	—

Revenue recognition was considered to be a key audit matter in 2019 because of specific transactions/events during that year.

MATERIALITY

GROUP FINANCIAL STATEMENTS AS A WHOLE

$240,000 (2019: $280,000) based on 5% of the average loss before tax of the last three years, excluding non-recurring items (2019: consistent with 2020 approach).

1 These are areas which have been subject to a full scope audit.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The group consists of eight entities based in Europe, South America, North America and Mexico. There are two entities based in the UK, one being the holding company, the other being a trading company. Further to this there are three entities incorporated in the USA, two are holding companies and one is trading. The remaining three trading entities are incorporated in Spain, Brazil and Mexico respectively.

Based on our assessment of the group, we focused our group audit scope primarily over the significant components, being Plant Health Care Plc, Plant Health Care UK Limited, Plant Health Care Mexico, Plant Health Care Spain and the three USA entities, which are treated as one significant component. The significant components in all territories were subject to full scope audits by the group and component audit teams, with desktop reviews supported by specific risk procedures performed by the group audit team for the remaining group entity in Brazil.

At the group level we also tested the consolidation process including consolidation adjustments and journals, performed work on all key judgement areas and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.

OUR INVOLVEMENT WITH COMPONENT AUDITORS

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Plant Health Care Mexico: We instructed this member firm as to the scope and timing of their work on the financial information for group reporting purposes, we held virtual meetings with the audit team through the planning, execution and completion stage of their audit, and reviewed their audit documentation and findings remotely.

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) that 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. In addition to going concern, described in the going concern section above, we determined the matters described below to be key audit matters.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Plant Health Care plc

AN OVERVIEW OF THE SCOPE OF OUR AUDIT CONTINUED
KEY AUDIT MATTERS CONTINUED

Key audit matter	How the scope of our audit addressed the key audit matter
Recoverability of trade receivables The Group has significant trade receivable balances at the year-end, many of which have significant credit periods. We considered there to be a significant risk arising over the recoverability of trade receivables. Varying payment history makes assessment of expected credit losses, particularly judgemental. Details of the group's accounting policies applied during the period are given in note 2 and 16 on pages 53 and 66 respectively.	We performed the following procedures: • 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 customers have deviated from their payment plan we reviewed management's impairment assessment for all material debtor balances, 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 considered the appropriateness of the financial statement disclosures in this area. **Key observations:** Based on the procedures performed, we consider management's judgements around the recoverability of trade receivables to be appropriate.
Impairment review of the Parent Company's investment carrying value and the group's goodwill carrying value The Directors' have considered both a value in use model and the fair value less costs of disposal in assessing the carrying value of the investment in the Plant Health Care subsidiaries carried on the Parent Company balance sheet. The group's goodwill carrying value as been assessed using management's value in use model only. There is significant judgement involved in the estimation of the recoverable amount of the fixed asset investment and goodwill balances. Details of the group's accounting policies applied during the period are given in note 2, 13, 26 and 32 on pages 53, 64, 76 and 78 respectively.	Our audit procedures included the following: • We reviewed and arithmetically checked management's impairment assessment, based on our knowledge of the Group's business, performance to date and from discussions with management. • We assessed whether the methodology applied to value both the investment and goodwill carrying value appropriately supports each assets value. • We reviewed and challenged of the assumptions underpinning the forecasts and the other inputs into the value in use model. This included a recalculation of the discount rate applied. • We checked that the forecast figures included within the model had been approved by the Board and the base case scenario was consistent with information obtained in other audit procedures. • We also reviewed the different scenarios used by management and ran our own sensitives to evaluate management's assessment of the existence of any impairment to the carrying value of the investment or goodwill (including goodwill). • We assessed the completeness and accuracy of the related accounting policies and disclosures in the financial statements. **Key observations:** Based on the procedures performed, we consider management's judgements relating to the impairment of the Parent company's investment balance and Group's goodwill to be appropriate.

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 level, 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2020	2019	2020	2019
Materiality	$240,000	$280,000	$120,000	$140,000
Basis for determining materiality	5% of the average loss before tax of the last three years, excluding non-recurring items	5% of the average loss before tax of the last three years, excluding non-recurring items	50% Group Materiality	
Rationale for the benchmark applied	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.		Materiality for the parent company was set at 50% of group materiality paying due consideration to aggregation risk in relation to group materiality.	
Performance materiality	$180,000	$210,000	$90,000	$105,000
Basis for determining performance materiality	Performance materiality was set at 75%. 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.			

OUR APPLICATION OF MATERIALITY CONTINUED

COMPONENT MATERIALITY

We set materiality for each component of the Group based on a percentage of between 2% and 50% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $5,000 to $120,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $12,000 (2019: $14,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. In the light of the knowledge and understanding of the Group and 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.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' responsibilities, 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Plant Health Care plc

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, rules of the London Stock Exchange for companies trading securities on AIM, the Companies Act 2006 and relevant tax compliance regulations;
- We understood how the group is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee;
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management from the group to understand where they considered there was a susceptibility to fraud;
- Our audit planning identified fraud risks in relation to management override and inappropriate or incorrect recognition of revenue. We obtained and understanding of the processes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls; and
- With regards to the fraud risk in management override, our procedures included journal testing, with a focus on large or unusual entries based on our knowledge of the business. We also performed an assessment on the appropriateness of key judgements and estimates, which are subject to management's judgement and estimation, and could be subject to potential bias.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

USE OF OUR REPORT

This report is made solely to the 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
United Kingdom
22 April 2021

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 2020

	Note	2020 $'000	2019 $'000
Revenue	4	**6,611**	6,436
Cost of sales		**(2,928)**	(2,834)
Gross profit		**3,683**	3,602
Other income		**289**	–
Research and development expenses		**(2,963)**	(2,775)
Sales and marketing expenses		**(2,876)**	(3,144)
Administrative expenses		**(1,701)**	(1,810)
Operating loss	5	**(3,568)**	(4,127)
Finance income	10	**295**	323
Finance expense	10	**(31)**	(38)
Loss before tax		**(3,304)**	(3,842)
Income tax credit	11	**80**	158
Loss for the year attributable to the equity holders of the parent company		**(3,224)**	(3,684)
Other comprehensive income			
Items which will or may be reclassified to profit or loss:			
Exchange (loss)/gain on translation of foreign operations		**(1,211)**	(792)
Total comprehensive loss for the year attributable to the equity holders of the parent company		**(4,435)**	(4,476)
Basic and diluted loss per share	12	**$(0.01)**	$(0.02)

The notes on pages 51 to 73 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	2020 $'000	2019 $'000
Assets			
Non-current assets			
Intangible assets	13	**1,625**	1,649
Property, plant and equipment	14	**246**	475
Right-of-use assets	19	**970**	416
Trade and other receivables	16	**303**	150
Total non-current assets		**3,144**	2,690
Current assets			
Inventories	15	**3,567**	2,960
Trade and other receivables	16	**2,778**	3,412
Tax receivable	11	**251**	335
Investments	20	**3,167**	1,964
Cash and cash equivalents		**982**	457
Total current assets		**10,745**	9,128
Total assets		**13,889**	11,818
Liabilities			
Current liabilities			
Trade and other payables	17	**2,118**	1,406
Borrowings	18	**33**	–
Lease liabilities	19	**400**	353
Total current liabilities		**2,551**	1,759
Non-current liabilities			
Borrowings	18	**193**	–
Lease liabilities	19	**583**	107
Total non-current liabilities		**776**	107
Total liabilities		**3,327**	1,866
Total net assets		**10,562**	9,952
Share capital	22	**3,605**	3,030
Share premium		**92,520**	88,647
Foreign exchange reserve		**(1,271)**	(61)
Accumulated deficit		**(84,292)**	(81,664)
Total equity		**10,562**	9,952

The consolidated financial statements were approved and authorised for issue by the Board on 22 April 2021.

CHRISTOPHER RICHARDS
Director

Registered no: 05116780 (England and Wales)

The notes on pages 51 to 73 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Accumulated deficit $'000	Total $'000
Balance at 1 January 2019	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 income/(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
Loss for the year	–	–	–	(3,224)	(3,224)
Exchange difference arising on translation of foreign operations	–	–	(1,210)	–	(1,210)
Total comprehensive income/(loss)	–	–	(1,210)	(3,224)	(4,434)
Shares issued net of issue costs	575	3,873	–	–	4,448
Share-based payments	–	–	–	596	596
Balance at 31 December 2020	**3,605**	**92,520**	**(1,271)**	**(84,292)**	**10,562**

The notes on pages 51 to 73 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Loss for the year		**(3,224)**	(3,684)
Adjustments for:			
Depreciation	14	**277**	358
Depreciation of right-of-use assets	19	**338**	373
Amortisation of intangibles	13	**24**	43
Share-based payment expense		**596**	318
Finance income	10	**(295)**	(323)
Finance expense	10	**31**	38
Foreign exchange (loss)/gain		**(1,015)**	(824)
Income taxes credit		**(80)**	(158)
Decrease in trade and other receivables		**598**	155
Gain on disposal of fixed asset		**(11)**	–
(Increase)/Decrease in inventories		**(607)**	15
Increase/(Decrease) in trade and other payables		**711**	(941)
Income taxes received		**165**	223
Net cash used in operating activities		**(2,492)**	(4,407)
Investing activities			
Purchase of property, plant and equipment	14	**(15)**	(132)
Sale of property, plant and equipment	14	**11**	20
Finance income	10	**159**	56
Purchase of investments		**(2,756)**	(1,940)
Sale of investments		**1,404**	1,859
Net cash used in investing activities		**(1,197)**	(137)
Financing activities			
Finance expense	10	**(4)**	(3)
Payment of lease liability	19	**(389)**	(420)
Issue of ordinary share capital		**4,449**	2,695
Borrowings		**174**	–
Net cash provided by financing activities		**4,230**	2,542
Net increase/(decrease) in cash and cash equivalents		**541**	(2,002)
Cash and cash equivalents at the beginning of period		**457**	2,459
Effects of exchange rates on cash held		**(16)**	–
Cash and cash equivalents at the end of the period		**982**	457

The notes on pages 51 to 73 form part of these consolidated financial statements.

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2020

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

BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with the provisions of the Companies Act 2006. The financial information has been prepared on the historical cost basis except that financial instruments are stated at the fair value.

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

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.

REPORTING CURRENCY

While the functional currency of the parent company is Sterling, the group's financial statements have been presented in US Dollars. The directors believe this better reflects the underlying nature of the business, and primarily due to the US being the country whose competitive forces and regulations impact this business. The exchange rates used for translation are as reported below:

	Rates as of 31 December			
	GBP	Peso	Euro	Reals
2019	1.3185	0.0529	1.1215	0.2485
2020	**1.3649**	**0.0503**	**1.2264**	**0.1924**

	Average exchange rates			
	GBP	Peso	Euro	Reals
2019	1.2767	0.0519	1.1194	0.2537
2020	**1.2834**	**0.0468**	**1.1414**	**0.1958**

GOING CONCERN

In assessing whether the going concern basis is an appropriate basis for preparing the 2020 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 $4.1 million as shown in its balance sheet at 31 December 2020, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

The consolidated financial statements have been prepared on a going concern basis. The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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 continued impact of the pandemic due to the strength of its customer proposition, statement of financial position and the net cash position of the group. The current economic conditions continue to create uncertainty, particularly over (a) the level of customer and potential customer engagement; and (b) the level of new sales to new customers. The pandemic has had a widespread impact economically, with potential for causing delays in contract negotiations and/or cancelling of anticipated sales and an uncertainty over cash collection from certain customers.

As a consequence, various sensitivity analyses have been performed to reflect a variety of possible cash flow scenarios and also to consider the likelihood of this scenario occurring. This assessment has also included the group's actual cash holdings as of the date of the approval of these financial statements, which include funds received through an equity raise in March 2021 of $9.1 million (net of costs). Overall, these cash-flow forecasts, which cover a period of at least 12 months from the date of approval of the financial statements, foresee that the group will be able to operate within its existing facilities. Nevertheless, there is a risk that the group will be impacted more than expected by reductions in customer confidence. If sales and settlement of existing debts are not in line with cash flow forecasts, the directors have the ability to identify cost savings if necessary, to help mitigate the impact on cash outflows. Having assessed the principal risks and the other matters discussed in connection with the going concern statement, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial information.

2. ACCOUNTING POLICIES CONTINUED

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.

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) are 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.

2. ACCOUNTING POLICIES CONTINUED

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.

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.

LEASES

The group records its lease obligations in accordance with the principles for the recognition, measurement, presentation and disclosure of leases set out in IFRS 16. The Group adopted the standard with effect from 1 January 2019.

IFRS 16 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 elect not to recognise lease liabilities and right-of-use assets in respect of short-term leases or leases of assets of low value.

The company has elected not to recognise right-of-use assets and lease liabilities in respect of certain leases of office equipment of low value or of short-term. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

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 an index or rate;
- the exercise price of any extension or purchase option if reasonably certain to 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 the 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, or, if earlier, the useful life of the asset, using the straight-line method. The lease term includes periods covered by an option to extend, if the Group is reasonably certain to exercise that option. In addition, the right-of-use assets may during the lease term be reduced by impairment losses, if any, or adjusted for certain re-measurements of the lease liability.

On 28 May 2020, the IASB issued final amendments to IFRS 16 related to Covid-19 rent concessions for lessees. The amendments modify the requirements of IFRS 16 to permit lessees to not apply modification accounting to certain leases where the contractual terms have been affected due to Covid-19 (such as rent holidays or other rent concessions). The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. The group did not adopt this standard as no such concessions were applicable.

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

2. ACCOUNTING POLICIES CONTINUED

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.

GOVERNMENT FUNDING AND GRANTS

The Paycheck Protection Program ('PPP') loan received under the U.S. CARES Act was initially recognised as a deferred income liability on the balance sheet and remained as such until the loan was forgiven by the Small Business Administration in the United States, which evidenced there was reasonable assurance that the entity complied with the conditions associated with the terms of the PPP. At that point, the monies were released to the income statement as an income-related grant and presented as Other Income.

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.

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 $0.6 million within this grouping.

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

4. REVENUE

Revenue arises from:	2020 $'000	2019 $'000
Proprietary products	**3,984**	3,770
Third-party products	**2,627**	2,666
Total	**6,611**	6,436

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 2020

Segment	Sales contracts with payment terms less than 180 days $'000	Sales contracts with payment terms greater than 180 days $'000	Total $'000
Mexico	**3,214**	**–**	**3,214**
Americas	**2,017**	**167**	**2,184**
Rest of World	**1,213**	**–**	**1,213**
	6,444	**167**	**6,611**

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)	**6,166**	**167**	**6,333**
Point in time (delivery to port of arrival)	**278**	**–**	**278**
	6,444	**–**	**6,611**

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

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

Financing component of sales contracts	$'000
At 1 January 2020	144
Financing components recognised	9
Financing components unwound to the income statement	(144)
At 31 December 2020	**9**

5. OPERATING LOSS

	Note	2020 $'000	2019 $'000
Operating loss is arrived at after charging/(crediting):			
Share-based payment charge	8	**596**	318
Depreciation	14	**277**	358
Depreciation of right-of-use assets	19	**338**	373
Amortisation of intangibles	13	**24**	43
Operating lease expense		**26**	41
Gain on disposal of property, plant and equipment		**(11)**	(20)
Impairment of trade receivables		**(123)**	85
Employee termination costs		**–**	63
Foreign exchange (gains)		**(971)**	(784)
Other income*		**(289)**	–
Auditor's remuneration:			
Amounts for audit of parent company and consolidation		**100**	101
Amounts for audit of subsidiaries		**45**	44
Total auditor's remuneration		**145**	145

* Under the U.S. Department of Treasury CARES Act, the company was eligible for the Paycheck Protection Program (PPP) loan. All provisions of the loan were satisfied as laid out in the CARES Act, making the company eligible for a 100% forgiveness of the $289,000 loan received.

6. STAFF COSTS

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

	2020 $'000	2019 $'000
Wages and salaries	**3,447**	3,424
Social security and payroll taxes	**281**	287
Defined contribution pension costs	**93**	71
Medical and other benefits	**176**	177
Redundancy	**–**	63
	3,997	4,022
Share-based payments charge	**596**	318
	4,593	4,340

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

Other segment information	2020	2019
Research	**11**	8
Administration	**8**	8
Sales and marketing	**26**	20
	45	36

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

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 includes 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 page 36.

	2020 $'000	2019 $'000
Base salary, fees and bonuses	**888**	731
Other short-term employee benefits	**44**	37
Share-based payments	**388**	152
Social security and taxes	**58**	45
	1,378	965

Two Executive Directors who served during the year were eligible to participate in the Group's 401(k) retirement plan (2019: nil).

The highest-paid Director earned $401,000 (2019: $331,000).

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 34 to 36.

(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.

(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 ("NQO"). No share options were granted under this scheme in 2020.

(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 ("NQO").

The valuation of the awards granted under the 2017 Employee Share Option Plan during the years ended 31 December 2019 and 31 December 2020 were as follows:

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

8. SHARE-BASED PAYMENTS CONTINUED

(C) 2017 EMPLOYEE SHARE OPTION PLAN CONTINUED

	8 June 2020	17 June 2020	24 June 2020	6 October 2020
Share options granted	8,810,118	635,000	1,650,237	6,500,000
Weighted average fair value	10p	10p	10p	1p
Assumptions used in measuring fair value:				
Weighted average share price	8p	10p	10p	9p
Exercise price	10p	10p	10p	1p
Risk-free rate	0.02%	-0.05%	-0.03%	-0.03%
Expected vesting period (years)	1.0–3.0	1.0–3.0	1.0–3.0	1.0–3.0
Option life (years)	5.0	5.0	10.0	10.0
Expected volatility	78.3%	81.7%	81.7%	60.0%
Expected dividend rate	0.0%	0.0%	0.0%	0.0%

The valuation of the share options granted during the year ended 31 December 2020 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 22.

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.

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

9. SEGMENT INFORMATION CONTINUED

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

2020	Americas $'000	Mexico $'000	Rest of World $'000	Elimination $'000	Total Commercial $'000	New Technology $'000	Total $'000
Revenue*							
Proprietary product sales	2,165	613	1,206	–	3,984	–	3,984
Third-party product sales	19	2,601	7	–	2,627	–	2,627
Inter-segment product sales	1,383	–	634	(2,017)	–	–	–
Total revenue	3,567	3,214	1,847	(2,017)	6,611	–	6,611
Cost of sales	(2,109)	(1,746)	(1,090)	2,017	(2,928)	–	(2,928)
Other income**	289	–	–	–	289	–	289
Research and development	–	–	–	–	–	(2,135)	(2,135)
Sales and marketing	(1,318)	(664)	(735)	–	(2,717)	(257)	(2,974)
Administration	(722)	(224)	(8)	–	(954)	(144)	(1,098)
Non-cash expenses:							
Depreciation	(98)	(68)	(16)	–	(182)	(443)	(625)
Amortisation	(18)	–	(5)	–	(23)	–	(23)
Share-based payment	(49)	–	(36)	–	(85)	(381)	(466)
Segment operating (loss)/profit	(458)	512	(43)	–	11	(3,360)	(3,349)
Corporate expenses:***							
Wages and professional fees							(1,146)
Administration****							927
Operating loss							(3,568)
Finance income							295
Finance expense							(31)
Loss before tax							(3,304)

* Revenue from one customer within the Americas segment totalled $950,000, or 14% of Group revenues.
Revenue from one customer within the Mexico segment totalled $1,293,000 or 20% of Group revenues.

** Under the U.S. Department of Treasury CARES Act, the company was eligible for the Paycheck Protection Program (PPP) loan. All provisions of the loan were satisfied as laid out in the CARES Act, making the company eligible for a 100% forgiveness of the $289,000 loan received.

*** 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 $130,000 attributed to corporate employees who are not directly 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	8,574	2,269	2,135	–	12,978	911	13,889
Segment liabilities	1,447	597	307	–	2,351	976	3,327
Capital expenditure	42	1	1	–	44	4	48

9. SEGMENT INFORMATION CONTINUED

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
Cost of sales	(1,583)	(1,704)	(759)	1,212	(2,834)	—	(2,834)
Research and development	—	—	—	—	—	(2,031)	(2,031)
Business development	—	—	—	—	—	—	—
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 directly 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

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 US and Mexico.

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

	Year ended 31 December 2020		Year ended 31 December 2019	
	Amount $'000	%	Amount $'000	%
United Kingdom	**285**	**4**	271	4
United States	**1,657**	**25**	1,715	27
Mexico	**3,214**	**49**	3,330	52
All other	**1,455**	**22**	1,120	17
Total	**6,611**	**100**	6,436	100

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

	Year ended 31 December 2020		Year ended 31 December 2019	
	Amount $'000	%	Amount $'000	%
United Kingdom	**7**	**–**	11	–
United States	**2,734**	**91**	2,430	90
Mexico	**208**	**7**	209	8
All other	**195**	**2**	40	2
Total	**3,144**	**100**	2,690	100

10. FINANCE INCOME AND EXPENSE

	2020 $'000	2019 $'000
Finance income		
Interest on deposits and investments	**159**	56
Financing component of revenue contracts	**136**	267
	295	323
Finance expense		
Interest on lease liabilities	**(27)**	(35)
Other interest	**(4)**	(3)
	(31)	(38)

11. TAX CREDIT

	2020 $'000	2019 $'000
Current tax credit on loss for the year	**(77)**	(167)
Deferred tax credit – origination and reversal of timing differences	**(3)**	9
Total tax credit	**(80)**	(158)

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:

	2020 $'000	2019 $'000
Loss before tax	**(3,304)**	(3,842)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	**(628)**	(730)
Effect on tax rates in foreign jurisdictions	**(20)**	(12)
Disallowable expenses	**214**	204
Share-based payment expense per accounts	**158**	60
Prior period R&D credit	**(251)**	(326)
Losses available for carryover	**647**	654
Losses utilised in the year	**(49)**	(3)
Capital allowances in excess of amortisation	**(101)**	(79)
Other temporary differences	**(50)**	74
Actual tax credit	**(80)**	(158)

Deferred tax asset	Deferred taxation $'000
At 1 January 2020	88
Credited to the profit and loss account	(3)
At 31 December 2020 (note 16)	**85**

The deferred tax asset comprises sundry timing differences.

At 31 December 2020, the Group had a potential deferred tax asset of $19,225,489 (2019: $18,749,361) which includes tax losses available to carry forward of $18,593,696 (2019: $17,972,737) (being actual federal, foreign and state losses of $101,721,687 (2019: $98,263,971)) arising from historical losses incurred and other timing differences of $631,793.

The tax receivable of $251,000 (2019: $326,000) 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 $3,224,000 (2019: loss of $3,684,000) and the weighted average number of shares in issue during the period of 245,268,691 (2019: 178,031,230).

Equity instruments of 22,953,802 (2019: 18,098,134), which includes share options, the 2015 Employee Share Option Plan and the 2017 Employee Share Option Plan, as shown within note 22, 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.

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

13. INTANGIBLE ASSETS

	Goodwill $'000	Licences and registrations $'000	Trade name and customer relationships $'000	Total $'000
Cost				
Balance at 1 January 2019	1,620	3,342	159	5,121
Additions – externally acquired	–	–	–	–
Balance at 31 December 2019	1,620	3,342	159	5,121
Additions – externally acquired	–	–	–	–
Balance at 31 December 2020	**1,620**	**3,342**	**159**	**5,121**
Accumulated amortisation				
Balance at 1 January 2019	–	3,270	159	3,429
Amortisation charge for the year	–	43	–	43
Balance at 31 December 2019	–	3,313	159	3,472
Amortisation charge for the year	–	24	–	24
Balance at 31 December 2020	**–**	**3,337**	**159**	**3,496**
Net book value				
At 1 January 2019	1,620	72	–	1,692
At 31 December 2019	1,620	29	–	1,649
At 31 December 2020	**1,620**	**5**	**–**	**1,625**

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 2019 and 2020, cash flows are projected over a five-year period with a residual growth rate assumed at 0%. For the years ended 31 December 2019 and 2020, a pre-tax discount factor of 14.9% and 14.5% has been used over the forecast period.

GOODWILL

Goodwill comprises of 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 reasonable 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 reasonable possible change in key assumptions used would lead to an impairment in the carrying value of licences and registrations.

14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment $'000	Leasehold improvements $'000	Vehicles $'000	Total $'000
Cost				
Balance at 1 January 2019	1,159	819	411	2,389
Additions	95	–	37	132
Disposals	–	–	(56)	(56)
Balance at 31 December 2019	1,254	819	392	2,465
Additions	11	–	37	48
Disposals	(2)	–	(34)	(36)
Balance at 31 December 2020	**1,263**	**819**	**395**	**2,477**
Accumulated depreciation				
Balance at 1 January 2019	871	547	270	1,688
Depreciation charge for the year	140	136	82	358
Disposals	–	–	(56)	(56)
Balance at 31 December 2019	1,011	683	296	1,990
Depreciation charge for the year	101	136	40	277
Disposals	(2)	–	(34)	(36)
Balance at 31 December 2020	**1,110**	**819**	**302**	**2,231**
Net book value				
At 1 January 2019	312	248	141	701
At 31 December 2019	267	112	96	475
At 31 December 2020	**153**	**–**	**93**	**246**

During 2020, it was identified that some of the foxed assets were not correctly classified. These assets were re-categorised accordingly. There was no impact on depreciation charge.

15. INVENTORIES

	2020 $'000	2019 $'000
Raw materials	**331**	323
Finished goods and goods for resale	**3,236**	2,637
	3,567	2,960

The inventory provision amount during the year was $11,166 (2019: nil). In 2020, raw materials and finished goods for resale included in cost of sales was $2.7 million (2019: $2.6 million).

16. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Current		
Trade receivables	**2,494**	3,497
Less: provision for impairment	**(84)**	(264)
Trade receivables, net	**2,410**	3,233
Other receivables and prepayments	**368**	179
Current trade and other receivables	**2,778**	3,412
Non-current		
Trade receivables	**164**	–
Less: provision for impairment	**(15)**	–
Trade receivables, net	**149**	–
Other receivables	**69**	62
Deferred tax asset (see note 11)	**85**	88
Non-current trade and other receivables	**303**	150
	3,081	3,562

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 aging 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 is 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 their assessment of the credit risk and historical expected losses.

	Considered under the simplified approach $'000	Considered under the general approach $'000
Trade receivables	**2,036**	622
Expected credit loss assessed	**(2)**	(97)
	2,034	525

The receivables considered under the general approach relate to one customer 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:

	2020 $'000	2019 $'000
Balance at the beginning of the year	**264**	186
Provided	**–**	161
Receivables written off as uncollectable	**(42)**	(85)
Unused amounts reversed	**(123)**	–
Foreign exchange	**–**	2
Balance at the end of the year	**99**	264

The net value of trade receivables for which a provision for impairment has been made is $0.6 million (2019: $1.6 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.

	2020 $'000	2019 $'000
Current	**2,199**	2,401
Past due:		
Up to 30 days	**8**	–
31 to 60 days	**–**	9
61 to 90 days	**–**	11
Greater than 90 days	**352**	812
Total	**2,559**	3,233

17. TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000
Current		
Trade payables	**1,309**	826
Accruals	**745**	527
Taxation and social security	**63**	52
Income tax liability	**1**	1
	2,118	1,406

18. BORROWINGS

(A) CURRENT BORROWINGS

	2020 $'000	2019 $'000
Vehicle loans	**8**	–
Bank loans	**25**	–
	33	–

(B) NON-CURRENT BORROWINGS

	2020 $'000	2019 $'000
Vehicle loans	**44**	–
Bank loans	**149**	–
	193	–

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

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

	2020 $'000	2019 $'000
Real estate leases	**935**	387
Vehicles	**35**	29

REAL ESTATE LEASES

Buildings are leased for office/warehouse space under leases which typically run for a period of 3–5 years and lease payments are at fixed amounts. Some leases include extension options exercisable for a period of 1 year before the end of the cancellable lease term.

VEHICLES

The group leases a vehicle for an employee with a standard lease term of 3 years with fixed payments. The group does not purchase or guarantee the future value of lease vehicles.

19. LEASES: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES CONTINUED

RIGHT-OF-USE ASSETS

2020 – RIGHT-OF-USE ASSETS

	Real estate lease $'000	Vehicles $'000	Total $'000
At 1 January 2020	387	29	416
Additions	921	20	941
Disposals	(49)	–	(49)
Amortisation	(324)	(14)	(338)
At 31 December 2020	**935**	**35**	**970**

2019 – 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

2020 – LEASE LIABILITIES

	Real estate lease $'000	Vehicles $'000	Total $'000
At 1 January 2020	430	30	460
Additions	921	20	941
Disposals	(56)	–	(56)
Interest expense	26	1	27
Lease payments	(374)	(15)	(389)
At 31 December 2020	**947**	**36**	**983**

2019 – 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

The maturity of the lease liabilities is as follows:

2020	Carrying amount	Undiscounted contractual cash flows	Less than one year	One to two years	Two to five years
Leased buildings	**947**	**1,028**	**426**	**334**	**268**
Leased vehicle	**36**	**37**	**22**	**11**	**4**
Total	**983**	**1,065**	**448**	**345**	**272**

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	478	367	99	10

The current and non-current portions of the leases were $400,106 and $583,177 as at 31 December 2020, respectively.

20. 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

	Amortised costs	
	2020 $'000	2019 $'000
Non-current financial assets		
Trade and other receivables	**303**	150

		Fair value through profit or loss		Amortised cost (loans and receivables)	
	Notes	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Current financial assets					
Trade and other receivables	16	**–**	–	**2,559**	3,233
Investments	20	**3,167**	1,964	**–**	–
Cash and cash equivalents		**–**	–	**982**	457
		3,167	1,964	**3,541**	3,690

	Amortised cost	
	2020 $'000	2019 $'000
Current financial liabilities		
Trade and other payables	**1,309**	826
Accrued liabilities	**749**	546
Borrowings	**33**	–
Lease liability	**400**	353
	2,491	1,725

	Amortised cost	
	2020 $'000	2019 $'000
Non-current financial liabilities		
Borrowings	**193**	–
Lease liability	**583**	107
	776	107

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

(C) INVESTMENTS

2020 – INVESTMENTS

Description	Classification	**2020 Value $'000**
PNC Money Market Fund	Government	**1**
PNC Ultra Short Bond Fund	Mutual Fund	**3,166**
		3,167

2019 – INVESTMENTS

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

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

20. FINANCIAL INSTRUMENTS CONTINUED

(C) INVESTMENTS CONTINUED

2019 – INVESTMENTS CONTINUED

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.

(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	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Euro	**219**	127	**276**	53
Pound	**997**	1,344	**31**	68
Mexican Peso	**1,476**	1,147	**597**	445
Brazilian Real	**353**	398	**139**	134

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:

	2020 $'000	2019 $'000
Mexican Peso	**321**	333
Pound Sterling	**28**	27
Spain Euro	**94**	70
Brazilian Real	**53**	42

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:

	2020 $'000	2019 $'000
Mexican Peso	**270**	293
Pound Sterling	**18**	52
Spain Euro	**77**	63
Brazilian Real	**86**	89

20. FINANCIAL INSTRUMENTS CONTINUED

(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.

(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 lease liabilities, 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.

21. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company at 31 December 2020.

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.

NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

22. SHARE CAPITAL

(A) ISSUED SHARE CAPITAL

	2020 $'000	2019 $'000
Allotted, called-up and fully paid share capital:		
251,989,567 (2019: 207,387,381) ordinary shares at £0.01 each	**3,605**	3,030

(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 2019	172,822,881	2,586
Shares issued	34,564,500	444
In issue at 31 December 2019	207,387,381	3,030
Shares issued	44,602,188	575
In issue at 31 December 2020	**251,989,567**	**3,605**

During the year ended 31 December 2020, the following fully paid £0.01 ordinary shares in the Company were issued:

i. 44,602,188 new ordinary shares with net proceeds of $4,449,000 (directly attributable costs of $130,000) were issued pursuant to an equity placing at £0.08 per share.

(C) OTHER EQUITY INSTRUMENTS

The Company had the following other equity instruments in issue at 31 December 2020 and 2019:

	2020 Number	2019 Number
Share awards under the 2004 plan	**158,147**	301,852
Share awards under 2015 plan	**–**	3,087,763
Share awards under 2017 plan	**22,795,655**	14,708,519
	22,953,802	18,098,134

(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 2019	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
Awarded	–	–	–	–
Exercised	–	–	–	–
Forfeited	(128,205)	(15,500)	(143,705)	84p
Outstanding at 31 December 2020	**117,647**	**40,500**	**158,147**	**77p**

Of the total number of options outstanding at 31 December 2020, 158,147 (2019: 301,852) had vested and were exercisable. The weighted average exercise price was 77p (2019: 83p).

The options outstanding at 31 December 2020 have a weighted average remaining life of 2.08 years (2019: 3.22 years) and the range of exercise prices is 53p to 225p (2019: 53p to 225p).

22. SHARE CAPITAL CONTINUED

(D) SHARE OPTIONS CONTINUED

(II) 2015 EMPLOYEE SHARE OPTION PLAN

	Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2019	–	3,511,635	3,511,635	23p
Awarded	–	–	–	–
Forfeited	–	(423,872)	(423,872)	49p
Outstanding as 31 December 2019	–	3,087,763	3,087,763	20p
Awarded	–	–	–	–
Forfeited	–	(3,087,763)	(3,087,763)	20p
Outstanding as 31 December 2020	**–**	**–**	**–**	**–**

Of the total number of options outstanding at 31 December 2020, nil (2019: nil) had vested and were exercisable.

The options outstanding at 31 December 2020 have a weighted average remaining life of 0.0 years (2019: 1.0 years) and the exercise price was nil (2019: 20p).

(III) 2017 EMPLOYEE SHARE OPTION PLAN

	Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2019	5,309,299	4,862,585	10,171,884	28p
Awarded	–	5,545,388	5,545,388	8p
Forfeited	–	–	–	–
Outstanding as 31 December 2019	5,309,299	9,399,220	14,708,519	21p
Awarded	12,623,880	5,447,180	18,071,060	7p
Forfeited	(5,309,299)	(4,674,625)	(9,983,924)	26p
Outstanding as 31 December 2020	**12,623,880**	**10,171,775**	**22,795,655**	**7p**

Of the total number of options outstanding at 31 December 2020, 10,936,060 (2019: 9,163,131) had vested and were exercisable.

The options outstanding at 31 December 2020 have a weighted average remaining life of 7.24 years and the range of exercise prices is 1p to 10p.

23. 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.

24. 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 2020, the Group's pension expense under the scheme was $72,936 (2019: $53,661). Mexico has a government-run pension plan to which our operations there must contribute. In 2020, the expense for this plan was $7,645 (2019: $3,497). Several United Kingdom employees receive contributions to their pension plans. The expense for this was $5,697 (2019: $8,003). A Spain employee receives contributions to their pension plan. The expense for this was $6,849 (2019: $5,764). Total pension expense for the year was $93,127 (2019: $70,925).

25. POST-BALANCE SHEET EVENTS

In March of 2021, the Company successfully completed an equity raise which generated $9.1 million (net of costs) from new and existing investors. The Company issued 50,397,913 ordinary shares at 14p per share, directly attributable costs of $0.6 million were incurred.

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	2020 $'000	2019 $'000
Fixed assets			
Fixed asset investments	32	**21,354**	13,874
Current assets			
Debtors	34	**12**	18
Cash at bank and in hand		**50**	51
Total current assets		**62**	69
Creditors: amounts falling due within one year	35	**(74)**	(65)
Net current (liabilities)/assets		**(12)**	4
Total assets less current liabilities		**21,342**	13,878
Capital and reserves			
Called-up share capital	29	**3,605**	3,030
Share premium	29	**92,520**	88,647
Accumulated deficit	29	**(74,783)**	(77,799)
Shareholders' funds		**21,342**	13,878

The financial statements were approved and authorised for issue by the Board on 22 April 2021.

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 profit for the year is $2,420,000 (2019: loss of $5,892,000), which is dealt with in the financial statements of the parent company.

The notes on pages 76 to 79 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital $'000	Share premium $'000	Accumulated deficit $'000	Total $'000
Balance at 1 January 2019	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
Shares issued	575	3,873	–	4,448
Share-based payment	–	–	596	596
Income in the year	–	–	2,420	2,420
Balance at 31 December 2020	**3,605**	**92,520**	**(74,783)**	**21,342**

The notes on pages 76 to 79 form part of these financial statements.

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2020

26. 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 United Kingdom and the 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 27.

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.

27. 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 32.

28. SHARE-BASED PAYMENTS

See note 22 of the Group financial statements.

29. RESERVES

See note 23 of the Group financial statements for a description of the nature and purpose of each reserve within owners' equity.

30. DIRECTORS' REMUNERATION

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

31. STAFF COSTS

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

	2020 $'000	2019 $'000
Wages and salaries	**346**	271
Social security and payroll taxes	**35**	22
	381	293
Share-based payments charge	**248**	53
	629	346

The average number of employees of the Group during the year, including Executive Directors, was four (2019: four).

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

32. FIXED ASSET INVESTMENTS

	Shares in Group undertakings $'000	Loans to Group undertakings $'000	Total $'000
Cost			
Cost at 1 January 2019	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
Additions, net of repayments	–	7,480	7,480
Cost at 31 December 2020	**16,915**	**84,074**	**100,989**
Impairments			
Impairments at 1 January 2019	(16,915)	(54,607)	(71,522)
Charge	–	(8,113)	(8,113)
Impairments at 31 December 2019	(16,915)	(62,720)	(79,635)
Charge	–	–	–
Impairments at 31 December 2020	**(16,915)**	**(62,720)**	**(79,635)**
Net book value			
At 31 December 2019	–	13,874	13,874
At 31 December 2020	**–**	**21,354**	**21,354**

In the opinion of the Directors the value of the investments in the subsidiary undertakings is not less than the amount shown above. As a result no impairment has been recorded in 2020 (2019: $8,113,000).

33. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Company are disclosed in note 21 of the Group financial statements.

34. DEBTORS

	2020 $'000	2019 $'000
Prepayments	**12**	18

All amounts fall due within one year.

35. CREDITORS

	2020 $'000	2019 $'000
Trade creditors	**35**	38
Accruals	**39**	27
Totals	**74**	65

36. SHARE CAPITAL

The share capital of the Company is disclosed in note 22 of the Group financial statements.

37. 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.

38. POST-BALANCE SHEET EVENTS

The post-balance sheet events is disclosed in note 25 of the Group financial statements.

DIRECTORS AND ADVISERS

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

JEFFREY TWEEDY
Executive Director

JEFFREY HOVEY
Executive Director

COMPANY SECRETARY

AMBA Secretaries Limited

REGISTERED OFFICE

1 Scott Place
2 Hardman Street
Manchester M3 3AA

COMPANY NUMBER

05116780

NOMINATED ADVISER AND BROKER

ARDEN PARTNERS PLC
125 Old Broad Street
London EC2N 1AR

AUDITOR

BDO LLP
55 Baker Street
London W1U 7EU

COMPANY SOLICITOR

DWF LLP
1 Scott Place
2 Hardman Street
Manchester M3 3AA

REGISTRAR

NEVILLE REGISTRARS LIMITED
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA

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®, 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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designportfolio

PLANT HEALTH CARE

Plant Health Care plc
2626 Glenwood Avenue
Suite 350
Raleigh
NC 27608
USA

Phone: 919-926-1600
Email: info@planthealthcare.com