PLANT HEALTH CARE

Supporting Sustainable Food Production

Plant Health Care plc
Annual Report & Accounts 2022

AIM: PHC. OTCQB: PLHFC

Highlights

Financial

Revenue

$11.8m ▲ 40%

(2021: $8.4m)

Gross margin

61% ▲ 2%

(2021: 59%)

Operating Loss[1]

$9.2m ▲ 45%

(2021: $6.4m)

Adjusted LBITDA[2]

$3.7m ▼ 20%

(2021: $4.6m)

Working capital[3]

$3.1m ▼ 20%

(2021: $3.9m)

Company is on track to deliver long-term targeted revenue, cash breakeven and profitability.

Overview

Who we are

By 2050 the world will need 60% more food

Our products support sustainable food production by using nature to enable farmers to produce more from less land, whilst protecting soils and biodiversity and reducing reliance on chemical fertilisers.

Our 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 goals. 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.

1 This is a statutory profit measure and includes $3.8 million of non-cash of fx losses
2 Adjusted LBITDA: loss before interest, tax. depreciation, amortisation, share-based payments and intercompany foreign exchange
3 Working capital consists of inventory, trade receivables and trade payables

In this report

2022 Products Review

Plant Health Care's proprietary products derived from natural proteins help protect crops from diseases and stress leading to increased crop yield, quality and financial return for growers globally.

There are two core technologies.

COMMERCIAL

Harpinαβ

Harpinαβ is an environmentally friendly, protein technology which makes plants healthier, helps them to resist biotic and abiotic stress, resulting in better quality crops, and higher yields.

The Group is developing new avenues to grow its Harpinαβ-based business, by expanding into new territories with new distribution partners and by expanding use on new crops with existing partners.

After entering through the leaf or seed, Harpinαβ has an effect throughout the entire plant. It then breaks down in the soil into plant food, leaving no residues or harmful effects. It is therefore a perfect tool for sustainable farming.

In the US, the Company developed a Harpinαβ based bio stimulant planter box seed treatment for the US row crop market, initially targeting corn and soybeans. In Europe, PHC obtained registration in France for Harpinαβ as a "fertiliser with bio stimulant properties" for use on a wide range of crops. This was the first product registration for the Company under a National Framework in Europe, which will accelerate entry to additional EU Member States via the mutual recognition process.

In India, the Harpinαβ product, ProAct was submitted to regulatory authorities in late 2022 to secure approval of Harpinαβ as a biostimulant for use on sugar cane (anticipated by early 2024). An exclusive distribution agreement with Novozymes South Asia Pvt. has been secured with sales commencing once registration is finalised.

KEY ISSUES DRIVING THE DEMAND FOR PHC PRODUCTS

Harpinαβ has resulted in 5% yield increase when used in US corn. From 2019 to 2022, the product sales had a Compound Annual Growth Rate (CAGR) of 31%.

NEW TECHNOLOGY

PRE*tec*

The Company has invested $30 million in its exciting new technology, the PRE*tec* platform (Vaccines for Plants™). Derived from natural proteins, PRE*tec* is a technology which stimulates crop growth, the ability to withstand abiotic stresses and improve disease and nematode control, and enhance plant health and yield. PRE*tec* is compatible with mainstream agricultural practices. Saori® was the first PRE*tec* product fully launched in Brazil in the second quarter of 2022 generating revenue of $0.8 million. The Group plans one major new product launch for the next several years from the PRE*tec* platform. After contacting the leaf or seed, Harpinαβ has an effect throughout the entire plant. It then breaks down in the soil into plant food, leaving no residues or harmful effects. It is therefore a perfect tool for sustainable farming.

Brazil

In 2022, Plant Health Care focused on developing more PRE*tec* products, including PHC279 for disease control and PHC949 for nematode control. The Company submitted applications to the Brazilian authorities to register the foliar use of PHC279 to control rust disease in coffee and sugarcane, both of which represent significant opportunities for the Company. Registrations are anticipated in late 2023.

In the fourth quarter, the Company submitted to register PHC949 as a seed treatment to control soybean root-lesion nematodes. Nematodes are microscopic parasitic worms that live in soil and feed on plant roots, affecting crop yields. Annual yield losses caused by nematodes are estimated at 12.3% of worldwide production, worth about $157 billion.

North America

In March 2023, the US Environmental Protection Agency gave commercial approval to our novel peptide fungicide, coded as PHC279. Wilbur-Ellis® Agribusiness, one of the largest U.S. retailers of agricultural products, is expected to commence sales of PHC279 within key US markets under the brand Obrona in 2023. PHC279 has also been submitted concurrently for review by the California Department of Pesticide Regulation.

PHC949 is on-track to be submitted to the US EPA in the second quarter of 2023 for nematode control in a wide range of agricultural crops. PHC949 was submitted to the California Department of Pesticide Regulation for registration as a low use rate foliar biochemical nematicide for use in high value crops. To further investigate the mode of action and performance of PHC949, a strategic research agreement was signed with the globally recognized UK research organization, the James Hutton Institute, to confirm efficacy of PHC949 to control potato cyst nematode.

EMEAA

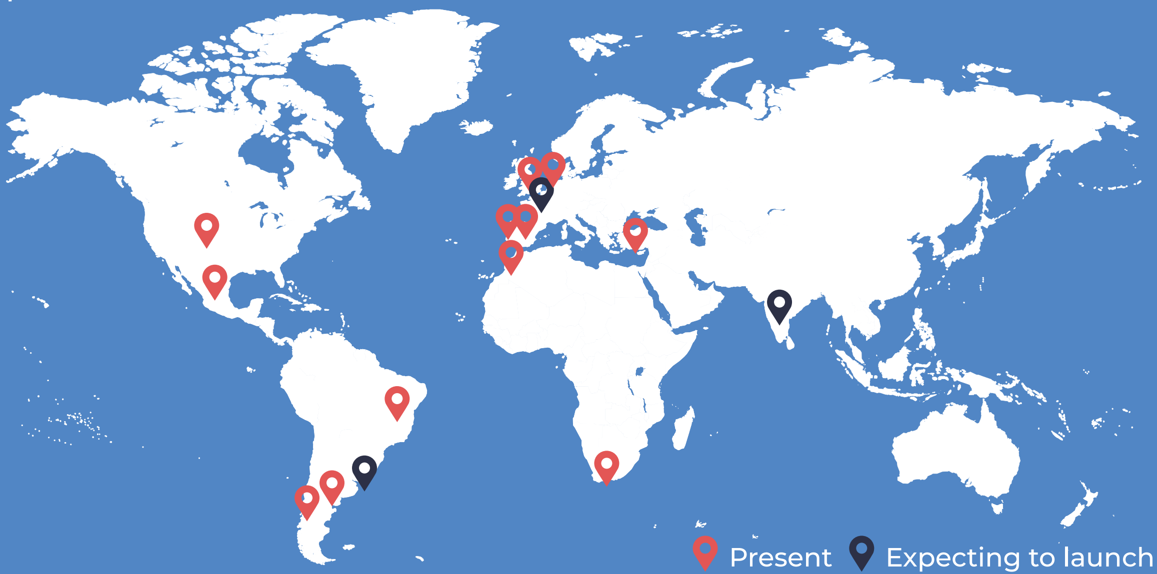
In Europe, the development of PREzym™, a unique added value fertilizer product containing PRE*tec* technology, continued in Portugal and Spain in anticipation of commercial launch in mid-2023. Testing of a novel fertilizer product with our partner, UK market leader Agrii, also continued in 2022.

Rest of the World

The Company has established ongoing development agreements with crop protection companies in other parts of the world to evaluate the performance of PHC279, PHC949 and other PRE*tec* products under local conditions in a variety of crops. These include field trials in Brazil, Canada, China, Japan, Chile, Paraguay, and Guatemala.

2022 Geographic Review

Our operations



$11.8 million

Overall sales in 2022
▲ 40%
(2021: $8.4m)

$8.2 million

Sales of core Harpinαβ
▲ 36%
(2021: $6.0m)

>$1.0 million

of sales to three of our distribution partners

69%

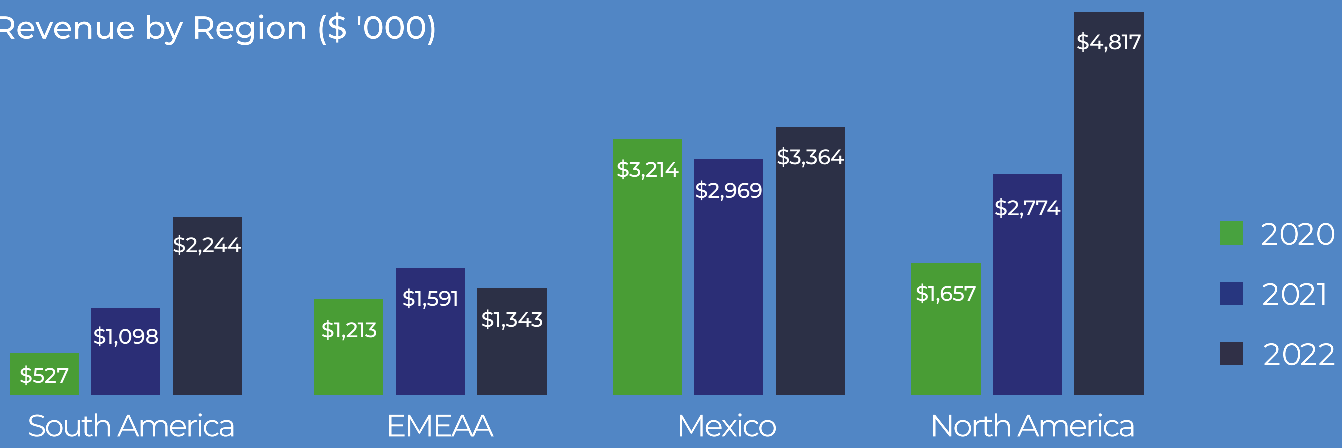
of sales from Harpinαβ in 2022
(2021: 71%)

PHC has access to significant commercial opportunities via its established distributors

Examples by total hectares:

93.8m Soybean	**39.7m** Corn	**16.8m** Sugarcane
Brazil, USA, Argentina	USA, Argentina	Brazil, India, USA, Mexico

Revenue by Region ($ '000)



North America

North America experienced its best year in Group history, with continued strong performance of our Employ® product in fruits, nuts and vegetables through Wilbur-Ellis and our pre-plant seed treatment for corn (Fastand®) through the second largest distributor in the US. Overall, revenue was up 74% to $4.8m compared to 2021.

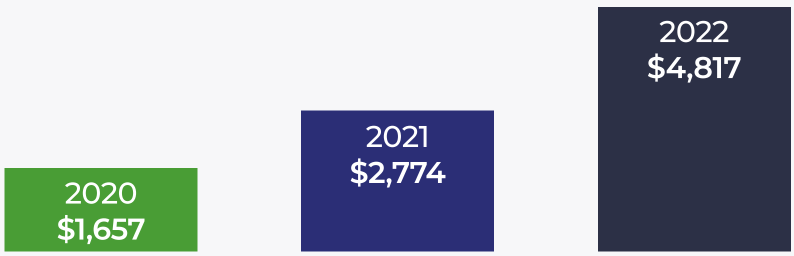
The Group has successfully introduced new programs focused on taking care of our existing customers and promoting expansion into new crops and territories. Many of these efforts are expected to generate increased sales in 2023 and beyond. Some examples include:

- The introduction of a co-promotion program with our distributor under which the sales team was incentivized to sell Fastand and the distributors' seed products together to local growers.
- Continued focus with Wilbur-Ellis on promoting the use of Employ in the row crop market. The application to add 17+ crop groups to the commercial Employ product label is expected to contribute to growth of Employ sales in 2023 and beyond. Promotion of the use of Employ for sugar cane cultivation was increased.
- The Company hired a new representative in the Southern US to support Harpinαβ sales growth.
- Worked with our partner, Brandt, to evaluate expansion of our Inceptive product into new crops and new States within the US.
- Prepared for the launch upon receipt of all regulatory approvals of a new product consisting of an 80:20 talc/graphite blend with Harpinαβ for use as a seed planter lubricant for corn and other crops.
- Grew our N-Hibit seed treatment business to more than $1m in annual sales with our partner, Direct Enterprises.

Products	Approved and deployed: **HARPINαβ** Registered; launch in 2023: **Obrana** Submitted for approval: **PHC 949**	**Distribution partners**	WILBUR-ELLIS NUTRITION BRANDT
Growth opportunities (Potential revenue in 3 - 5 years)	**HARPINαβ** Expand Employ growth with Wilbur-Ellis on cotton, soybeans, citrus, sugar cane & CA specialty crops **$8m** Seed treatment market **$5m**	**PHC 279** Launch in Specialty crops **$1m** Evaluate on corn for tar spot control **$40m**	**PHC 949** Launch in 2025 **$10m**

Focus crops

North American Total Revenue



2022 Geographic Review

EMEAA

2022 was challenging in the EMEAA region with some bright spots setting the stage for a rebound in 2023. Overall, EMEAA revenue was down 16% to $1.3m compared to 2021, due in part to weather issues and exchange rates, however there were many achievements in 2022 that point to a strong rebound in 2023, such as:

- Harpinαβ sales into glasshouse areas in Southern Spain grew by +80% compared to the prior year driven by successful execution of the Company's go-to-market strategy.
- An agreement was signed with EDAF Unipessoal LDA Portugal to distribute our new PREtec-containing fertilizer, PREzym™, for use on fruits, vegetables and cereals beginning in 2023. The Company also confirmed that PREzym can be distributed in Spain and efforts are now ongoing to introduce PREzym in that market.
- An application was submitted in India to permit sales of Harpinαβ. Discussions with distributors are ongoing to sell Harpinαβ for use in sugar cane, rice, and vegetable crops. India is poised to be a major market for the Company in 2024.

Products	Approved and deployed: HARPINαβ	**Distribution partners**	Agrii EDAF novozymes

Growth opportunities
(Potential revenue in 3 - 5 years)

HARPINαβ	
Launch Harpinαβ in sugar cane – India	$4m
Expansion into rice – India	$1m
Expansion of Harpinαβ into potatoes – across EU	$3m
Egypt/Moroccan markets	$3m

PRE*tec*	
Launch of PRE*tec* + foliar fertilizer on potatoes, apples and grapes	$4.5m

Focus crops

EMEAA Total Revenue

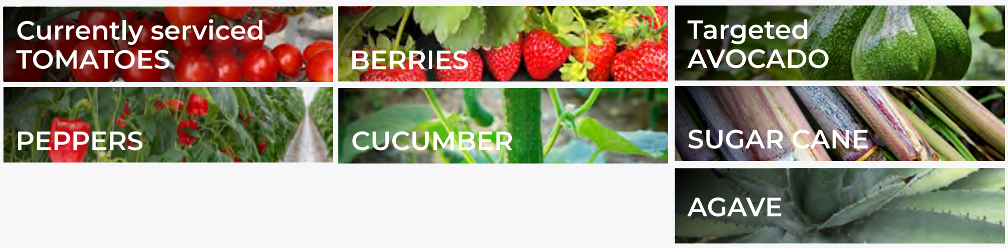
Mexico

The Company's business in Mexico sells PHC's products and a range of sustainable third-party products to farmers. The business did well in 2022 with revenue up 13% to $3.4m compared to 2021. Harpinαβ sales represented 16% of overall sales with the remainder being third-party products. There were many achievements to be pleased with in 2022 that point towards continued growth in 2023.

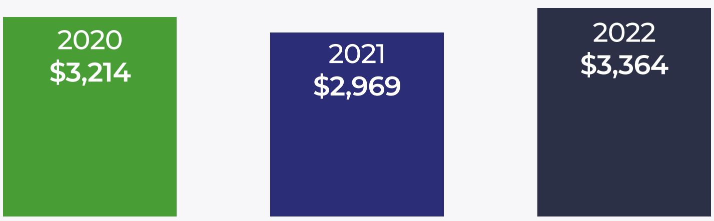
- Expansion of sales in the agave crop through a new customer, Fertilizantes Tepeyac, as well as increased sales in the expanding avocado market.
- Initial Harpinαβ trials in sugar cane offered good performance, which led to the first sales into more than 2,000 ha of sugar cane. Expectations are high to grow Harpinαβ sales in sugar cane in 2023.
- Demonstration trials were planted in a range of new specialty crops to promote the use of Harpinαβ-based products in new markets in the future.

Products	Approved and deployed: **HARPINαβ** Mexico			
Growth opportunities (Potential revenue in 3 - 5 years)	**HARPINαβ** Expand use on Avocado Launch use on sugar cane	**$1m** **$1m**	**PRE*tec*** Launch PHC 279 into specialty crops Launch PHC 949 into specialty crops	**$0.8m** **$0.8m**

Focus crops



Mexico Total Revenue



2022 Geographic Review

South America

Our South American business continues to expand, driven by growing sales of Harpinαβ as H2Copla for sugar cane in Brazil through Coplacana, and by sales of Saori for soybean disease control through our partner Sementes Goiás Ltda – Nutrien. Overall, our Brazil business more than doubled in 2022, with revenue up 104% to $2.2m compared to 2021. This success was all the more satisfying in the face of a series of local challenges, including:

- Falling ethanol and sugar prices, resulting in lower income for sugar cane farmers and as a result less money available for the purchase of crop inputs like H2Copla.
- Crop input costs were higher across all categories, leading to reduced purchases by growers and sugar mills.
- An intense rainy season which affected field cultivation.
- The Brazilian interest annual rate was historically high at 13.75%, driving growers to delay crop input purchases to closer to actual need.

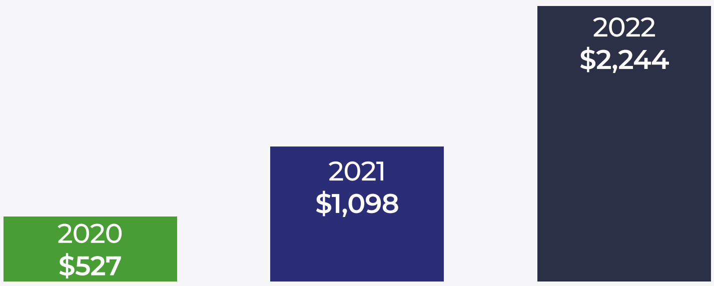
The success was led by a series of factors:

- During the first year of commercial sales of Saori, the Company experienced a sell-out of the entire inventory for application to soybean seeds by our partner Sementes Goiás Ltda - Nutrien, resulting in 205k bags of treated soybean seed.
- The use of H2Copla by independent sugar cane growers increased by 40% compared to 2021.
- In Argentina, TROPFEN S.A launched Harpinαβ for soybean, corn and wheat under the tradename TROPBIO PRO.

Products	Approved and deployed: SAORI Brazil Submitted for approval: PHC 279 PHC 949	Distribution partners	Nutrien COPLACANA ORGULHO DO AGRO AGER
Growth opportunities (Potential revenue in 3 - 5 years)	HARPINαβ Launch Harpinαβ in soybeans $4m	Saori Launch into other crops $5m Launch on coffee $5m	PHC 949 Launch on soybeans $10m

Focus crops

South America Total Revenue



Business Model and Strategy

1 Substantial increase in market share

Strategy

We intend to drive revenue in the short term by focusing on distribution of Harpinαβ in markets where we already have a presence and by aligning with large distributors with broad market access to open up new ones. We plan to expand sales in broad acre crops where Harpinαβ provides the most benefit to farmers, including sugar cane, corn, soy, citrus, rice, almonds and grapes.

With the launch of Saori® in Brazil, we have gained access to their 99-million-acre soybean market.

Links to KPIs

Revenue, Gross profit

2 Launching peptide products from our PREtec platforms

Strategy

Our target is to launch at least one PRE*tec* product in a major market every year. The launch of Saori® in Brazil in 2021 was the first. The next target is the launch of PHC279 into specialty crops in the USA with Wilbur-Ellis.

Links to KPIs

Revenue, Gross profit, Gross profit margin, Operating loss, LBITDA

3 Further building the capability to deliver additional products from PREtec

Strategy

The Group made a significant capital investment by building a pilot plant facility in our Seattle location. This allows the Group to produce peptides on a pilot scale and assist with developing and optimising manufacturing methods. The Group also secured a production facility for PHC279 and PHC949, which led to the achievement of our volume cost targets.

Links to KPIs

Revenue, Gross profit, Gross profit margin, Operating loss, LBITDA

4 IP protection and ongoing innovation

Strategy

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.

The Group has been issued 18 patents and more than 50 applications are pending in 11 countries and the European Patent Office.

Links to KPIs

Revenue, Gross profit, Gross profit margin, Operating loss, LBITDA

5 Consolidation

Strategy

The Group is well positioned to take a lead in consolidating this fragmented sector, due to its strong portfolio, market access and experienced leadership team.

Links to KPIs

Revenue, Gross profit, Gross profit margin, Operating loss

6 Sustainability

Strategy

In the environment, the products rapidly degrade and leave no detectable residues. Our products are made via a process which does not create or discharge any byproducts into the industrial wastewater system.

Links to KPIs

Revenue, Gross profit, Gross profit margin, Operating loss

Chairman's Statement

DR CHRISTOPHER RICHARDS
Non-Executive Chairman
1 May 2023

Growth and sustainability. In 2022, we once again beat annual market growth of 12 - 16%, as the wave of sustainability sweeps across farming. Another firm step towards our goal of $30m annual revenue in 2025.

Sustainable growth

Plant Health Care is all about sustainability, while delivering against market expectations in all respects. The Company is on track to deliver long-term targeted revenue, cash breakeven and profitability.

Delivering performance

Plant Health Care's financial performance accelerated in 2022. Our core Harpinαβ grew by 36%; more than double the 12 – 16% growth for the market in sustainable biologicals products for agriculture. For the second year, financial performance was ahead of market expectations; we intend to continue with this out-performance.

Robust financial position

As revenue grows, we leverage our cost base to move progressively to cash positive. At the same time, we are making measured increases in investment in sales and marketing, where we are confident of strong returns. Our Commercial business is now strongly profitable and cash generative, financing an increasing part of the costs of bringing our exciting new PRE*tec* products to market. We are confident of becoming profitable and cash generative as a company within our existing cash reserves, while continuing to fund priority growth projects.

Sustainability is at the heart of everything we do.

World-beating products, accelerating growth

Strong revenue growth in Harpinαβ is testament to the broadening scale of adoption of this remarkable product. We have the enormously exciting PREtec platform, from which we intend to launch at least one major product every year, in a major market through a large distributor. The large-scale launch of Saori® in Brazil in 2022 is but the first of a series of launches planned for the coming years.

Outstanding cost position

The best technology will not succeed without a cost position which allows customers and channel partners to achieve a good return on their investment. During 2022, we established new toll manufacturing arrangements in the EU, which guarantee access to high quality product at low cost, as evidenced by the gross margins we are achieving on both Harpinαβ and Saori.

Sustainability in our products

The Company's products are recognised as contributing to the sustainability of agriculture. Not only are the products themselves environmentally friendly, but they also help farmers to reduce their reliance on traditional fertilisers and pesticides, with substantial benefits to the sustainability of agriculture.

ESG across Plant Health Care

During 2022, we have broadened our focus from sustainability to ESG as a whole. We are increasing our focus on delivering for all stakeholders. We have taken first steps to improve the diversity of the Board and senior teams are working to embed ESG across the Company.

Risk management

Covid-19, war in Ukraine, increased inflation and supply chain challenges combine to create a much riskier world than in recent years. Plant Health Care is alert to the risks and has increased attention to their management. Given the nature of the agriculture sector and the Company's business, inflation and supply chain issues are those on which we focus most attention. At present, we are able to recover inflation in price. We are addressing supply chain issues by seeking to diversify the sources of our principal products.

World-beating team

In July, I handed over the Chief Executive Officer role to Jeffrey Tweedy, who had been acting as COO for the previous 12 months. I was pleased to accept the Board's request to take on the role of Non-Executive Chairman. Jeff was well prepared for his new role and is performing to a very high level. He is ably supported by Jeff Hovey (CFO) and a strong Executive Committee, which is driving the performance we cover in this report. We were pleased to welcome Kate Coppinger and James Ede-Golightly to the Board in early 2023; with their appointment, we now have a Board with strong competencies in all areas.

Chief Executive Officer's Statement

JEFFREY TWEEDY
Chief Executive Officer
1 May 2023

We are pleased to record an excellent financial year and are on track to achieve annual revenue of $30 million by 2025. The Company's focus on developing new distribution partnerships and building on its existing ones for its growing portfolio of products has helped increase revenue by 40% to $11.8m (2021: $8.4m). Sales in both North and South America were strongly up, 74% and 104% respectively.

Our success has been driven by the growing demand for Harpinαβ in North and South America and the successful commercialisation of Saori in Brazil following its launch in 2021. We expect Saori to be a significant driver of growth, and our new long-term commercial agreement with Nutrien to distribute the product in Brazil will help achieve this mission.

Cash and cash equivalents as of 31 December 2022 was $5.7m. There has been a substantial improvement in working capital which decreased 20% to $3.1m (2021: $3.9m), and cash used in operations decreased 16% to $2.7m (2021: $3.2m).

Plant Health Care has continued to expand into new markets around the world including South America, Europe, and India. We have grown our relationships with major distribution partners to deliver our products into these new markets.

It is a testament to the hard work of the Plant Health Care team that we have delivered on our key objectives for the financial year and are firmly on track to reach our long-term financial objectives by 2025.

Products

Our proprietary products derived from natural proteins help protect crops from diseases and stress leading to increased crop yield, quality and financial return for growers globally. The rise to the top of the global agenda of climate change, food security and sustainability is driving increased demand for our products.

Harpinαβ

The Company has recorded strong commercial sales growth of Harpinαβ – the recombinant protein which acts as a powerful biostimulant to improve the quality, nutrient use, tolerance to abiotic stress and yield of crops. Harpinαβ sales increased by 36% to $8.2m (2021: $6.0m). Furthermore, the Group signed a production agreement with a leading Europe-based biomanufacturing company to ensure production capacity and to accommodate the expected long-term growth in demand for the product. The agreement will also improve our gross margin.

In the last 12 months, we have seen Harpinαβ and associated products expand its reach. In April 2022, we appointed Ager Agro SAS as a distributor of Harpinαβ product, ProAct®, in Argentina and Uruguay with the first sales in Argentina in Q4 2022. We have also developed partnerships in new regions. Harpinαβ was successfully registered for use as a fertilizer with biostimulant properties in France, the largest agricultural producer in the European Union. The structure of the EU mutual recognition process will also ensure the expansion of the use of Harpinαβ to other European markets.

In January 2023, we signed an exclusive agreement with Novozymes South Asia Pvt to enable the distribution of Harpinαβ across India. The first commercial sales are expected to commence in the second half of 2023, following regulatory approval. This is a significant milestone for Plant Health Care and offers considerable growth potential. India is the world's second largest producer of sugar cane, with five million hectares currently under cultivation in the country.

Harpinαβ and PREtec are gaining traction in global markets

PRE*tec*

The Company's PRE*tec* technology platform (Vaccines for Plants™) continues to build on the success of the launch of our first PRE*tec* product, Saori used in Brazil for the prevention and treatment of soybean diseases. Saori was fully launched in Brazil in the second quarter of 2022 generating revenue of $0.8 million.

Derived from natural proteins, PRE*tec* is an environmentally friendly technology which stimulates crop growth and ability to withstand a variety of abiotic stresses as well as to improve disease control, plant health and yield. PRE*tec* is compatible with mainstream agricultural practices. Our aim is to launch one new PRE*tec* product every year.

Following regulatory approval of PHC279 by the US Environmental Protection Agency (EPA) in early 2023, we expect to commercially launch PHC279 in the US in the second half of 2023.

In December 2022, we submitted applications to the relevant regulatory agencies in Brazil for approval to commercialise our new PRE*tec* products, PHC279 and PHC949, for use on major crops. Brazil is the world's largest producer of sugar cane and coffee. In the latest season, Brazil had 8.3 million hectares of sugar cane under cultivation and more than 2.2 million hectares of coffee. PHC279 was submitted for the control of sugar cane orange rust (*Puccinia kuehnii*) and coffee leaf rust (*Hemileia vastatrix*). PHC279 is the active ingredient in Saori, which is already used in Brazil for the prevention and treatment of soybean diseases.

PHC949 was submitted as a seed treatment for the control of root-lesion nematode (*Pratylenchus brachyurus*) in soybean. It is a novel product that amplifies a plant's natural defense against damaging nematodes (a "bionematicide"), increasing plant health and yield in a variety of crops. For 2022/23, the soybean harvested area in Brazil is forecast to be 42.9 million hectares. Results from field studies show PHC949 may provide control of harmful nematodes comparable to the traditional chemical nematicides and superior to current biological products. The Brazilian authorities do not commit to a specific timeline for granting regulatory licenses. However, the Company anticipates regulatory licenses will be granted in 1-2 years.

Furthermore, our entrance into the nematicides sector offers significant growth potential as we look to consolidate our presence in a market predicted to reach $1.79bn by 2027.

In August 2022, we announced a trial agreement with agronomy services and technology provider, Agrii UK., to evaluate PRE*tec* technology for use in the UK. We also signed an agreement for EDAF Unipessoal LDA to become the exclusive distributor in Portugal for a proprietary PRE*tec*-containing fertilizer, PREzym™, for use in fruit, vegetables, and cereals crop production.

Distribution Partnerships

We distribute our products through partnerships with influential distributors, which enables 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.

We now work with six of the world's largest distributors of agricultural products which account for over 150 million acres in soybeans, corn and sugar cane.

Chief Executive Officer's Statement *Continued*

Geographic growth

The Company continues to expand and deepen its footprint in regions across the world, focusing on the largest agricultural producers.

North America

Total revenue in the US has grown to $4.8m (2021: $2.8m) driven by strong Harpinαβ demand for Employ in specialty crops, corn, soybeans and citrus.

Looking ahead, we see more growth opportunities working with Wilbur-Ellis, on cotton, soybeans, citrus, sugar cane and California specialty crops, and the planned launches of our PRE*tec* products PHC 279, and in the future, PHC 949. The US has huge potential, with West Coast farmers spending $10 billion every year on disease control alone.

South America

We are now present in Brazil, Argentina (with our first sales in Q4 2022) and Chile with plans to launch in Uruguay. Total revenue is $2.0m (2021: $1.1m) driven by Saori use in soybeans and Harpinαβ sales in sugar cane.

In the next couple of years, we anticipate significant growth of Saori in soybeans and Harpinαβ growth in sugar cane, soybeans and cotton.

EMEAA

Sales in EMEAA were $1.3m in 2022 versus $1.6m in 2021. Lower revenue was caused by loss of sales in Spain and Portugal due to drought impacting crops and negative effects of currency.

Prospects for 2023 are positive with the planned expansion of Harpinαβ in the EU with the France registration and the launch of PREzym in Portugal.

Mexico

Plant Health Care Mexico has a broad biological product line for farmers in Mexico including third-party products. Sales in Mexico were $3.4m (2021: $3.0m). The sales increase was driven by increased specialty crop acres and new market growth coming from sales into agave and avocado.

In the next couple of years Mexico is expecting continued growth with sales of Harpinαβ into sugar cane and continued growth in agave and avocado.

Environmental Sustainability

Food security is the top priority in 2023, and will only continue to become a growing concern, with global events driving the world's ever-increasing need for more access to vital crops. Sustainable agriculture lies at the heart of meeting this need, and our biological products will play a fundamental role in providing better-quality crops that can deliver higher yields.

Farmers face many challenges, including the impacts of climate change, such as drought and the need to work more sustainably. Plant Health Care products provide an environmentally suitable solution to increase regular yields through our pipeline of products for farmers and food/crop suppliers across various markets.

Outlook

Looking ahead, our actions in 2022 have prepared the business to see continued growth into 2023 as we focus on building key global distributor relationships for both Harpinαβ and new and existing PRE*tec* products.

Plant Health Care remains firmly on track to achieve revenue of $30 million by 2025 through the launch of new peptides, growth through current and future distributor relationships and delivering cash breakeven within our existing cash reserves.

Our business model is now more relevant than ever as the issue of food security continues to grow, and the farming world looks for technological solutions to achieve a sustainable future with better crops delivering higher yields and reducing environmental effects to help meet global sustainability targets.

Financial Summary

JEFFREY HOVEY
Chief Financial Officer
1 May 2023

A summary of the financial results for the year ended 31 December 2022 with comparatives for the previous financial year is set out below:

	2022 $'000	2021 $'000
Revenue	11,767	8,432
Gross profit	7,171	5,003
Gross profit margin	61%	59%
Operating loss	(9,238)	(6,381)
Finance expense - net	(84)	(34)
Net loss arising from financial assets	(125)	—
Net loss for the year before tax	(9,447)	(6,415)
Adjusted LBITDA*	(3,686)	(4,618)
Cash equivalents and investments	5,656	9,162

Revenues

Revenues in 2022 increased by 40% to $11.8 million (2021: $8.4 million). On a constant currency basis revenue increased 41% driven by strong growth in the specialty crops and corn market in the USA, sugar cane market with sugar cane out growers Brazil. The gross margin increased to 61% (2021: 59%) due to increased Harpinαβ sales into the Americas and the full-scale launch of Saori in Brazil. Harpinαβ sales increased 36% to $8.2 million (2021: $6.0 million). Third-party revenue increased 17% to $2.8 million (2021: $2.4 million) due to the rebound in the specialty crop market following the effects of the Covid pandemic.

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

In 2022, the Group's revenue, gross margin and LBITDA were weighted more evenly throughout the year with 47% in the first half and 53% in the second half of the financial year. This was an important objective for the Group as this helped with cash flow fluctuations during the year.

Americas

This segment includes activities in both North and South America but excludes Mexico. Revenue in the Americas segment increased 82% (80% in constant currency) to $7.1 million (2021: $3.9 million). The increase in revenue was due to further expansion into the specialty crop and corn markets through our partner Wilbur-Ellis and another large USA distributor. Revenue in the Americas is predominantly from Harpinαβ and Saori sales.

EMEAA

Revenue in the Rest of World segment decreased 16% (5% in constant currency) to $1.3 million (2021: $1.6 million). The decrease was primarily due to drought conditions experienced in Spain in the first half of 2022 and currency fluctuations of the Euro versus the Dollar. Sales into the greenhouse market saw an increase of 72%, driven by multiple factors including; demand generation through technical assistance/showcasing in the field, local trial investments and integrated marketing. Revenue in the Rest of World segment is predominantly from Harpinαβ sales.

Mexico

Revenue from the Mexico segment increased 13% (12% in constant currency) to $3.4 million (2021: $3.0 million). This was primarily due to the rebound in the specialty crop market following the effects of the Covid pandemic.
Revenue in Mexico includes sales of Harpinαβ and third-party products. The gross margin in Mexico for Harpinαβ and third-party products are 69%+ and 43%+, respectively.

Gross margin

Gross margin increased to 61% (2021: 59%). The increase was primarily due to increased sales of Harpinαβ in North America and Saori in Brazil.

Continued reduction in cash burn, through margin growth and working capital control.

Operating expenses

The Group's operating expenses increased 13% or $1.3 million to $10.9 million (2021: $9.6 million). The main contributors were increased sales and marketing spend to $4.6 million (2021: $3.7 million) to drive additional commercial sales primarily in the Americas and increased administration costs to $3.4 million (2021: $3.0 million). 2022 cash operating expenses were held at the same amount as H2 2021 on a pro-rata basis, which reflected increased spend following the March 2021 fundraise.

Non-cash unallocated corporate expenses increased $2.0 million to $3.8 million (2021: $1.8 million). The increase was attributable to the forex loss in the value of Sterling loans from our UK subsidiary due to the appreciation of the Pound (2021: forex loss).

Adjusted LBITDA, a non-GAAP measure, decreased by $0.9 million to $3.7 million (2021: $4.6 million) primarily due to improved gross profit of $2.2 million offset by increased spend in sales and marketing of $0.9 million and administration of $0.4 million.

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

	2022 $'000	2021 $'000
Operating loss	(9,238)	(6,381)
Depreciation/amortisation	668	567
Share-based payment expense	1,130	572
Foreign exchange losses	3,754	624
Adjusted LBITDA	(3,686)	(4,618)

Balance Sheet

At 31 December 2022 and 2021, investments and cash and cash equivalents were $5.7 million and $9.2 million respectively.

Cash remains a primary focus for the Group.

Inventory ($3.4 million) increased $1.2 million due to Harpinαβ purchases in the second half of 2022 to ensure adequate supply to meet the projected strong demand in the first half of 2023. Trade receivables ($1.4 million) decreased $1.6 million due to higher-than-expected collections in the fourth quarter in the Americas versus the prior year. Trade payables ($1.6 million) were comparable to the prior year ($1.2 million).

Translation of the results of foreign subsidiaries for inclusion within the consolidated Group results resulted in an exchange gain of $3.7 million (2021: $0.5 million) recorded within other comprehensive income and foreign exchange reserves.

Cash flow and liquidity

The Company successfully raised £6.6 million ($9.1 million) through the issuance of new ordinary shares in March 2021.

Net cash used in operations was $2.7 million (2021: $3.2 million).

The decrease is due to reduced losses offset by an increase in working capital cash flow primarily by reduced receivables through increased collections offset by increased inventory outflows to supply first half revenue growth projections.

Net cash provided by investing activities was $8.0 million (2021: $5.4 million net cash used). The Group holds surplus cash in several bond and money market funds. The movement in these funds was used to further invest in the PREtec business and fund the Commercial business.

Net cash used by financing activities was $0.6 million (2021: $8.6 million). The decrease was primarily due to finance expense and lease payments for rent in all regions.

Going Concern

In assessing whether the going concern basis is appropriate for preparing the 2022 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 and its investments balance of $5.7 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.

KPIs

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.

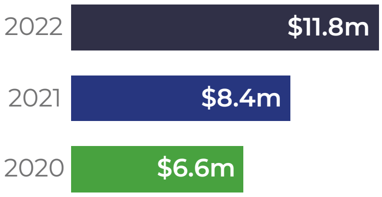
The KPIs for financial performance of the Commercial area and for the Group include revenue, gross profit and margin, operating loss and LBITDA. These KPIs indicate the volume of work the Group has undertaken, as well as the valuation with which this work has been delivered.

The KPIs for financial performance for the year ended 31 December 2022, with comparatives for the years ended 31 December 2021 and 2010, are set out on the right.

Financial

Revenue ($m)

$11.8 million



Why we measure it

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

Why it is important

Revenue growth shows how the business is performing year over year.

What it means

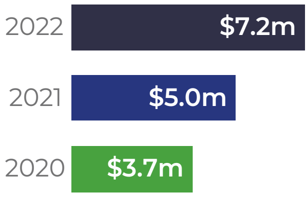
Revenue increased, driven by strong sales of Harpinαβ. This gives the Group confidence that adoption of our products is accelerating sales with our global partners.

Links to strategy

1, 2, 3, 4, 5, 6

Gross Profit ($m)

$7.2 million



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 2021 levels due to increased sales of Harpinαβ, which has a margin of 69% globally.

Links to strategy

1, 2, 3, 4, 5, 6

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.

Gross Profit (%)

61%

2022	60.9%
2021	59.3%
2020	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 improved from the prior year due to increased sales of higher margin Harpinαβ.

Links to strategy

1, 2, 3, 4, 5, 6

Operating Loss ($m)

$(9.2) million

2022	$(9.2)m
2021	$(6.4)m
2020	$(3.6)m

Why we measure it

Achieving a positive Operating Profit is an important mid-term goal for the Company.

Why it is important

Generating a positive Operating Profit guarantees the long term sustainability of the Company.

What it means

Operating loss is a statutory profit measure and reflects non-cash forex losses of $3.8 million attributable to Sterling loans from the parent company due to the appreciation of the Pound against the USD.

Links to strategy

1, 4, 5, 6

Adjusted LBITDA ($m)

$(3.7) million

2022	$(3.7)m
2021	$(4.6)m
2020	$(3.3)m

Why we measure it

To eliminate intercompany forex gains and losses, share-based payments, depreciation, amortisation, interest and tax from operating loss to help understand the operational business exclusive of non-cash items.

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 decreased from 2021 as the business increased its investment in developing the Commercial business which lead to increased revenue and improved margin.

Links to strategy

1, 2, 3, 4

Revenue ($m)

$8.9 million

2022	$8.9m
2021	$6.1m
2020	$3.9m

Gross Margin ($m)

$6.2 million

2022	$6.2m
2021	$4.2m
2020	$2.7m

Gross Margin Percentage (%)

70%

2022	70%
2021	70%
2020	69%

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 promote the success of the Group for the benefit of its shareholders as a whole in accordance with section 172 of the Companies Act.

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.

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 shareholders' key 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 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.

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 option schemes. • A Sustainability Leadership Team was established and has worked company-wide to build sustainability practices and culture.
Suppliers	• Supply chain risk management. • Regular engagement with our suppliers through production planning, forecasting and shipment logistics. • Continuous process improvements by working closely with our toll manufacturers.

Why we engage	Outcomes
• To allow our shareholders to understand Plant Health Care's strategy and long-term goals. • To help understand the Group's vision, responsibilities and compensation structures. • To confirm our commitment to our employees and our global environment.	• Investors' opinions are taken into account when determining strategy, operational performance and remuneration policies. • Established new toll-manufacturer relationship in Europe. • Entered into a new agreement with an Indian distributor.
• To provide the best quality products to our customers, to meet their individual needs. • To ensure we comply with all local and global regulatory requirements.	• 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.
• To ensure our employees feel that their contributions help with the long-term goals of the Group. • To inspire our employees. • To enrich our employees through development and training.	• 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.
• To comply with regulatory requirements. • To expand our long-term partnerships and agreements. • To minimise the risk of the ability to supply our product to our customers.	• 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.

ESG
Our Approach

Major global challenges are driving a significant and urgent transformation in how we grow and distribute food. Farming is faced with increased demand as the population grows to 10 billion, in parallel with a simultaneous decrease in arable land on which to grow crops, and the need to safeguard the environment for future generations. At Plant Health Care, our mission is at the heart of this challenge: supporting agricultural production for growers providing food, fiber and energy for the world's population. We know that reliable access to affordable, nutritious food is becoming more of a priority for businesses and governments worldwide and this challenge is made more difficult with challenges from climate change, nature-related risks and geopolitical instability. Based on the World Economic Forum's 2021-22 Global Risks, many of the top 10 risks identified could have an impact on food security, including extreme weather, biodiversity loss, infectious diseases and geoeconomic confrontation. Our role is to support growers as they confront food security issues in order to feed the world's growing population. Sustainable, long-term approaches that support positive environmental and social outcomes are vital.

Plant Health Care believes in sustainability, both for the products we sell and how we operate. With a unique combination of low-cost, proven products and very strong market access, Plant Health Care is well positioned to succeed in a market increasingly driven by long-term sustainability. As an alternative to the application of toxic chemicals to plants, our products act via activation of plants' natural defenses against diseases and multiple types of environmental stress for major row crops and specialty crops, leading to higher yields, enhanced shelf-life, and reduced waste.

Over the past year, the PHC Sustainability Leadership Team (SLT) has worked company-wide to build sustainability practices and culture. Focusing initially on the three ESG pillars (Environmental, Social Responsibility, Governance) of Sustainability, the SLT conducted a survey of sustainable practices in place in one or more of our regional offices to identify best-practices that could be adopted across all global sites. In parallel, the SLT solicited potential new initiatives that promote sustainability from our global colleagues. By making sustainability a company-wide mission, we have embedded sustainability into our culture and brought all our colleagues along with us on this ongoing sustainability journey. Over the following pages, we share our achievements for this year, and our commitment to promote the three ESG pillars.

ESG
Product

Environmental

We improve the environmental impact of agricultural through promoting the use of our products by farmers and running our operations using the most sustainable means available. Assessment of our environmental impact is split between our products and operations, two areas where we know we can have a big impact.

Environmentally friendly products

Our Harpinαβ and PRE*tec*-based products are based upon naturally occurring proteins which plants and animals have evolved over eons to tolerate. Most of the ingredients in our products are edible, such as protein and corn starch, and our active ingredients are produced via natural fermentation rather than by chemical synthesis. Upon application to crops, the products will quickly elicit the desired effect in the plant and then break down into plant food in the soil, leaving no residues and having no off-target harmful effects to the environment. The US Environmental Protection Agency has classified Harpinαβ and PRE*tec* peptides as having low toxicity and leaving zero residues on plants or in the environment. Treated plants show great resistance to fungal diseases, harmful soil nematodes and various types of abiotic stress such as drought, with some PRE*tec* seed treatment products increasing crop yield up to 15% versus the standard seed treatment product.

The future of our products

We are currently focusing our R&D efforts on the biopesticides PHC279 and PHC949, which act via activation of the plants' innate immune system, activating genes involved in resistance to biotic and abiotic stress leading to increases in yield and crop quality in many crops such as fruits and vegetables. History has shown that disease-causing organisms ultimately evolve to resist chemical fungicides, rendering them ineffective. Given the unique mode of action of PHC279 and PHC949, it is not expected that resistance development will occur.

Our PHC 949 product is showing performance for nematode control comparable to conventional chemical nematicides and superior to current biological solutions in field trials. There is a need for new biological nematicides that can replace less-safe chemical products and less effective microbial products. Currently available nematicides are facing increasing regulatory scrutiny around environmental and user safety which in some cases has led to products being withdrawn from the market. PHC949 is well-positioned to become a key tool for farmers struggling to control harmful nematodes.

PHC279 provides enhanced disease control across a wide range of disease-causing pathogens. Over time, pathogens develop resistance to existing chemical fungicides, requiring farmers to use higher application rates and to combine multiple fungicides to maintain adequate disease control. Ultimately, some fungicides are rendered useless as the targeted pathogens evolve complete resistance. Resistance development is not expected to occur for PHC279. And, similar to the case for chemical nematicides, regulators are reviewing the safety and environmental profile of fungicides and removing them from the market, leaving farmers with no good choices to control diseases in their crops. With its broad-spectrum disease control and environmental safety PHC279 will be a valuable tool for farmers.

Beyond PHC279 and PHC949, we have an extensive library of PRE*tec* candidates available for future development, many of which have been validated in greenhouse testing and field trials spanning multiple years.

Our environmentally sensitive operations

Ensuring that our operations are sustainable is important to Plant Health Care. In the last year we have taken strides to identify and implement specific environmental initiatives and to imbed a culture of environmental sustainability across all our operations. In our Research and Development facility in Seattle, Washington, these initiatives take many forms, including mandatory recycling and composting of food waste, composting waste from manufacturing, and washing and reusing laboratory supplies. Producing our products by fermentation generates large volumes of wastewater but rather than discharge this byproduct into the municipal wastewater system, we choose to evaporate the excess water which is then discharged as harmless steam.

Our products are packaged in cartons and dividers that are made from recycled paper, as well as being recyclable. We continue efforts to find a vendor that can provide moisture-impermeable packaging made of recyclable materials which will protect our products during shipping and storage. In our offices we recycle cans, bottles, paper and cardboard. During 2022, we moved our corporate headquarters to a pedestrian-friendly location in Holly Springs, North Carolina, thereby reducing automobile usage by employees and its associated carbon emissions. Our new headquarters employs a variety of energy savings enhancements, including motion sensor lighting, high-efficiency windows and heat pumps, and reflective TPO roofing to save electricity that would otherwise be used for cooling. Recycling of office paper in our Holly Springs office resulted in savings equivalent to thirty-nine trees.

Regulatory

Agriculture as a sector is exposed to the impacts of climate change, from global temperature increase to more frequent adverse weather events. As suppliers to this sector, Plant Health Care is aware of the impacts of climate-related risks and opportunities on our business. The UK has made it mandatory for premium listed companies to disclose their exposure to climate-related risks under the Task Force on Climate-Related Financial Disclosures ("TCFD") regulation. Other countries are considering similar measures. As such, the evolving requirements around disclosure of potential climate-related risks on our business will be an area that we monitor closely over the coming years.

We will continue to explore strategies to reduce the carbon footprint from our operations, including giving preference to those manufacturing partners that employ forward-thinking waste-minimization initiatives.

Social responsibility

Our goal is to create a culture that is empowering, diverse and socially oriented, supporting the communities we engage with locally. Our social pillar encompasses how we support our employees and how we support the communities in which we live and work.

ESG
People

Our people

Plant Health Care conducted a survey asking employees about their experience at the Company and perceptions of a range of workplace issues. These included company management and leadership, communication of strategic goals, opportunities for career growth and employee engagement. The management team was pleased by the survey responses and learned of two areas where there was more that could be done to support our employees: Employee Training and Communications.

Employee Training

The survey identified the opportunity to focus on employee training to support career development. Because we are a relatively small company there are not always traditional routes to career growth and advancement within the company. Recognizing that employee engagement and long-term retention is enhanced by the availability of new challenges and ongoing learning opportunities, company management has implemented regular meetings with each employee to create and implement a professional growth and training plan based on each employee's needs and preferences. In the long run, we are confident this initiative will lead to greater employee satisfaction and a better trained workforce.

Communications

The survey revealed that company priorities were not always communicated clearly throughout the company. When priorities changed, the rationale for such changes was not always communicated throughout the organization. While we had previously established quarterly company-wide 'townhall' meetings to share financial and operational performance updates as well as strategy updates, the survey results indicated we could do a better job cascading information throughout the organization. As a result, after each future townhall meeting, members of the management team will meet with their employees to answer any questions around company priorities or other matters that may have been discussed during the meeting. Because our employees are located throughout the US, Brazil, Mexico, Spain and the UK and come from multiple backgrounds it is critical that we engage our employees through multiple channels to ensure we develop a common understanding of the company's vision and are aligned around common goals. We continue to look for opportunities to build community within our global workforce as a means of leveraging our collective experience and expertise.

Providing a competitive benefits package is important for the well-being of our people as well as ensuring that the company is well situated to attract the best talent. During the past year, our existing health insurance provider reduced health care coverage. As a result, the company switched to another benefits provider that offers more comprehensive health insurance benefits at a lower cost to the company and its employees.

Work/life balance

Operationally, we are proud to support our people and contribute to the local communities in which we work and live. An example of our resilient and adaptable culture is the way Plant Health Care embraced the new hybrid office/home work model that employees have consistently indicated they prefer over the traditional full-time in-office model. While this accommodation was initially adopted as a response to Covid-19, having now seen how it enables employees to optimize their workdays to take care of their families and other personal obligations, we plan to maintain this hybrid work model. This change also reduces miles driven commuting to the office, thereby reducing greenhouse gas emissions.

Our culture

At PHC we know it is vital that our people understand what makes our products unique and how our products fit within modern agricultural practices. We provide our employees with extensive training, which consists of an overview of the Company and discussion of how the products are used by farmers and the results obtained. We provide our team with opportunities to better understand the use of our products and how the products help growers address the challenges they face daily. As a technology-driven company, it is important that our people understand our products and can accurately speak about how they contribute to sustainable agriculture and the specific benefits provided to our customers.

Our communities

In 2022, PHC initiated an annual Global Day of Service to provide its employees a meaningful opportunity to give back to the communities in which we live and work by volunteering their time in support of local charitable organizations. In North Carolina, the Holly Springs team spent a morning at the Food Bank of Central and Eastern North Carolina to help address food insecurity in our community by packing single-serving juice packs. In Spain, the Plant Health Care team lent their help in the daily tasks to the residents in a charitable home supported by the work of the Franciscan White Fathers of La Casa de Nazareth in Almeria.

ESG
Governance

Governance

Plant Health Care maintains a rigorous approach to Governance and is committed to a transparent, fair and ethical environment for all of those working with or investing in us. Our Board is designed to deliver top quality Governance. During 2022 it had three non-executive directors and two executive directors. The Board is committed to the continuous diversification and development of its membership and will seek to identify candidates with particular competencies in Corporate Governance, Investor Relations and Remuneration.

We have strong risk and crisis management systems in place, which have stood up well during the COVID pandemic and the impact of Brexit. They continue to be actively reviewed and developed as we move forward. Across our supply chain we have established strong partnerships, selecting organisations reflecting our values and reputational standards. As we continue to expand our work across the globe, this is of paramount importance. Our reporting internally and externally to shareholders is regular and clear, providing the opportunity to engage and vote on key issues, where necessary. Our accounting and reporting standards are independently verified.

At the direction of the Board, a global Sustainability Leadership Team was established during 2022. Led by a senior member of the management team, the SLT is charged with identifying, prioritizing, and implementing new initiatives to promote sustainability across the three ESG pillars in all the regions in which the company operates. The SLT presents new initiatives for review and approval by the company's Executive Committee and, as appropriate, to the board.

We have a full Code of Conduct, developed and flexed for multiple markets, and share an Employee Handbook with our new hires. The Anti-bribery & Corruption policy were thoroughly reviewed and updated during the year and a social media policy has been implemented.

Board

Oversees our overall business strategy and management, including sustainability initiatives.

Executive Directors

Communicates decision making, business strategy and sustainability imperatives to the Board as determined by the management committee.

Management Committee

The formulation and execution of the business strategy has been assigned to the management committee who meet monthly to review the performance against the Group's strategic initiatives, which includes our approach and implementation of sustainable activities.

Sustainability Leadership Team

This group will determine and implement appropriate ESG projects throughout the year. This will involve a global coordinated effort to work with all employees to determine the best ESG practices based on their respective regions.

ESG
Health & Safety

Health and safety

Accidents are thankfully rare at PHC, and this is primarily due to our dedication to health and safety. We provide online safety training modules to our office personnel and in-person safety training to those in the field. We report to our Board quarterly on our accident rate. In 2022, we had no reportable accidents and are committed to maintaining this trend.

Next steps

PHC is rapidly advancing its ESG strategy and creating a culture incorporating sustainability in everything we do. As a company developing inherently sustainable products which address long-term global challenges around food security, environmental protection, and grower wellbeing, we can be proud of our underlying commitment to environmental, social and governance issues. In particular, the progress shared in this report at implementing the ESG pillar approach to sustainability demonstrates our commitment to this valuable undertaking. We welcome feedback from our stakeholders as we continue our journey towards a more sustainable future.

While we do not expect every ESG initiative to be successful, we are keen to test multiple ideas to see which work best at PHC. We look forward to accelerating our sustainability journey and to reporting on our activities in the next annual cycle. Below are some of the ideas we will be pursuing during 2023.

Environmental

- Reduce business travel where possible
- Maximize use of internal recycling programs
- Increase our use of sustainably sourced materials
- Carbon-offset/carbon-credit programs
- Integrate our products into partners' sustainable agriculture demonstration programs

Social

- Review our charitable donations approach with an aim of increasing giving to charities in line with our values
- Continue the Employee Day of Service, supporting our colleagues to participate in volunteer opportunities with a specific focus on food-oriented opportunities such as food bank drives
- Focused planning for career growth and expanded job-skills training to prepare employees to assume new roles within the company and learn new skills
- Optimize employee benefits programs to serve the needs of employees
- Explore Diversity & inclusion initiatives to ensure our people feel welcomed and empowered in the workplace

Governance

- Establish a whistleblower channel or program
- Appoint two new Non-Executive Directors to the board to improve its diversity as opportunities allow
- Anticipate new sustainability-related reporting requirements and ensure that Plant Health Care continues to comply with existing reporting requirements

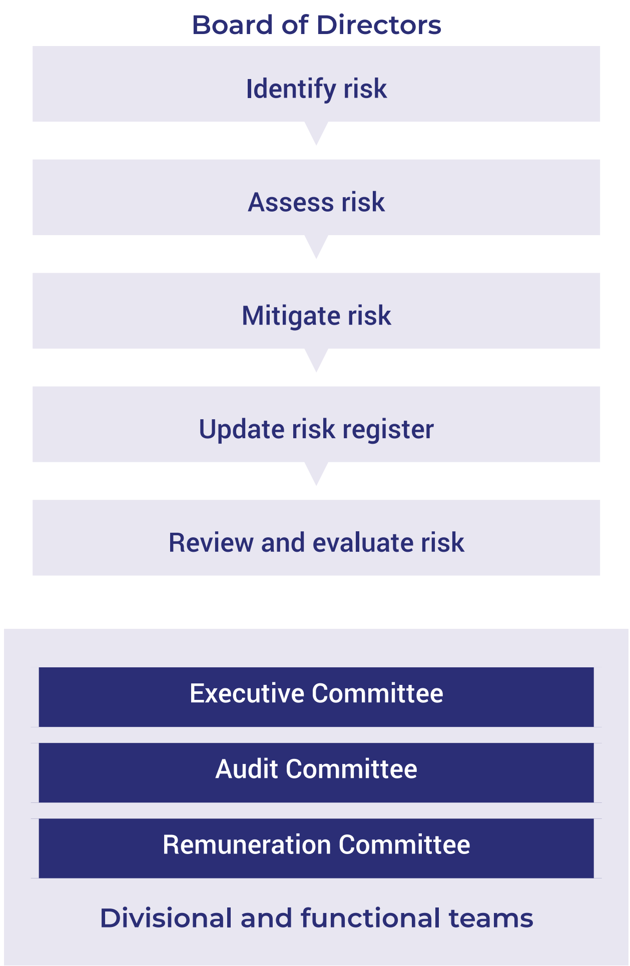
Principal Risk and Uncertainties

Effective management of principal risks and uncertainties

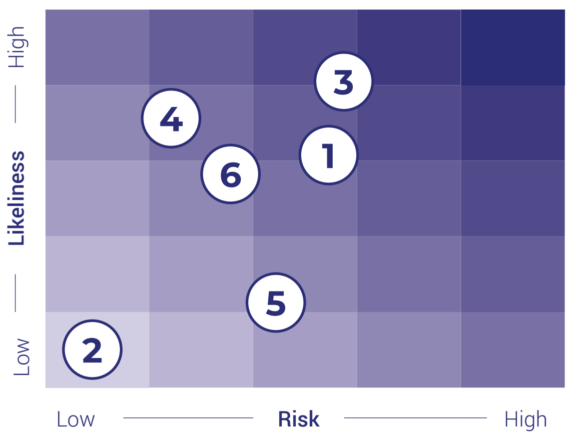
The Board is responsible for the systems which ensure ongoing risk management based on validation of internal controls and continuous review of their effectiveness. The internal controls are designed to proactively identify and manage risk rather than eliminate risk. Systems are in place and maintained to 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 is responsible to review and approve the Company's risk register. Formal reviews occur at least twice annually to discuss and document risks and to prioritise mitigating actions. Validation of the risk register is based on potential causes and impact, current controls and required future actions to minimise the probability and impact of risks. Proactive evaluation and communication of new risks and required controls serve as the basis of updated recommendations to the Board on an annual cycle or as required.

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.



Principal risks heat map



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
Chairman
1 May 2023

Risk	Type of Engagement	Mitigation
1	**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 near 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.	• These risks are mitigated by being prudent in the management of the Group's cash, controlling costs and proactive and transparent communication to investors to ensure continued support.
2	**Disruption to the global supply chain** • The ongoing conflict in Ukraine could adversely affect the Group's supply chain. • The market recovery after Covid-19 could continue to disrupt logistics and the shipping of our product from our toll manufacturers. • Due to current global supply chain issues, we could experience higher raw materials and freight costs.	• This risk is mitigated because the group currently does not have any suppliers in Ukraine or Russia. • The Group has increased its forecasting of lead times from its toll manufacturers to compensate for any potential shipping delays. • We order higher quantities of raw materials to achieve favourable bulk pricing and ship large quantities of our product to reduce shipments.
3	**Commercialisation risk** • We are subject to risks relating to product concentration because we derive substantially all of our revenues from our proprietary Harpinαβ and Saori product lines and from the sale of third-party products. • We have a limited number of sales and marketing personnel and will need to expand our sales and marketing capabilities to grow revenues from our commercial products. • The unpredictable regulatory system and its requirements globally could hinder our future commercialization efforts. • Our PRE*tec* product launches depend on evaluation and distribution partners converting their declared interest into formal commercial transactions.	• This risk is mitigated through strong relationships with channel partners and codevelop and market PHC technology. • The Group is planning to hire additional personnel in 2023 to ensure that the commercial business achieves its short and long-term growth targets. • We are actively engaged with several potential partners to ensure that they understand the value of our PRE*tec* technology.
4	**Technology risk** • Our PRE*tec* peptide development depends on demonstration of product efficacy in the field against targeted value propositions. Trials can be influenced by weather and other factors, which can result in the need to repeat trials; which can lead to delays of a year in product launches. • We have developed new methods for the commercial manufacture of PRE*tec* peptides. However 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 commercialise our technology without infringing the intellectual property rights of third parties.	• These risks are mitigated by reviewing and refining the strategy to commerialize our new technology to include both technology licensing and direct sales to distributors. • The Group seeks to establish and protect its intellectual property rights by patents and other protection mechanisms.
5	**Regulatory and legal risk** • If we are unable to secure regulatory approvals, or comply with ongoing and changing regulatory requirements, we could face delays and lost sales of our commercial products or impede the development of potential products. • Development and subsequent regulatory approval of Harpinαβ and PRE*tec* peptide technology is based on changing and continuously evolving regulatory statues which make review timelines and submission requirements difficult to predict. • 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 through regular internal reviews to ensure compliance with all applicable regulatory requirements. • The company has engaged in various industry working groups to engage government agencies to develop aligned and science-based submission criteria. • The Group monitors prospective changes in laws and regulations which may impact business.
6	**Personnel and resources** • Our future growth and ability to compete depend on engagement and retention of our key personnel and recruiting additional qualified personnel. • The success of the Group depends on obtaining and maintaining the appropriate level of skilled resources to work in a culture based on engagement, alignment, teamwork, and achievement to maintain current markets and drive Group growth and revenue in new markets. • The Group recognizes the prevalent heightened risk of employees working from home and while traveling to be susceptible to phishing attempts or other cyber security risks.	• 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. • The executive officers are subject to long-term contracts. Key staff have contractual arrangements designed to develop and incentivise them.

Corporate Governance

Board of Directors

Strong and experienced leadership

Dr Christopher G J Richards

Non-Executive Chair

Skills and experience

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. Christopher 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 conducting research, development and commercialisation of products based on heavy metal-free quantum dots.

Jeffrey Hovey

Chief Financial Officer

Skills and experience

Jeffrey Hovey joined the Company as Chief Financial Officer in September 2013. He became an Executive Director in November 2019. 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.

Jeffrey Tweedy

Chief Executive Officer

Skills and experience

Jeff has been with Plant Health Care since October 2017. In 2019, Jeff was promoted to Chief Operating Officer and Executive Board member after leading the growth of the Commercial business in North and South America. Under Jeff's leadership, the go-to-market strategy was transformed to align Plant Health Care's technology with several of the largest distributors globally to broaden market access for Harpinαβ.

Jeff led the commercialisation and launch of Saori™ as a seed treatment for soybeans in Brazil. Saori™ is the first product from the Group's PRE*tec* platform to be brought to market, and Brazil is the largest producer of soybeans in the world. Saori™ was approved for sale in January 2021 for the control of Asian soybean rust, after only 12 months of government regulatory evaluation.

Jeff brings 30+ years of technical, product development, sales management, and executive leadership to the Plant Health Care team. Jeff holds a Bachelor's of Science and Master of Science from Southern Illinois University at Carbondale.

Board of Directors
Continued

Guy van Zwanenberg

Non-executive Director

Skills and experience

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. Guy spent 15 years with Gamingking plc as its Finance Director and eventually became Company Secretary and Non-executive Director. Guy helped acquire several businesses and to reverse the company into Sceptre Leisure plc, which was then delisted. 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.

Committees

Audit Committee (Chair)

William M Lewis

Non-executive Director

Skills and experience

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.

Committees

Remuneration Committee (Chair)

Kate Coppinger

Non-executive Director

Skills and experience

Kate Coppinger joined the Company as a Non-executive Director in January 2023. She has an extensive background in investment banking and transaction execution. Having started her career as a research analyst at CIBC World Markets, she joined Harrison Lovegrove in 2000 and continued in her role, which focused on M&A transactions, within Standard Chartered Bank until 2020 following its acquisition of Harrison Lovegrove in 2007.

Committees

Audit Committee
Remuneration Committee

James Ede-Golightly

Non-executive Director

Skills and experience

James Ede-Golightly joined the Company as a Non-executive Director in January 2023. He has over twenty years of experience as a professional investor and director of growth companies. His current roles include Executive Chairman of Oxehealth and Non-Executive Director of Silence Therapeutics Plc. He co-founded Ora Capital Partners in 2006 having been an analyst at Commerzbank AG and Merrill Lynch Investment Managers. James previously served as a Non-Executive Director of Plant Health Care, between June 2013 and November 2016.

Committees

Audit Committee
Remuneration Committee

Corporate Governance Report

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.

The Company was mindful of the number of non-executive directors on the Board, especially the balance of independent non-executive directors. During 2022 Richard Webb stepped down as Chairman of the Company and Christopher Richards, former CEO, transitioned to the role of Chairman, whilst Jeffrey Tweedy was appointed CEO of the Company. In early 2023 the Board appointed two new non-executive directors, James Ede-Golightly and Kate Coppinger. Following these Board changes the Company has seven directors, including the Chairman and two executive directors. During 2022, Messrs Lewis and van Zwanenberg chaired the Company's two key committees and also meet with the Chairman separately on a regular basis. In 2023 with the new additions to the Board the composition of the Committee membership was enhanced. Guy van Zwanenberg continues to chair the Audit Committee, with Mr Ede Golightly and Mrs Coppinger being members. Mr Lewis continues to chair the Remuneration Committee with Mr Ede Golightly and Mrs Coppinger being members. Board meetings have appropriately robust agendas and are a hybrid of virtual and face to face in the USA and UK , with ad hoc meetings as and when the business needs demand. The USA is the main centre of activity and management of the Company. Each Board meeting also includes, where appropriate, involvement of the key executive leadership not on the Board. It is felt that the current Board has the right mix of skills that are relevant to the Company's current position. The Non-Executive Directors are satisfied that they present effective challenges to the Executive Directors and management team as and when required.

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 31.

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.

Corporate Governance Report *Continued*

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 30 to 31 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 (resigned June 2022);
- Dr Christopher G J Richards, Non-executive Director and Chairman;
- Mr Jeffrey Tweedy, Executive Director and CEO;
- Mr Jeffrey Hovey, Executive Director and CFO;
- Mr Guy van Zwanenberg, Senior Independent Non-executive Director;
- Mr William M. Lewis, an Independent Non-executive Director;
- Mrs Kate Coppinger, an Independent Non-executive Director; and
- Mr James Ede Golightly, 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 Chairs 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.

The Board and Board Committees have a rolling agenda which ensures that all routine matters are captured during the year and brought to the Board's attention for consideration and where appropriate approval.

Each Director serves on the Board from appointment until the next annual general meeting at which he stands for election. Thereafter he 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 three 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 James Ede-Golightly and Kate Coppinger as members. The Chairman, CEO and CFO attend the Committee meetings by invitation to present their reports. The auditor attends the annual audit committee meeting to present their audit findings on the annual year end audit.

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 three members, each of whom is an Independent Non-executive Director. The current members of the committee are William Lewis as the Chairman and James Ede-Golightly and Kate Coppinger as members.

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 Health, Safety and Environment (HSE) committee. Matters around 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 five members: Zhongmin Wei (Chief Science Officer), Jeffrey Tweedy (Chief Executive Officer), Jeffrey Hovey (Chief Financial Officer), Mark Turner (VP, Business and Corporate Development) and Patrick Doyle (VP, Product Development and Regulatory).

Board composition

The Company's Board is currently comprised of 5 Non-executive Directors and 2 Executive Directors. The Chairman is not independent.

Directors' biographies are set out on pages 33 to 34. 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 2022, and Directors' attendance records, is set out on page 43.

The Board considers itself to be sufficiently independent. The QCA Code suggests that a board should have an appropriate balance between the executive and non-executive directors and at least two independent non-executive directors. The Company's four Non-executive Directors are regarded by the Board as independent under the QCA Code's guidance for determining such independence and it is considered that they provide the appropriate level of balance required. 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 together with independence to support the ongoing development of the Company. The recent additions in early 2023 have further strengthened the Board both in terms of skill and independence.

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 PRE*tec* 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.

During 2022, the Board received a refresher from its Nomad on the continuing obligations of AIM together with a refresher on directors' duties and corporate governance best practice. The directors also undertook training in respect of Anti-Money Laundering regulations and the Anti-Bribery and Corruption requirements. It is noted that the Company has zero tolerance for bribery and corruption.

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 2022, 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. The Board with the assistance of the Company Secretary, has an annual training schedule in place.

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
Non-executive Director
1 May 2023

Audit Committee Report

GUY VAN ZWANENBERG

Chairman of the Audit Committee
1 May 2023

The Audit Committee is a formally constituted sub-committee of the Board. The Audit Committee comprises Guy van Zwanenberg as Chairman, Kate Coppinger and James Ede-Golightly, who are Independent Directors. The Committee meets separately with the external auditor without management present.

Main activities of the Audit Committee

The Audit Committee meets formally three times a year: in September, it reviews and considers the half year results announcement; in December, together with the external auditor, 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 its audit and its review of the accounts, including accounting policies and areas of judgement, and its comments on risk management and control matters. The external auditor also presents its fee proposals, which are assessed and approved, for the forthcoming annual audit at the December meeting.

The key areas of focus for the Audit Committee are set out below. This includes specific duties of the Committee in each area and how it operates.

1. Financial reporting

- monitor the integrity of the financial statements of the Group, including its annual and interim reports, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;
- review and challenge where necessary:
  - the consistency of and changes to accounting policies;
  - the methods used to account for significant and unusual transactions where different approaches are possible;
  - whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - the clarity of disclosure in the Company's financial reports and the context in which statements are made;
  - all material information presented with the financial statements, including the information in the Strategic report and the Corporate governance statement (insofar as it relates to the audit and risk management); and
  - the critical judgements, risks and estimates used in determining if the Group is a Going Concern and if any assets have been impaired.

2. Fraud and whistleblowing

Review the Group's arrangements for its employees, contractors, and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action:

- review the Group's procedure for detecting fraud; and
- review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.

3. External audit

- consider and make recommendations to the Board to be put to shareholders for approval at the AGM as regards the appointment, re-appointment and removal of the Company's external auditor;
- oversee the selection process for a new auditor and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
  - oversee the relationship with the external auditor including (but not limited to):
  - approval of its remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
  - approval of its terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - assessing annually its independence and objectivity taking into account relevant UK professional and regulatory requirements, the Financial Reporting Standard's Revised Ethical Standard 2019 (the "Ethical Standard") and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
  - agreeing with the Board a policy on the employment of former employees of the Company's auditor, taking into account the Ethical Standard and legal requirements, then monitoring the implementation of this policy;
  - monitoring the auditor's compliance with relevant professional guidance and the Auditing Practice Board's Ethical Standard 3 on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
  - assessing annually its qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on its own internal quality procedures;
- meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet with the external auditor at least once a year, without management being present, to discuss its remit and any issues arising from the audit;
- review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement; and
- review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
  - a discussion of any major issues which arose during the audit;
  - any accounting and audit judgements; and
  - levels of errors identified during the audit.

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 the external auditor is as follows:

- Audit-related services – the external auditor is invited to provide services which, in its position as auditor, it 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 auditor's tax advisers for tax consultancy services except in Mexico where the services were immaterial and appropriate safeguards were put in place such that our auditor's independence was not impaired.
- 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
Non-executive Director
1 May 2023

Remuneration Committee Report

The Remuneration Committee has three members, each of whom is an Independent Non-executive Director.The current members of the Committee are William Lewis as the Chairman, Kate Coppinger and James Ede-Golightly. 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 indiv iduals 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

The following comprised the principal elements of the Group's Executive Directors' remuneration during 2022:

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

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 which, 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) 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 USA 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).

c) 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, or 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.

d) Phantom Unit Plan

During 2022, the Group established a Phantom Unit Plan, which provides employees the right to receive cash payments which are calculated based on the increase in the price of Plant Health Care plc shares. The term of the phantom unit plan may not exceed 5 years.

Pension benefit

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

- participation is open to all USA-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 2022, the Group made matching contributions of up to 4%. In 2021, the Group made matching contributions of up to 4%;
- 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.

Termination benefits

Termination benefits in Mexico, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the operating results for the period in which they are incurred.

Elements of remuneration – Non-executive Directors

During 2021 and 2022, the remuneration for Non-executive Directors consisted of 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 2021 and 2022, 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 2021 and 31 December 2022, the table below sets forth the audited compensation paid to the Directors.

Other benefits

In 2022, the Group incurred $46,000 (2021: $44,000) 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 8.9p and 13.5p. At 31 December 2022, the share price was 9.9p. At 1 May 2023, the last working day prior to the approval of this annual report, the share price was 11.6p.

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

William Lewis

Chairman of the Remuneration Committee
1 May 2023

Director's remuneration

	Base salary and fees $'000	Performance related and discretionary bonus $'000	Other benefits $'000	Share optio benefit $'000	Total 2022 $'000	Total 2021 $'000
Executive						
Dr C Richards	125	50	–	282	**457**	634
J Hovey	228	131	33	165	**557**	390
J Tweedy	300	100	13	292	**705**	493
Non-executive						
Dr R Webb	51	–	–	–	**51**	76
W Lewis	50	–	–	–	**50**	55
G van Zwanenberg	50	–	–	–	**50**	55
	804	281	46	739	**1,870**	1,703

Report of the Directors

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2022. See Note 20 for a discussion of financial risk management objectives and policies, and the 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 53 and show a loss for the year of $9,483,000 (2021: loss of $6,304,000). The Directors recommend that no dividend be paid at this time (2021: 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 2022 were as follows:

	At 31 December 2022	
	Shares	Options
Dr C Richards	**4,630,427***	**8,666,022**
Dr R Webb	**1,300,978**	**1,658,981**
J Tweedy	**956,426**	**8,378,351**
J Hovey	**651,696**	**4,877,945**
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 1 May 2023, 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:

	Shares held	% of issued share capital*
Ospraie AG Science	54,967,950	17.70
Richard Griffiths	41,710,000	13.43
Janus Henderson	30,214,286	9.73
Scobie Ward	25,173,280	8.11
Lombard Odier	14,138,303	4.55
Boulder River	14,059,203	4.53

* 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 the Group's proprietary biostimulants based on the Company's Harpinαβ platform technology. For further details of the Group's R&D activities, see the Chairman's statement and Strategic report on pages 2 to 31.

Business review

For a discussion of the Group's 2022 performance and future developments, see the Chairman's statement and Strategic report on pages 2 to 31.

Post-balance sheet events

There have been no material Post-Balance sheet events.

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 2022 financial year:

	Board	Audit Committee	Remuneration Committee
Number of meetings held	5	2	3
Dr C Richards	5	2	2
Dr R Webb	2	—	1
W Lewis	5	2	3
G van Zwanenberg	4	2	3
J Tweedy	5	2	2
J Hovey	5	2	2

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. 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 departure from the EU and its 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 Group's operations and working capital. In particular, the Board implemented travel restrictions for Group business units and remote working arrangements for most of the Group's global workforce and instituted safety protocols for all business segments based on local Covid-19 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.

Ukraine

The directors have been watching the heart-breaking situation happening in Ukraine. We anticipate the conflict to have no material impact on the Group's operations. The Group currently has no customers or suppliers in Ukraine or Russia and we do not anticipate any business dealings in the long-term with either of these countries.

Report of the Directors *Continued*

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. Some of the assumptions used in the detailed forecasts were reduced product costs through new toller manufacturer relationships, increased revenue of Harpinαβ and PREtec products in all regions through organic and new distribution growth and modest increase in operating expenses.

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 and its balance sheet and the net cash position of the Group.

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.

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 of 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 40 MWh and therefore is a low energy user, and the Group has chosen to include a sustainability section on pages 24 to 29.

Annual general meeting

At the forthcoming annual general meeting of the Company, resolutions will be put forward to re-elect Kate Coppinger and James Ede-Golightly who were appointed as directors during the year. Jeff Hovey will retire by rotation and stand for re-election in accordance with the Articles of Association. The Company will also seek shareholder approval to re-appoint BDO LLP as the auditor of the Company.

By order of the Board

AMBA Secretaries Limited

Company Secretary
1 May 2023

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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 UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance Statement

As Chairman of the Company, it is my responsibility to work with my fellow Board members to ensure that the Company builds solid corporate governance standards and to manage the Board in the best interests of all our stakeholders. The Board believes that practising sound corporate governance is essential for the foundations of a successful and sustainable business, and our commitment to good corporate governance is instilled throughout the organisation.

The Company adopted the Quoted Companies Alliance Corporate Governance Code (2018) (the "QCA Code") as its chosen corporate governance code, which it still believes to be the most appropriate governance code for the business. We report our compliance with the QCA Code on the Company's website and within this Annual Report.

During 2022 and early 2023 the Company has seen quite a change to the composition of its Board. I transitioned to Chairman and Jeffrey Tweedy, former COO, was appointed as CEO of the business. The former Chairman stepped down and two new non-executive directors were appointed in January 2023. I believe that these changes have enhanced the strength of the Board both in terms of skill set and providing the required balance of executive and non-executive directors to provide a solid platform to drive the business forward and build upon the strong results delivered in the last couple of years.

The Company seeks to deliver responsible and ethical business practices across all the jurisdictions in which it operates, both with its employees, contractors, suppliers and all third parties. The importance of engaging with our shareholders continues, and the Board strives to ensure that there are numerous opportunities for investors to engage with both the Board and Executive team.

Christopher Richards

Chairman
1 May 2023

Financial Statements

Independent Auditor’s Report

to the members of Plant Health Care plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2022 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with 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 2022, 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, the 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 UK adopted international accounting standards. 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 applicable 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 ging 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 is included in the key audit matters section below.

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 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

92% (2021: 90%) of Group loss before tax
100% (2021: 87%) of Group revenue
96% (2021: 97%) of Group total assets

Key audit matters

	2022	2021
Going concern	x	x
Impairment of Group’s goodwill	-	x
Impairment of Parent Company’s fixed asset investment	-	x

The Group’s goodwill carrying value relates to the proprietary product, Harpinαβ cash generating unit (CGU) and has been assessed for impairment using the Directors’ value in use model. Whilst there is management’s judgement involved in the estimation of the recoverable amount of the CGU, we have not considered it to be a key audit matter based on the significant amount of headroom noted in management’s model and evidence available to support management’s assumptions. The assumptions in the model have been challenged and evidence received corroborates management’s assumptions. Taking this into consideration including the resulting effect on our risk assessment we no longer consider this to be a key audit matter.

Impairment of Parent Company’s fixed asset investment was no longer considered to be a key audit matter because we deemed that significant auditor’s judgement is no longer required based on the carrying value of the shares in Group undertakings being £nil while the loans to Group undertakings is supported by the Company’s market capitalisation which is consistently higher than the receivable amount. Taking this into consideration including the resulting effect on our risk assessment we no longer considered this to be a key audit matter.

Materiality

Group financial statements as a whole

$260,000 (2021: $210,000) each based on 5% of the average loss before tax of the last three years, excluding unrealised forex loss.

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 comprises six components: two incorporated UK companies, one a holding company and the other a trading company, both of which are deemed significant components and three significant non-UK components; the remaining entity is deemed non-significant.

Based on our assessment of the Group, we focused our Group audit scope primarily over the Parent Company and the principal trading entities that were identified as significant components: Plant Health Care UK Limited, Plant Health Care Brazil, the three USA entities which are treated as one significant component, and Plant Health Care de Mexico.

Furthermore:

- Plant Health Care Plc, Plant Health Care UK Limited, Plant Health Care Brazil and the three USA entities which was treated as one significant component, were subject to full scope audits by the Group audit team, as the Group's finance team and information for these territories are centralised; and
- Plant Health Care de Mexico was subject to a full scope audit by our network member firm in Mexico.

For the financial information of the component of the Group not considered to be a significant component, being Plant Health Care Spain, the Group audit team performed specified audit procedures including analytical procedures.

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 the component auditor included the following:

Plant Health Care de Mexico: We instructed our member firm in Mexico as to the scope and timing of their work on the financial information for Group reporting purposes, we held virtual meetings throughout the planning, execution and completion stage with the audit team and performed an onsite review of their audit documentation and findings and met, as part of the onsite review, with local management.

Key audit matters

Key audit matters ('KAMs') 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.

Key audit matter

Going concern

Details of the Directors' judgements are given in the Financial summary on page 18, Directors' Report on page 45 and the Group & Parent Company accounting policies applied during the period are given on Note 2 on page 58.

The Group and Parent Company financial statements have been prepared on a going concern basis. However, the current economic conditions continue to create uncertainties, particularly over (1) the level of customer and potential customer engagement and (2) the level of new sales to new customers. Material, unexpected deviations from the Directors' planned performance may require the Group to rationalise its cost base.

The Directors have considered various sensitivity analyses to reflect a variety of possible cashflow scenarios to evidence that the Group and Parent Company will be able to operate within their existing facilities.

There is judgement involved in the assessment of Going Concern, and the potential exposure to uncertainties that are material, and therefore we consider this to be a key audit matter.

How the scope of our audit addressed the key audit matter

Our audit procedures included the following:

- We examined the internal forecasting process to confirm the projections were prepared by an appropriate level of staff that are aware of the detailed figures included in the forecasts but also have a high-level understanding of the Group's market, strategy, and changes in the customer base.
- We evaluated the forecasts prepared and challenged the key assumptions, by inspecting supporting documentation, and assessing inputs within the projections to determine whether there was adequate support for the assumptions underlying the forecasts. We examined the new supplier contract and distribution agreement to corroborate the reduction in product costs and increase in revenue projection, respectively.
- We considered the appropriateness of the Directors' sensitivities applied in the projections. We performed our independent sensitivity analysis to consider cash flow changes if the level of costs were to remain static, but revenue and cash collections reduced on a customer-by-customer basis.
- We reviewed post-balance sheet events, specifically the cash flow position against budgeted performance and considered the potential impact of external factors such as the impact of climate change; the rising cost of inflation; the Ukraine war and the supply chain issues and the Directors' available mitigating actions and their effects on the Group's solvency and liquidity position.
- We reviewed post year-end management accounts, specifically comparing the cash position against that budgeted.
- We performed a retrospective review of forecasts made in the prior years and compared with actual results to suitably challenge the Directors' forecasts.
- We made enquiries with the Directors as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the Group's ability to continue as a going concern.
- We considered the adequacy and completeness of the disclosures in the financial statements against the requirements of the accounting standards and the Directors' going concern assessment.

Key observations:

Our conclusions are set out in the Conclusions relating to going concern section of our report.

Independent Auditor's Report
Continued

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	
	2022	2021	2022	2021
Materiality	$260,000	$210,000	$156,000	$105,000
Basis for determining materiality	5% of the average loss before tax of the last three years, excluding unrealised forex loss.		60% (2021:50%) Group Materiality	
Rationale for the benchmark applied	We used 3-year average loss before tax, excluding unrealised forex loss, as a benchmark as this is a primary KPI used to address the performance of the Group by the Board and a key metric for users of the financial statements. We used a 3-year average to take into account the volatility in losses, and unrealized forex loss has been excluded since it was identified as a one-off item.		Materiality for the Parent Company was set at 60% of Group materiality paying due consideration to aggregation risk.	
Performance materiality	$195,000	$157,000	$117,000	$78,000
Basis for determining performance materiality	Performance materiality was set at 75% (2021: 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.			

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group based on a percentage of between 40% and 60% (2021: 21% 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 $104,000 to $156,000 (2021: $45,000 to $105,000). In the audit of each component, we further applied performance materiality levels of 75% (2021: 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 $13,000 (2021: $10,500). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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.

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 opposite:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the reporting framework, rules of the London Stock Exchange for companies trading securities on AIM, the Companies Act 2006 and relevant tax compliance regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Corporate and VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010.

Our procedures in respect of the above included:

- Enquiries with management, the legal counsel and the Audit Committee regarding any instances of non-compliance with laws and regulations;
- Review of minutes of meeting of the Board of Directors and the Audit Committee for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Involvement of tax specialists in the audit;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of the Board of Directors and the Audit Committee for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Independent Auditor's Report
Continued

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, incorrect recognition of revenue (cut-off), the significant estimates made by management including those related to the impairment of Group's goodwill, expected credit loss provision and risk on the Group's ability to continue as a going concern.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management, including the expected credit loss provision, goodwill impairment, and going concern (refer to KAM section above), which are subject to management's judgement and estimation, and could be subject to potential bias, by:
  - Reviewing supporting documentation for the significant assumptions made;
  - Performing arithmetical checks on management calculations;
  - Considering the impact of post-balance sheet events on management estimates; and
  - Applying sensitivities and performing a retrospective review of management estimates.
- In addressing the risk of fraud in revenue recognition, we selected a sample of sales transactions around the year end and agreed to invoice and delivery documents, to verify that revenue was recorded in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

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.

Lee Jarrett (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
1 May 2023

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 2022

	Note	2022 $'000	2021 $'000
Revenue	4	**11,767**	8,432
Cost of sales		**(4,596)**	(3,429)
Gross profit		**7,171**	5,003
Research and development expenses		**(3,564)**	(3,383)
Sales and marketing expenses		**(4,557)**	(3,677)
Administrative expenses		**(8,288)**	(4,324)
Operating loss	5	**(9,238)**	(6,381)
Finance income	10	**113**	27
Finance expense	10	**(197)**	(61)
Net loss arising on financial assets		**(125)**	—
Loss before tax		**(9,447)**	(6,415)
Income tax (expense)/credit	11	**(36)**	111
Loss for the year attributable to the equity holders of the parent company		**(9,483)**	(6,304)
Other comprehensive income			
Items which will or may be reclassified to profit or loss:			
Exchange gain on translation of foreign operations		**3,659**	468
Total comprehensive loss for the year attributable to the equity holders of the parent company		**(5,824)**	(5,836)
Basic and diluted loss per share	12	**$(0.03)**	$(0.02)

The notes on pages 57 to 83 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

at 31 December 2022

	Note	2022 $'000	2021 $'000
Assets			
Non-current assets			
Intangible assets	13	**1,620**	1,622
Property, plant and equipment	14	**644**	718
Right-of-use assets	19	**586**	843
Other receivables	16	**146**	135
Total non-current assets		**2,996**	3,318
Current assets			
Inventories	15	**3,371**	2,137
Other receivables	16	**1,801**	3,364
Tax receivable		**–**	229
Investments	20	**–**	8,157
Cash and cash equivalents		**5,656**	1,005
Total current assets		**10,828**	14,892
Total assets		**13,824**	18,210
Liabilities			
Current liabilities			
Trade and other payables	17	**3,235**	2,711
Borrowings	18	**55**	37
Lease liabilities	19	**437**	400
Total current liabilities		**3,727**	3,148
Non-current liabilities			
Borrowings	18	**215**	224
Lease liabilities	19	**192**	480
Total non-current liabilities		**407**	704
Total liabilities		**4,134**	3,852
Total net assets		**9,690**	14,358
Share capital	22	**4,352**	4,326
Share premium		**100,859**	100,859
Foreign exchange reserve		**2,856**	(803)
Accumulated deficit		**(98,377)**	(90,024)
Total equity		**9,690**	14,358

The consolidated financial statements were approved and authorised for issue by the Board on 1 May 2023.

Dr Christopher Richards
Chairman

Registered no: 05116780 (England and Wales)
The notes on pages 57 to 83 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Note	Share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Accumulated deficit $'000	Total $'000
Balance at 1 January 2021		3,605	92,520	(1,271)	(84,292)	10,562
Loss for the year		—	—	—	(6,304)	(6,304)
Exchange difference arising on translation of foreign operations		—	—	468	—	468
Total comprehensive loss		—	—	468	(6,304)	(5,836)
Shares issued net of issue costs	22	721	8,339	—	—	9,060
Share-based payments		—	—	—	572	572
Balance at 31 December 2021		4,326	100,859	(803)	(90,024)	14,358
Loss for the year		—	—	—	(9,483)	(9,483)
Exchange difference arising on translation of foreign operations		—	—	3,659	—	3,659
Total comprehensive income/(loss)		—	—	3,659	(9,483)	(5,824)
Shares issued net of issue costs	22	26	—	—	—	26
Share-based payments		—	—	—	1,130	1,130
Balance at 31 December 2022		**4,352**	**100,859**	**2,856**	**(98,377)**	**9,690**

The notes on pages 57 to 83 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Loss for the year		**(9,483)**	(6,304)
Adjustments for:			
Depreciation	14	**212**	132
Depreciation of right-of-use assets	19	**454**	432
Amortisation of intangibles	13	**2**	3
Share-based payment expense		**1,130**	572
Finance income	10	**(113)**	(27)
Finance expense	10	**197**	61
Net loss on investment		**125**	—
Foreign exchange loss		**3,754**	624
Income taxes expense/(credit)		**36**	(111)
Bad debt (reversal)/expense		**(32)**	33
Decrease/(increase) in trade and other receivables		**1,602**	(499)
Gain on disposal of fixed asset		**-**	(20)
(Increase)/decrease in inventories		**(1,227)**	1,349
Increase in trade and other payables		**457**	406
Income taxes received		**172**	134
Net cash used in operating activities		**(2,714)**	(3,215)
Investing activities			
Purchase of property, plant and equipment	14	**(133)**	(382)
Sale of property, plant and equipment	14	**1**	20
Finance income	10	**113**	2
Purchase of investments		**—**	(8,048)
Sale of investments		**8,032**	3,056
Net cash from/(used in) investing activities		**8,013**	(5,352)
Financing activities			
Finance expense	10	**(148)**	(9)
Payment of lease liability	19	**(497)**	(465)
Issue of ordinary share capital	22	**—**	9,029
Exercise of options	22	**26**	31
Borrowings		**18**	36
Net cash (used in)/provided by financing activities		**(601)**	8,622
Net increase in cash and cash equivalents		**4,698**	55
Cash and cash equivalents at the beginning of period		**1,005**	982
Effects of exchange rates on cash held		**(47)**	(32)
Cash and cash equivalents at the end of the period		**5,656**	1,005

The notes on pages 57 to 83 form part of these consolidated financial statements.

Notes forming part of the Group financial statements for the year ended 31 December 2022

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 UK adopted international accounting standards and 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, primarily due to the USA 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	Mexican Peso	Euro	Reals
2021	1.3510	0.0489	1.1342	0.1794
2022	**1.2090**	**0.0513**	**1.0699**	**0.1891**

	Average exchange rates			
	GBP	Mexican Peso	Euro	Reals
2021	1.3754	0.0493	1.1830	0.1855
2022	**1.2370**	**0.04973**	**1.0538**	**0.1939**

Going concern

In assessing whether the going concern basis is an appropriate basis for preparing the 2022 annual report, the Directors have utilised detailed forecasts which take into account the Group's current and expected business activities, its cash and cash equivalents balance and investments of $5.7 million as shown in its balance sheet at 31 December 2022, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance. Some of the assumptions used in the detailed forecasts were reduced product costs through new toller manufacturer relationships, increased revenue of Harpinαβ and PRE*tec* products in all regions through organic and new distribution growth and modest increase in operating expenses.

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 Group 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 Covid-19 pandemic and any macroeconomic impact of the ongoing situation in Ukraine, global impact of high inflation and rising energy costs due to the strength of its customer proposition and 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 customers and potential customer engagement; and b) the level of new sales to new customers. The pandemic and situation in Ukraine have continued to have impacts 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. 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.

Basis of consolidation

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.

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 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.

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.

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.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

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

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

Employee benefits

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

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

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 remeasurements 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 on a straight line basis.

It is calculated at the following rates:

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

Inventories

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

Taxation

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

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 credit

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.

Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount is determined based on value-in-use calculations. 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. Additional information on carrying values is included in Note 13.

Impairment of intangible assets (excluding goodwill)

At the end of the financial period, the Group reviews the carrying amounts of its definite lived intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately within administrative expenses in the consolidated statement of comprehensive income. Additional information on carrying values is included in Note 13.

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.

4. Revenue

	2022	2021
Revenue arises from	**$'000**	$'000
Proprietary products	**8,927**	6,096
Third-party products	**2,840**	2,336
Total	**11,767**	8,432

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 2022

Segment	Sales contracts with payment terms less than 180 days	Sales contracts with payment terms greater than 180 days	Total
	$'000	$'000	$'000
Mexico	3,364	—	3,364
Americas	5,988	1,071	7,059
Rest of World	1,344	—	1,344
	10,696	1,071	11,767

Timing of transfer of goods	Sales contracts with payment terms less than 180 days	Sales contracts with payment terms greater than 180 days	Total
Point in time (delivery to port of departure)	10,320	1,071	11,391
Point in time (delivery to port of arrival)	376	—	376
	10,696	1,071	11,767

Year to 31 December 2021

Segment	Sales contracts with payment terms less than 180 days	Sales contracts with payment terms greater than 180 days	Total
	$'000	$'000	$'000
Mexico	2,969	—	2,969
Americas	3,510	362	3,872
Rest of World	1,591	—	1,591
	8,070	362	8,432

Timing of transfer of goods	Sales contracts with payment terms less than 180 days	Sales contracts with payment terms greater than 180 days	Total
Point in time (delivery to port of departure)	7,862	362	8,224
Point in time (delivery to port of arrival)	208	—	208
	8,070	362	8,432

Financing component of sales contracts	$'000
At 1 January 2021	9
Financing components recognised	—
Financing components unwound to the income statement	(9)
At 31 December 2021	—
Financing components recognised	—
Financing components unwound to the income statement	—
At 31 December 2022	**—**

5. Operating loss

	Note	**2022** **$'000**	2021 $'000
Operating loss is arrived at after charging/(crediting):			
Share-based payment charge	6 & 8	**1,130**	572
Depreciation	14	**212**	132
Depreciation of right-of-use assets	19	**454**	432
Amortisation of intangibles	13	**2**	3
Operating lease expense		**68**	36
Gain on disposal of property, plant and equipment		**—**	(20)
Impairment (reversal)/ provision on trade receivables		**(41)**	33
Foreign exchange losses		**3,754**	624
Auditor's remuneration:			
Amounts for audit of parent company and consolidation		**120**	115
Amounts for audit of subsidiaries		**80**	60
Total auditor's remuneration		**200**	175

6. Staff costs

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

	2022 **$'000**	2021 $'000
Wages and salaries	**5,352**	4,470
Social security and payroll taxes	**467**	362
Defined contribution pension costs	**132**	98
Medical and other benefits	**254**	180
	6,205	5,110
Share-based payments charge	**1,130**	572
	7,335	5,682

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

Other segment information	2022 $'000	2021 $'000
Research	**13**	13
Administration	**11**	11
Sales and marketing	**32**	22
	56	46

7. Director 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 40.

	2022 $'000	2021 $'000
Base salary, fees and bonuses	**1,085**	1,218
Other short-term employee benefits	**46**	44
Share-based payments	**739**	441
Social security and taxes	**68**	115
	1,938	1,818

Two Executive Directors who served during the year were eligible to participate in the Group's 401(k) retirement plan (2021: two).

The highest paid Director earned $609,000 (2021: $634,000).

8. Share-based payments

The Company operates two equity-settled share-based remuneration schemes for employees: a share option scheme and one employee Share option plan, as described in the "Elements of remuneration" section for Executive Directors within the Remuneration Committee report on pages 40 to 41.

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 plan 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) Phantom Unit Plan

In January 2022, the Group established a Phantom Unit Plan, which provides employees the right to receive cash payments which are calculated based on the increase in the price of Plant Health Care plc shares. The term of the phantom unit plan may not exceed 5 years.

The valuation of the unit awards granted under the Phantom Unit Plan fir the year ended 31 December 2022 was as follows:

	3 January 2022
Units granted	200,000
Weighted average fair value	5p
Assumptions used in measuring fair value:	
Exercise price	9.4p
Risk-free rate	1.11%
Expected vesting period (years)	2.4
Option life	5
Expected volatility	65.0%
Expected dividend rate	0.0%

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 2021 and 31 December 2022 were as follows:

	26 January 2021	23 July 2021	2 August 2021	19 November 2021
Share options granted	50,000	6,000,000	285,000	50,000
Weighted average fair value	10p	12p	7p	7p
Assumptions used in measuring fair value:				
Weighted average share price	16p	15p	14p	10p
Exercise price	10p	1p	14p	11p
Risk-free rate	(0.08)%	0.19%	0.14% - 0.21%	0.14% - 0.21%
Expected vesting period (years)	2.4	2.3–2.5	1.0–3.0	1.0–3.0
Option life (years)	5.0	5.0	5.0	5.0
Expected volatility	80.0%	66.3%	66.3%	66.3%
Expected dividend rate	0.0%	0.0%	0.0%	0.0%

	1 February 2022	10 March 2022	17 March 2022	11 August 2022
Share options granted	200,000	3,547,070	340,000	8,200,000
Weighted average fair value	5p	9p	5p	8p
Assumptions used in measuring fair value:				
Weighted average share price	9p	10p	10p	10p
Exercise price	9p	1p	10p	1p
Risk-free rate	1.11%	1.33%	1.31% - 1.32%	1.88%
Expected vesting period (years)	2.4	0.8	1.0–3.0	2.4-2.6
Option life (years)	5.0	5.0	5.0	5.0
Expected volatility	65.0%	62.5%	60.0%	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 2022 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 PRE*tec*. The CODM further analyses the results and operations of the Group's Commercial business on a geographical basis; therefore the Group has presented separate geographic segments within its Commercial business as follows: 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 PRE*tec* segment is focused on the research and development of the Group's PRE*tec* platform.

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

2022	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	PRE*tec* $'000	Total $'000
Revenue*							
Proprietary product sales	7,038	566	1,343	–	8,947	–	8,947
Third-party product sales	22	2,798	–	–	2,820	–	2,820
Inter-segment product sales	1,590	–	–	(1,590)	–	–	–
Total revenue	8,650	3,364	1,343	(1,590)	11,767	–	11,767
Cost of sales	(3,989)	(1,760)	(437)	1,590	(4,596)	–	(4,596)
Research and development	–	–	–	–	–	(2,481)	(2,481)
Sales and marketing	(2,596)	(837)	(852)	–	(4,285)	(273)	(4,558)
Administration	(1,361)	(304)	(86)	–	(1,751)	(297)	(2,048)
Non-cash expenses:							
Depreciation	(175)	(80)	(18)	–	(273)	(393)	(666)
Amortisation	–	–	(2)	–	(2)	–	(2)
Share-based payment	(207)	–	(57)	–	(264)	(540)	(804)
Segment operating (loss)/profit	322	383	(109)	–	596	(3,984)	(3,388)
Corporate expenses:**							
Wages and professional fees							(2,004)
Administration***							(3,846)
Operating loss							(9,238)
Finance income							113
Finance expense							(197)
Net loss investment							(125)
Loss before tax							(9,447)

* Revenue from one customer within the Americas segment totalled $3,165,000, or 27% of Group revenues.
Revenue from one customer within the Americas segment totalled $1,420,000, or 12% of Group revenues.
Revenue from one customer within the Americas segment totalled $1,225,000, or 10% 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 $326,000 attributed to corporate employees who are not directly affiliated with any of the Commercial or PRE*tec* segments.

Other segment information	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	PRE*tec* $'000	Total $'000
Segment assets	**9,933**	**2,474**	**803**	**—**	**13,210**	**614**	**13,824**
Segment liabilities	**2,617**	**588**	**389**	**—**	**3,594**	**540**	**4,134**
Capital expenditure	**126**	**28**	**—**	**—**	**154**	**—**	**154**

2021	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	PRE*tec* $'000	Total $'000
Revenue*							
Proprietary product sales	3,836	695	1,565	—	6,096	—	6,096
Third-party product sales	36	2,274	26	—	2,336	—	2,336
Inter-segment product sales	853	—	45	(898)	—	—	—
Total revenue	4,725	2,969	1,636	(898)	8,432	—	8,432
Cost of sales	(2,232)	(1,560)	(535)	898	(3,429)	—	(3,429)
Research and development	—	—	—	—	—	(2,645)	(2,645)
Sales and marketing	(1,878)	(760)	(772)	—	(3,410)	(242)	(3,652)
Administration	(900)	(213)	(94)	—	(1,207)	(198)	(1,405)
Non-cash expenses:							
Depreciation	(128)	(87)	(21)	—	(236)	(335)	(571)
Amortisation	—	—	(3)	—	(3)	—	(3)
Share-based payment	(64)	—	(22)	—	(86)	(246)	(332)
Segment operating (loss)/profit	(477)	349	189	—	61	(3,666)	(3,605)
Corporate expenses:**							
Wages and professional fees							(2,046)
Administration***							(730)
Operating loss							(6,381)
Finance income							27
Finance expense							(61)
Loss before tax							(6,415)

* Revenue from one customer within the Americas segment totalled $1,350,000, or 16% of Group revenues.

Revenue from one customer within the Mexico segment totalled $1,204,000, or 14% of Group revenues.

Revenue from one customer within the Americas segment totalled $1,066,000, or 13% of Group revenues.

Revenue from one customer within the Americas segment totalled $994,000, or 12% 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 $240,000 attributed to corporate employees who are not directly affiliated with any of the Commercial or PRE*tec*

Other segment information	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	PRE*tec* $'000	Total $'000
Segment assets	13,571	2,221	1,465	—	17,257	953	18,210
Segment liabilities	1,976	328	346	—	2,650	1,202	3,852
Capital expenditure	124	106	—	—	230	374	604

Geographic information

The Group operates in five principal countries – the United Kingdom (country of domicile), the USA, Mexico, Spain and Brazil.

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

	Year ended 31 December 2022		Year ended 31 December 2021	
	Amount		Amount	2021
	$'000	**%**	$'000	%
United Kingdom	**269**	**2**	349	4
United States	**4,817**	**41**	2,774	33
Mexico	**3,364**	**29**	2,969	35
Spain	**1,074**	**9**	1,242	15
Brazil	**2,243**	**19**	1,098	13
Total	**11,767**	**100**	8,432	100

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

	Year ended 31 December 2022		Year ended 31 December 2021	
	Amount		Amount	2021
	$'000	**%**	$'000	%
United Kingdom	**1**	**–**	3	–
United States	**2,653**	**89**	3,074	93
Mexico	**226**	**8**	213	6
Spain	**72**	**2**	17	1
Brazil	**44**	**1**	11	–
Total	**2,996**	**100**	3,318	100

10. Finance income and expense

	2022	2021
	$'000	$'000
Finance income		
Interest on deposits and investments	**113**	18
Financing component of revenue contracts	**–**	9
	113	27

	2022	2021
	$'000	$'000
Finance expense		
Interest on lease liabilities	**(49)**	(49)
Other interest	**(148)**	(12)
	(197)	(61)

11. Tax credit

	2022 $'000	2021 $'000
Current tax credit on loss for the year	**24**	(102)
Deferred tax credit – origination and reversal of timing differences	**12**	(9)
Total tax credit	**36**	(111)

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:

	2022 $'000	2021 $'000
Loss before tax	**(9,447)**	(6,415)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2021: 19.0%)	**(1,795)**	(1,219)
Effect on tax rates in foreign jurisdictions	**50**	(60)
Disallowable expenses	**201**	246
Share-based payment expense not deductible	**12**	120
R&D credit	**(153)**	(229)
Losses available for carryover	**1,118**	1,192
Losses utilised in the year	**–**	(33)
Difference in capital allowance and amortisation	**567**	(80)
Other temporary differences	**36**	(48)
Actual tax credit	**36**	(111)

Deferred tax asset (see Note 16)	Deferred taxation $'000
At 1 January 2022	76
Credited to the profit and loss account	12
At 31 December 2022	88

The deferred tax asset comprises sundry timing differences.

At 31 December 2022, the Group had a potential deferred tax asset of $23,136,000 (2021: $23,070,000) which includes tax losses available to carry forward of $21,942,000 (2021: $22,889,000) (being actual federal, foreign and state losses of $103,187,000 (2021: $108,086,000)) arising from historical losses incurred and other timing differences of $(1,193,548).

The tax receivable of nil (2021: $229,000) 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 $9,483,000 (2021: loss of $6,304,000) and the weighted average number of shares in issue during the period of 305,148,646 (2021: 292,204,361).

Equity instruments of 36,006,306 (2021: 26,770,302), which include share options, 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.

13. Intangible assets

	Goodwill	Licences and registrations	Trade name and customer relationships	Total
	$'000	$'000	$'000	$'000
Cost				
Balance at 1 January 2021	1,620	3,342	159	5,121
Additions – externally acquired	—	—	—	—
Balance at 31 December 2021	1,620	3,342	159	5,121
Additions – externally acquired	—	—	—	—
Balance at 31 December 2022	**1,620**	**3,342**	**159**	**5,121**
Accumulated amortisation				
Balance at 1 January 2021	—	3,337	159	3,496
Amortisation charge for the year	—	3	—	3
Balance at 31 December 2021	—	3,340	159	3,499
Amortisation charge for the year	—	2	—	2
Balance at 31 December 2022	**—**	**3,342**	**159**	**3,501**
Net book value				
At 31 December 2021	1,620	2	—	1,622
At 31 December 2022	**1,620**	**—**	**—**	**1,620**

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 2021 and 2022, cash flows are projected over a five-year period with a residual growth rate assumed at 0%. For the years ended 31 December 2021 and 2022, a pre-tax discount factor of 15.2% and 15.2% 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 Harpinαβ, 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 nil. 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 and facility equipment	Leasehold improvements	Vehicles	Total
	$'000	$'000	$'000	$'000
Cost				
Balance at 1 January 2021	1,263	819	395	2,477
Additions	384	45	175	604
Disposals	—	—	(64)	(64)
Balance at 31 December 2021	1,647	864	506	3,017
Additions	85	—	69	154
Disposals	(1)	—	—	(1)
Balance at 31 December 2022	**1,731**	**864**	**575**	**3,170**
Accumulated depreciation				
Balance at 1 January 2021	1,110	819	302	2,231
Depreciation charge for the year	63	2	67	132
Disposals	—	—	(64)	(64)
Balance at 31 December 2021	1,173	821	305	2,299
Depreciation charge for the year	136	11	81	228
Disposals	(1)	—	—	(1)
Balance at 31 December 2022	**1,308**	**832**	**386**	**2,526**
Net book value				
At 31 December 2021	474	43	201	718
At 31 December 2022	**423**	**32**	**189**	**644**

15. Inventories

	2022	2021
	$'000	$'000
Raw materials	**438**	285
Finished goods and goods for resale	**2,933**	1,852
	3,371	2,137

The inventory provision amount during the year was $23,495 (2021: $32,023). In 2022, raw materials and finished goods for resale included in cost of sales was $4.2 million (2021: $3.1 million).

16. Trade and other receivables

	2022 $'000	2021 $'000
Current		
Trade receivables	**1,459**	3,114
Less: provision for impairment	**(90)**	(132)
Trade receivables, net	**1,369**	2,982
Other receivables and prepayments	**432**	382
Current trade and other receivables	**1,801**	3,364
Non-current		
Other receivables	**58**	59
Deferred tax asset (see Note 11)	**88**	76
Non-current other receivables	**146**	135
	1,947	3,499

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

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

31 December 2022	Considered under the simplified approach $'000	Considered under the general approach $'000
Trade receivables	**1,459**	—
Expected credit loss assessed	**(90)**	—
	1,369	—

31 December 2021	Considered under the simplified approach $'000	Considered under the general approach $'000
Trade receivables	**2,385**	729
Expected credit loss assessed	**-**	(132)
	2,385	597

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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:

	2022 $'000	2021 $'000
Balance at the beginning of the year	132	99
Provided	–	50
Receivables written off as uncollectible	–	–
Unused amounts reversed	(41)	(15)
Foreign exchange	(1)	(2)
Balance at the end of the year	90	132

The net value of trade receivables for which a provision for impairment has been made is $0.1 million (2021: $0.7 million).

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.

	2022 $'000	2021 $'000
Current	1,311	2,611
Past due:		
Up to 30 days	17	34
31 to 60 days	–	2
61 to 90 days	–	78
Greater than 90 days	41	257
Total	1,369	2,982

17. Trade and other payables

	2022 $'000	2021 $'000
Current		
Trade payables	1,597	1,227
Accruals	1,545	1,382
Taxation and social security	92	101
Income tax liability	1	1
	3,235	2,711

18. Borrowings

a) Current borrowings

	2022 $'000	2021 $'000
Vehicle loans	31	20
Bank loans	24	17
	55	37

b) Non-current borrowings

	2022	2021
	$'000	$'000
Vehicle loans	**104**	81
Bank loans	**111**	143
	215	224

19. Leases: Right-of-use assets and lease liabilities

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

	2022	2021
	$'000	$'000
Real estate leases	**518**	830
Vehicles	**68**	13
	586	843

Real estate leases

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

Vehicles

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

Right-of-use assets

2022 — Right-of-use assets

	Real estate lease	Vehicles	Total
	$'000	$'000	$'000
At 1 January 2022	830	13	843
Additions	124	73	197
Amortisation	(436)	(18)	(454)
At 31 December 2022	**518**	**68**	**586**

2021 — Right-of-use asset

	Real estate lease	Vehicles	Total
	$'000	$'000	$'000
At 1 January 2021	935	35	970
Additions	312	-	312
Disposals	(7)	-	(7)
Amortisation	(410)	(22)	(432)
At 31 December 2021	830	13	843

Lease liabilities

2022 — Lease liabilities

	Real estate lease	Vehicles	Total
	$'000	$'000	$'000
At 1 January 2022	866	14	880
Additions	124	73	197
Interest expense	48	1	49
Lease payments	(478)	(19)	(497)
At 31 December 2022	**560**	**69**	**629**

2021 — Lease liabilities

	Real estate lease	Vehicles	Total
	$'000	$'000	$'000
At 1 January 2021	947	36	983
Additions	313	—	313
Disposals	(13)	—	(13)
Interest expense	48	1	49
Lease payments	(429)	(23)	(452)
At 31 December 2021	866	14	880

The maturity of the lease liabilities is as follows:

2022	**Carrying amount**	**Undiscounted contractual cash flows**	**Less than one year**	**One to two years**	**Two to five years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Leased buildings	**560**	**589**	**436**	**143**	**10**
Leased vehicle	**69**	**71**	**25**	**21**	**25**
Total	**629**	**660**	**461**	**164**	**35**

2021	Carrying amount	Undiscounted contractual cash flows	Less than one year	One to two years	Two to five years
	$'000	$'000	$'000	$'000	$'000
Leased buildings	866	929	432	376	121
Leased vehicle	14	14	10	4	—
Total	880	943	442	380	121

The current and non-current portions of the leases were $437,000 and $192,000 as at 31 December 2022, 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	
	2022	2021
	$'000	$'000
Non-current financial assets		
Trade and other receivables	**58**	59

		Fair value through profit or loss		Amortised cost (loans and receivables)	
		2022	2021	**2022**	2021
	Note	**$'000**	$'000	**$'000**	$'000
Current financial assets					
Trade and other receivables	16	**—**	—	**1,369**	2,982
Investments	20	**—**	8,157	**—**	—
Cash and cash equivalents		**2,034**	—	**3,622**	1,005
		2,034	8,157	**4,991**	3,987

		Amortised costs	
		2022	2021
	Note	**$'000**	$'000
Current financial liabilities			
Trade payables	17	**1,597**	1,227
Accrued liabilities	17	**1,545**	1,382
Borrowings	18	**55**	37
Lease liability		**437**	400
		3,634	3,046

		Amortised costs	
		2022	2021
	Note	**$'000**	$'000
Non-current financial liabilities			
Borrowings	18	**215**	224
Lease liability		**192**	480
		407	704

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

c) Investments

2022 — Investments

Description	Classification	2022 $'000
PNC Money Market Fund	Government	–
PNC Ultra Short Bond Fund	Mutual fund	–
		–

2021 — Investments

Description	Classification	2021 $'000
PNC Money Market Fund	Government	5
PNC Ultra Short Bond Fund	Mutual fund	8,152
		8,157

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

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

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.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

2022	Carrying amount	Undiscounted contractual cash flows	Less than one year	One to two years	Two to five years
Trade and other payables	3,142	3,142	3,142	-	-
Loans and borrowings	270	298	66	66	166
Lease liabilities	629	660	461	164	35
Total	**4,041**	**4,100**	**3,669**	**230**	**201**

2021	Carrying amount	Undiscounted contractual cash flows	Less than one year	One to two years	Two to five years
Trade and other payables	2,609	2,609	2,609	-	-
Loans and borrowings	261	284	45	53	186
Lease liabilities	880	943	442	380	121
Total	**3,750**	**3,836**	**3,096**	**433**	**307**

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 the 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	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Euro	**284**	369	**348**	311
Pound Sterling	**150**	584	**41**	34
Mexican Peso	**1,580**	1,290	**588**	328
Brazilian Real	**858**	617	**524**	383

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 Sterling 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:

	2022	2021
	$'000	$'000
Mexican Peso	**336**	297
Pound Sterling	**27**	35
Euro	**107**	124
Brazilian Real	**224**	110

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 which excludes currency translation loss arising from intercompany loans which going forward will be taken to 'other comprehensive income':

	2022	2021
	$'000	$'000
Mexican Peso	**297**	262
Pound Sterling	**21**	27
Euro	**103**	101
Brazilian Real	**243**	164

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. The Group does not have any interest-bearing borrowings and is not exposed to any risk associated with the interest rate benchmark reform.

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 USA, Europe, South Africa, Mexico and South America.

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 2022.

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.	242 S Main Street, Suite 216,Holly Springs, NC 27540	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	Av. Dr. Chucri Zaidan, 1.550, Conj. 1.212 Vila São Francisco (Zona Sul), CEP 04711-130, São PauloSP	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.

22. Share capital

a) Issued share capital

	2022 $'000	2021 $'000
Allotted, called-up and fully paid share capital:		
306,937,482 (2021: 304,662,482) ordinary shares at £0.01 each	**4,352**	4,326

b) Movement in share capital

The movements in issued share capital are as follows:

	Ordinary shares of Plant Health Care plc	
	Number	$'000
In issue at 1 January 2021	251,989,569	3,605
Shares issued	52,672,913	721
In issue at 31 December 2021	304,662,482	4,326
Shares issued	2,275,000	26
In issue at 31 December 2022	**306,937,482**	**4,352**

During the year ended 31 December 2022, the following fully paid £0.01 ordinary shares in the Company were issued:

i. 2,275,000 shares with an aggregate value of $204,000 were issued for the exercise of share (2021: 1p) options at an exercise price of 1p.

c) Other equity instruments

The Company had the following other equity instruments in issue at 31 December 2022 and 2021:

	2022 Number	2021 Number
Share awards under the 2004 plan	**129,647**	139,647
Share awards under 2017 plan	**35,876,659**	26,630,655
	36,006,306	26,770,302

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.

Notes (Group)
Continued

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 2021	117,647	40,500	158,147	77p
Awarded	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	(18,500)	(18,500)	55p
Outstanding at 31 December 2021	117,647	22,000	139,647	86p
Awarded	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	(10,000)	(10,000)	88p
Outstanding at 31 December 2022	**117,647**	**12,000**	**129,647**	**85p**

Of the total number of options outstanding at 31 December 2022, 129,647 (2021: 139,647) had vested and were exercisable. The weighted average exercise price was 85p (2021: 86p).

The options outstanding at 31 December 2022 have a weighted average remaining life of .35 years (2021: 1.27 years) and the range of exercise prices is 85p to 90p (2021: 57p to 96p).

ii) 2017 Employee Share option plan

	Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2021	12,623,880	10,171,775	22,795,655	7p
Awarded	4,700,000	1,560,000	6,260,000	2p
Exercised	(2,275,000)	—	(2,275,000)	1p
Forfeited	—	(150,000)	(150,000)	10p
Outstanding at 31 December 2021	15,048,880	11,581,775	26,630,655	6p
Awarded	8,182,487	3,949,583	12,132,070	1p
Exercised	(1,654,545)	(620,455)	(2,275,000)	1p
Forfeited	(239,024)	(372,042)	(611,066)	10p
Outstanding at 31 December 2022	**21,337,798**	**14,538,861**	**35,876,659**	**5p**

Of the total number of options outstanding at 31 December 2022, 20,586,418 (2021: 21,586,655) had vested and were exercisable.

The options outstanding at 31 December 2022 have a weighted average remaining life of 3.86 years and the range of exercise prices is 1p to 15p.

(iv) Phantom Unit Plan

	Total	Weighted average exercise price
Outstanding at 31 December 2021	—	—
Awarded	200,000	9p
Exercised	—	—
Forfeited	—	—
Outstanding at 31 December 2022	200,000	9p

Of the total number of options outstanding at 31 December 2022, nil had vested and were exercisable.

The options outstanding at 31 December 2022 have a weighted average remaining life of 4.09 years and an exercise price of 9p.

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 USA employees. In 2022, the Group's pension expense under the scheme was $97,949 (2021: $76,567). Mexico has a government-run pension plan to which our operations there must contribute. In 2022, the expense for this plan was $19,118 (2021: $6,518). One United Kingdom employee receives contributions to their pension plans. The expense for this was $5,108 (2021: $6,396). A Spain employee receives contributions to their pension plan. The expense for this was $9,692 (2021: $8,364). Total pension expense for the year was $131,868 (2021: $97,845).

25. Post-balance sheet events

There have been no material Post-Balance sheet events.

Company statement of financial position

at 31 December 2022

	Note	2022 $'000	2021 $'000
Fixed assets			
Fixed asset investments	32	**29,038**	31,499
Current assets			
Debtors	34	**47**	20
Cash at bank and in hand		**91**	3
Total current assets		**138**	23
Creditors: amounts falling due within one year	35	**(230)**	(231)
Net current liabilities		**(92)**	(208)
Total assets less current liabilities		**28,946**	31,291
Capital and reserves			
Called-up share capital	29	**4,352**	4,326
Share premium	29	**100,859**	100,859
Accumulated deficit	29	**(76,265)**	(73,894)
Shareholders' funds		**28,946**	31,291

The financial statements were approved and authorised for issue by the Board on 1 May 2023.

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 and related notes in these financial statements. The Company's loss after tax for the year is $3,501,000 (2021: profit of $317,000).

The notes on pages 86 to 88 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital	Share premium	Accumulated deficit	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2021	3,605	92,520	(74,783)	21,342
Shares issued	721	8,339	—	9,060
Share-based payment	—	—	572	572
Profit for the year	—	—	317	317
Balance at 31 December 2021	4,326	100,859	(73,894)	31,291
Shares issued	26	—	—	26
Share-based payment	—	—	1,130	1,130
Loss for the year	—	—	(3,501)	(3,501)
Balance at 31 December 2022	**4,352**	**100,859**	**(76,265)**	**28,946**

The notes on pages 86 to 88 form part of these consolidated financial statements.

Notes forming part of the Company financial statements
for the year ended 31 December 2022

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 (United Kingdom Generally Accepted Accounting Practice).
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 its 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 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.

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 as the higher of the value in use or the fair value less costs to sell. The value in use is calculated by estimating future cash flows using a discount rate to calculate the present value of cash flows. The fair value method is calculated using the market value of the Group less any costs to sell. 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:

	2022 £'000	2021 £'000
Wages and salaries	**325**	525
Social security and payroll taxes	**33**	91
	358	616
Share-based payments charge	**282**	295
	640	911

The average number of employees of the Company during the year, including Executive Directors, was two (2021: four).

32. Fixed asset investments

	Shares in Group undertakings $'000	Loans to Group undertakings $'000	Total $'000
Cost			
Cost at 1 January 2021	16,915	84,074	100,989
Additions, net of repayments	—	10,145	10,145
Cost at 31 December 2021	16,915	94,219	111,134
Additions, net of repayments	—	(2,461)	(2,461)
Cost at 31 December 2022	**16,915**	**91,758**	**108,673**
Impairments			
Impairments at 1 January 2021	(16,915)	(62,720)	(79,635)
Charge	—	—	—
Impairments at 31 December 2021	(16,915)	(62,720)	(79,635)
Charge	—	—	—
Impairments at 31 December 2022	(16,915)	(62,720)	(79,635)
Net book value			
At 31 December 2021	—	31,499	31,499
At 31 December 2022	—	**29,038**	**29,038**

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 2022 (2021: $nil).

33. Subsidiary undertakings

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

34. Debtors

	2022 £'000	2021 £'000
Prepayments	47	20

All amounts fall due within one year.

35. Creditors

	2022 £'000	2021 £'000
Trade creditors	131	40
Accruals	99	191
Total	230	231

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

There have been no material Post-Balance sheet events.

Directors and Advisors

Directors

Dr Christopher G J Richards
Chairman

Guy van Zwanenberg
Non-executive Director

William M Lewis
Non-executive Director

Kate Coppinger
Non-executive Director

James Ede-Golightly
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

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

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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annamackee.com

PLANT HEALTH CARE

Plant Health Care plc
242 South Main Street, Suite 216,
Holly Springs, North Carolina 27540, USA
T: 919-926-1600
E: info@planthealthcare.com