PLANT HEALTH CARE

Supporting Sustainable Food Production

Plant Health Care plc
Annual Report & Accounts 2023

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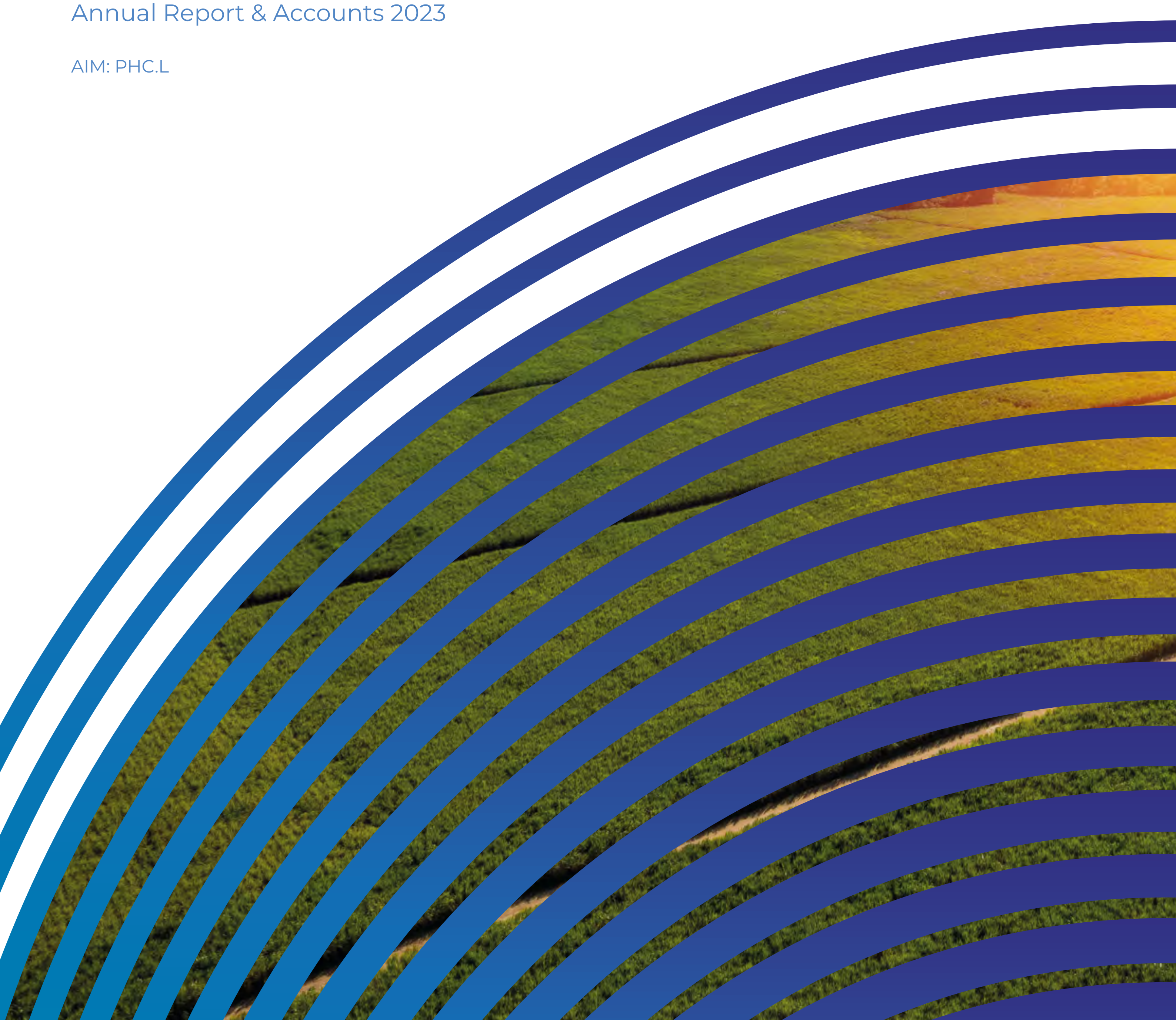


Highlights

Overview

Financial

Revenue

$11.2m ▼5%

(2022: $11.8m)

Gross margin

60.4% ▼0.5%

(2022: 60.9%)

Operating Loss[1]

$4.6m ▼51%

(2022: $9.2m)

Adjusted LBITDA[2]

$2.8m ▼24%

(2022: $3.7m)

Working capital[3]

$5.1m ▲63%

(2022: $3.1m)

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 $0.03 million of non-cash fx gains
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

2023 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. We help farmers grow more sustainably.

There are two core technologies.

COMMERCIAL

Harpinαβ, Saori and Obrona

Our products are 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 Brazil, sales of H2Copla (Harpinαβ) increased 45% due to continued adoption of H2Copla by sugar mills and processors. Saori (PRE*tec* product) increased 36% due to continued acceptance of the product by farmers.

In the EMEAA region, the launch of PRE*tec* products PREzym and Innocul8 into Portugal and UK, respectively generated revenue of $0.3 million in 2023. The launch of these two products will lead to substantial revenue growth in the EMEAA region in the coming years with expansion into the rice and sugar cane markets in India and potatoes in other European Union markets.

In the US, the novel peptide fungicide PHC279 was registered and has now been launched by Wilbur Ellis for sales as Obrona™. The launch of Obrona in 2024 generated revenue of $0.6 million. Including Obrona sales in North America, the Group is now selling our PRE*tec* products in three continents.

It was a very challenging year in the US as we saw destocking by distributors to help reduce the impact of price volatility. Higher interest rates caused farmers to delay purchases and distributors to lower their inventory levels.

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 H2 2024). An exclusive distribution agreement with Novozymes South Asia Pvt. has been secured with sales commencing once registration is finalised.

From 2020 to 2023, Harpin sales has a Compound Annual Growth Rate (CAGR) of 20%.

NEW TECHNOLOGY

PRE*tec*

The Group 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. The Group plans one major new product launch during each of the next several years from the PRE*tec* platform.

Brazil

In Brazil, registration of PHC 279, under the brand name Moshy, was received in 2023 for sales into the coffee and sugar cane markets. Also in Brazil, the peptide nematicide PHC949 was registered and will be launched under the brand name Teikko for the 2024 soybean growing season. Annual yield losses caused by nematodes are estimated at 12.3% of worldwide production, worth about $157 billion.

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 a full-scale commercial launch in mid-2024. The Group signed an agreement with Agrii, a UK market leading distributor, to launch PRE*tec* technology under the brand name Innocul8, for the 2024 use season.

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, commenced sales of PHC279 within key US markets under the brand Obrona in 2023. PHC279 has also been submitted for review by the California Department of Pesticide Regulation and approval is expected by H2 2024.

PHC949 was submitted to the US EPA in the second quarter of 2023 for nematode control in a wide range of agricultural crops. PHC949 was also submitted to the California Department of Pesticide Regulation for registration as a low use rate foliar biochemical nematicide for use in high value crops. EPA registration for PHC949 is expected in H2 2025.

Rest of the World

The Group 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* peptides under local conditions in a variety of crops. These include field trials in Brazil, India, Poland, Canada, China, Japan, Chile, Paraguay, and Guatemala.

KEY ISSUES DRIVING THE DEMAND FOR PHC PRODUCTS

2023 Geographic Review

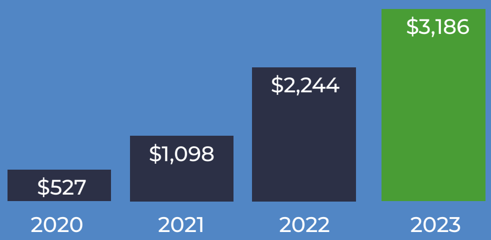
Present

Expecting to launch

Our operations and sales by region

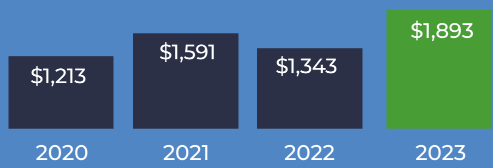
South America

On-ground sales **increased 29%** for H2Copla, of which 93% came from sugar cane processors



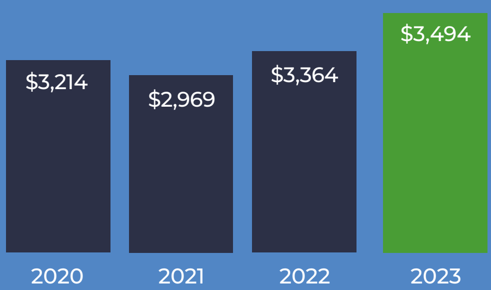
EMEAA

First sales of PREzym (PREtec) and continued growth in Harpin led to a 41% increase in sales.



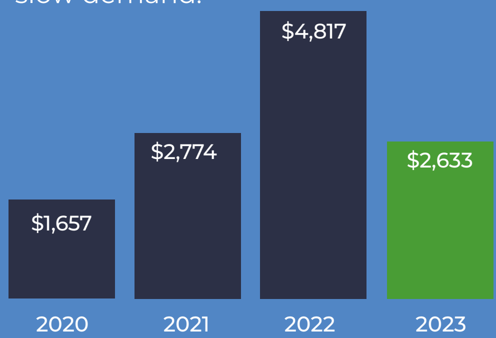
Mexico

Harpinαβ sales increased 55% into the agave and avocado markets



North America

US has been particularly difficult, with **all distributors sharply reducing inventory** to reduce the impact of price volatility and slow demand.



South America

Our South American business increased 42% to $3.2 million versus 2022, driven by growing sales of sales of H2Copla (Harpinαβ) for sugar cane in Brazil through Coplacana, and by sales of Saori for soybean disease control through our partner Sementes Goiás Ltda – Nutrien. H2Copla increased 45% as sugar cane processors continued to adopt the product. Saori increased 36% as more soybean farmers began using the product.

The company received registration of PHC 279 in 2023, under the brand name Moshy, for sales into the coffee and sugar cane markets. The peptide nematicide PHC949 was registered and will be launched under the brand name Teikko for the 2024 soybean growing season. Annual yield losses caused by nematodes are estimated at 12.3% of worldwide production, worth about $157 billion.

Products

Approved and deployed: SAORI Brazil
Approved, to be deployed in 2024: MOSHY, TEIKKO

Distribution partners

Nutrien | COPLACANA | AGER

Growth opportunities (Potential annual revenue in 3 - 5 years)

Harpinαβ

$4m Launch Harpinαβ in soybeans

PRE*tec*

$5m Launch Saori into other crops

$5m Launch Moshy on coffee

$10m Launch Teikko on soybeans

Focus crops

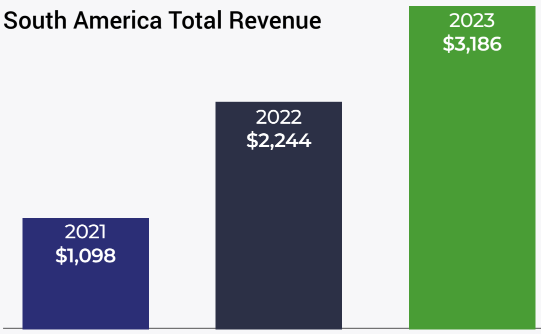
Currently serviced

- Soybeans
- Corn
- Sugar cane

Targeted

- Coffee

South America Total Revenue



Revenue ▲~42% year on year

2023 Geographic Review

EMEAA

Our EMEAA region had a very strong year, increasing sales 41% to $1.9 million. 2023 saw the launch of PREzym in Portugal and Innocul8 in the United Kingdom generating sales of $0.3 million. Harpin sales increased 16% to $1.5 million due to further adoption of the technology in Southern Europe, Turkey and South African driven by a favourable rainy season and technical support provided by the Plant Health Care team.

- Prospects for 2024 are looking positive with the continued expansion of Harpin sales through our existing distribution channel and expected PREzym market adoption in Iberia on specialty crops and rice.
- The launch of Innocul8 in the UK will bring substantial revenue growth over the coming years.

Products

Approved and deployed: HARPINαβ, PREzym and Innocul8

Distribution partners

Agrii EDAF novozymes

Growth opportunities (Potential annual revenue in 3 - 5 years)

Harpinαβ

$4m **Launch Harpinαβ in sugar cane – India**

$1m **Expansion of Harpinαβ into rice – India**

$3m **Expansion of Harpinαβ into potatoes**

$3m **Egypt/Moroccan markets**

PRE*tec*

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

Focus crops

Currently serviced

Potatoes

Rice

Citrus

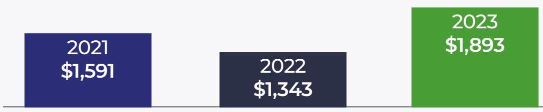
Glasshouse crops

Targeted

Sugar cane

Potatoes

EMEAA Total Revenue



Revenue up 41% year on year.

Mexico

The Company's business in Mexico sells PHC's products and a range of sustainable third-party products to farmers. The business increased sales by 4% to $3.5 million. Harpinαβ sales continued to increase, growing 55% to $0.9 million representing 25% of overall sales with the remainder being third-party products.

There were many achievements to be pleased with in 2023 that point towards continued growth in 2024:

- Continued expansion of sales in the avocado market.
- Product development trials in specialty crops has shown positive results which will lead to increased market share.
- Successful submission of the registration of our new peptide technology led to the early approval of Saori for use on a variety of crops.

Products

Approved and deployed: HARPINαβ
Approved, to be deployed in 2024: Saori, Teikko

Growth opportunities (Potential annual revenue in 3 - 5 years)

Harpinαβ

$1m Expand use of Harpinαβ on Avocado

$1m Launch use of Harpinαβ on sugar cane

PRE*tec*

$0.8m Launch of Saori into specialty crops

$0.8m Launch of PHC 949 into specialty crops

Focus crops

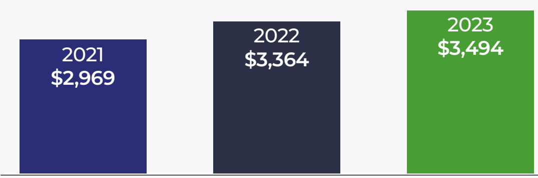
Currently serviced

- Tomatoes
- Berries
- Peppers
- Cucumber

Targeted

- Avocado
- Agave
- Sugar cane

Mexico Total Revenue



Revenue up 4%, Harpin revenue up 55% year on year.

2023 Geographic Review

North America

The North American business experienced reduced sales due to impact of an exceptional destocking by US distributors to reduce the impact of price volatility in an uncertain market. Higher interest rates prompted distributors and farmers to lower their inventories to manage their working capital. We are encouraged that distributor inventories are at the lowest level they have been in years, which gives us confidence in achieving our 2024 revenue targets.

Overall revenue decreased by 45% or $2.6 million compared to 2022. Harpin revenue decreased 58% to $2.0 million, which was offset by the full-scale launch of Obrona which generated $0.6 million in sales. 2024 will be the first full season of sales for Obrona and we expect Obrona to provide significant revenue over the coming years.

Products

Approved and deployed: HARPINαβ
Registered; launched in 2023: Obrona
Submitted for approval: PHC 949

Distribution partners

WILBUR-ELLIS NUTRITION
BRANDT

Growth opportunities (Potential annual revenue in 3 - 5 years)

Harpinαβ

$8m Harpinαβ:Expand Employ with Wilbur-Ellis on cotton, soybeans, citrus, sugar cane & CA specialty crops

$5m Seed treatment market

PRE*tec*

$1m Launch Obrona in Specialty crops

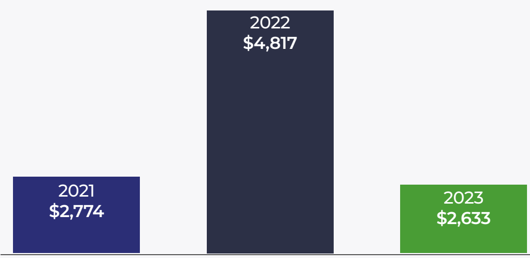
$40m Evaluate PHC 279 on corn for tar spot control

$10m Launch PHC 949 in 2025

Focus crops

- Corn
- Cotton
- Fruits & vegetables
- Soybeans
- Citrus
- Tree fruit crops

North America Total Revenue



Revenue decreased 45% year on year.

Business Model and Strategy

1 Substantial increase in market share

Strategy

We intend to drive revenue by focusing on the 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 successful launch of PRE*tec* on three continents we are successfully scaling the business on a global basis.

Links to KPIs

Revenue, Gross profit

2 Launching peptide products from our PRE*tec* platforms

Strategy

Our target is to continue launching PRE*tec* products in a major market every year. The launches of Obrona, PREzym and Innocul8 means that we are selling PRE*tec* on three continents. The next PRE*tec* launches will be Moshy and Teikko in Brazil.

Links to KPIs

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

3 Further building the capability to deliver additional products from PRE*tec*

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 Saori and Teikko, which led to the achievement of our volume cost targets.

Links to KPIs

Revenue, Gross profit, Gross profit margin, Operating loss, adjusted 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 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 22 issued patents and has 14 applications pending in 7 countries and the European Patent Office.

Links to KPIs

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

5 Consolidation

Strategy

The Group anticipates that consolidation will begin to occur in the near term.
Due to the Groups successful scaling of the commercial business and experienced leadership team, we are well positioned to take part in consolidation efforts.

Links to KPIs

Revenue, Gross profit, Gross profit margin, Operating loss

6 Sustainability

Strategy

In the environment, our products rapidly degrade and leave no detectable residues on the crop or in the soil. Our products are made via a process which does not create or discharge any harmful 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
31 May 2024

Sustainability in a volatile market. The move towards sustainable agriculture is unstoppable. In 2023, we fell short of expectations, due to exceptionally volatile conditions in the US market. We are confident of resuming growth better than the biologicals market of 10 – 15%, over the coming years.

The move to sustainable agriculture is unstoppable

Demand for Plant Health Care's products is driven by the growth in sustainable agriculture. In 2023, sales outside the USA grew by 23%, with particularly strong growth in Brazil (42%), as the Group rides that wave.

Volatility in the US market

The US market has been hit by volatility in the price and availability of fertilisers and agrochemicals, which has led to large swings in demand. Exacerbated by high interest rates, distributors and farmers unwound inventories of all products, to stabilise their working capital. While demand for Plant Health Care's products remained robust, distributors delayed purchasing, resulting in sales being down by 45%.

Harpinαβ products

Demand for Plant Health Care's established Harpinαβ product continues to grow; outside the US by 36% in 2023. For example, on-ground sales of H2Copla in Brazil grew by 27%. For the first time, larger sugar cane growers have started to use the product. This illustrates the time it takes to drive product adoption of these novel products.

PRE*tec* products delivering their promise – strong pipeline to come

The first launches of the Group's novel PRE*tec* peptide products are vindicating the more than $30m invested over the last decade. Sales of PHC279 (Saori in Brazil, Obrona in the US), reached $2m, an increase of 153% compared to 2022. With launches in the US and now in Europe, prospects for growth are very strong. The next PRE*tec* product, PHC949 is now registered in Brazil as Teikko and will be launched into the huge soybean market in 2024. With further registrations expected in 2024, the growth of PRE*tec* is only just starting.

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. New toll manufacturing arrangements in the EU, which guarantee access to high quality product at low cost, are critical for PHC as evidenced by the gross margins we are achieving on both Harpinαβ and our PRE*tec* products.

Sustainability is at the heart of everything we do.

Sustainability in our products

The Group'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.

Risk management

Covid-19, war in Ukraine, increased inflation and supply chain challenges combine to create a much riskier world than in recent years. Given the nature of the agriculture sector and the Group's business, inflation and supply chain issues are those risks on which we focus most attention. At present, we are able to recover inflation in price. Managing volatility in our revenue will be a focus over the coming years.

The group is committed to playing its part to mitigate the environmental impacts of our activities and to enhance our resilience to the uncertainties posed by climate change. Severe climate change could adversely affect the Group's distribution channel. However, our proprietary products help crops thrive under severe drought and flooding conditions, which the Group believes will help farmers and our distribution partners diminish the effects of climate change.

Market leading management team

I have every confidence in the management team of Plant Health Care, under the leadership of Jeffrey Tweedy (CEO), ably supported by Jeff Hovey (CFO) and a strong Executive Committee. I would like to take this opportunity to thank James Ede-Golightly for his contribution to the Board. James stepped down as part of our cost savings programme at the end of 2023. I am confident that we have a balanced and experienced Board to challenge and guide management.

Chief Executive Officer's Statement

JEFFREY TWEEDY
Chief Executive Officer
31 May 2024

Plant Health Care fell short of revenue expectations in 2023, mainly driven by poor market conditions in the US market. As a result, global Harpinαβ sales were down 19% versus 2022. Revenue outside the US grew 23%, driven by strong Harpinαβ and PRE*tec* sales. Sales of the Group's new PRE*tec* technology grew 153% driven by increased sales of Saori in Brazil and product launches in the US, UK, and Portugal markets. PRE*tec* now accounts for 18% of the Group's revenue in only 2 years after first registrations and will deliver revenue growth over the next 2 – 3 years. The Group added three new distributors in 2023 which will provide increased market access for growth in 2024 and in subsequent years. The Group's focus on scaling the commercial business has helped increase revenue by 42% in South America and 41% in the EMEAA region. Gross margin remained steady at 60% and adjusted LBITDA improved 31% to $2.9m reflecting the strong focus of management in controlling operating costs in 2023.

The Group's investment in the PRE*tec* technology is rapidly delivering revenue and will be the key driver for continued market expansion. We expect Saori, Moshy, Teikko, Obrona and Innocul8 to be the drivers of future growth to help us reach our revenue aspirations.

Cash and cash equivalents as of 31 December 2023 is $2.1m (2022: $5.7m), increasing to $2.5m as of 31 January 2024, following receipt of a delayed customer payment post period end.

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.

Products

Our proprietary products derived from natural proteins help protect crops from diseases, nematodes 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.

PRE*tec*

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 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.

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. Revenues from PRE*tec* now account for 18% of the Group's revenue and were up 153% versus 2022.

Harpinαβ and PRE*tec* are gaining traction in global markets

In the US, the novel peptide fungicide PHC279 was registered and has now been launched by Wilbur Ellis for sales as Obrona™.

In Brazil, registration of PHC 279, under the brand name Moshy, was received in 2023 for sales into the coffee and sugar cane markets. Also in Brazil, the peptide nematicide PHC949 was registered and will be launched under the brand name Teikko for the 2024 soybean growing season.

First PRE*tec* sales in Europe occurred in 2023 with the launch of PREzym in Portugal and the company signed an agreement with Agrii to launch PRE*tec* technology under the brand name Innocul8, for launch in 2024. The Group is now selling our PRE*tec* products on three continents.

Harpinαβ

The Compound Annual Growth Rate of Harpinαβ between 2020 and 2023 is 19%, which is a good indicator of the continued growth of Harpinαβ. Harpin is a recombinant protein which acts as a powerful biostimulant to improve the quality, nutrient use, tolerance to abiotic stress and yield of crops. Harpinαβ sales decreased by 19% to $6.7m (2022: $8.2m) driven by a decline in sales in the US caused by distributor destocking. Harpinαβ sales grew in every other region with Brazil leading the way with a 45% increase in sales. Harpinαβ sales increased in the EMEAA and Mexico regions by 16% and 55%, respectively.

Distribution Partnerships

We distribute our products through partnerships with influential distributors, which enables us to access a large number of farmers. We work with our distribution partners to drive product adoption and our partners also provide valued technical advice on the best use of our products.

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. We continue to look for new distribution partners who will help the Group continue to scale our commercial operations.

Geographic growth

The Group continues to invest in the commercial business in all regions across the world, focusing on the largest agricultural producers.

North America

Total revenue in the US was down 45% to $2.6m (2022: $4.8m). The decline was primarily due to impact of an exceptional destocking by US distributors to reduce the impact of price volatility in an uncertain market. Higher interest rates prompted distributors and farmers to lower their inventories to manage their working capital.

Distributor inventories are the lowest they have been in years. Due to this, recovery of Harpinαβ revenue in the US is expected, driven by healthy on-ground sales. 2024 will be the first full season of sales for Obrona and we expect Obrona to provide significant revenue over the coming years.

Chief Executive Officer's Statement
Continued

South America

Total revenue in South America was up 42% to $3.2m (2022: $2.2m) driven by the continued growth of Saori up 36% and Harpinαβ up 45%.

Prospects for 2024 are very positive with the launch of Teikko in H2 2024, continued growth of Saori and continued adoption of Harpinαβ in sugar cane and soybeans.

EMEAA

Sales in EMEAA were up 41% to $1.9m in 2023 ($1.3m in 2022). The increase in sales was driven by the growth of Harpinαβ across all countries and the launch of PREzym in Portugal.

Prospects for 2024 are positive with the planned expansion of Harpinαβ in the EU with the France registration and the expected launch of Harpinαβ in India for use on sugar cane. The launch of Innocul8 in the UK will bring substantial revenue growth over the coming years.

Mexico

Plant Health Care Mexico has a broad biological product line for farmers in Mexico which includes the Groups' proprietary and third-party products. Sales in Mexico were up slightly to $3.5m (2022: $3.4m). The sales increase was driven by increased sales of Harpinαβ into 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. With the recent registration approval of PHC279 for disease control and PHC949 for nematode control we expect a significant shift in revenue to the Group's proprietary products resulting in greater revenue and higher margins.

Environmental Sustainability

Food security is the top priority in 2024, and will continue to be 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, the Group has plans to launch Teikko and Moshy which are projected for H2 2024 and are expected to drive significant revenue growth in 2024 in Brazil. With distributor inventories now lower than previous years, recovery of Harpinαβ revenue in the US is expected, driven by healthy on-ground sales. Expansion of PRE*tec* in the UK will provide for significant revenue in 2024.

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
31 May 2024

A summary of the financial results for the year ended 31 December 2023 with comparatives for the previous financial year is set out below:

	2023 $'000	2022 $'000
Revenue	**11,206**	11,767
Gross profit	**6,765**	7,171
Gross profit margin	**60.4%**	60.9%
Operating loss	**(4,571)**	(9,238)
Finance income/ (expense) - net	**82**	(84)
Net loss arising from financial assets	**-**	(125)
Net loss for the year before tax	**(4,489)**	(9,447)
Adjusted LBITDA*	**(2,862)**	(3,686)
Cash equivalents and investments	**2,111**	5,656

Revenues

Revenues in 2023 decreased by 5% to $11.2 million (2022: $11.8 million). On a constant currency basis revenue decreased 9%. Revenue excluding North America increased 23% to $8.6 million (2022: $7.0 million). North America revenue decreased 45% to $2.6 million (2022: $4.8 million). Gross margin declined 1% to 60% (2022: 61%) due to decreased Harpinαβ sales into the corn market in North America offset by increased sales of Saori in Brazil. Harpinαβ sales decreased 19% to $6.6 million (2022: $8.2 million). Third-party revenue decreased 6% to $2.7 million (2022: $2.8 million due to weather challenges in the northwest portion of Mexico and lower commodity prices in vegetables.

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

In 2023, the Group's revenue, gross margin and LBITDA was weighted evenly throughout the year with both first and second half equalling 50%. The Group' goal is to diversify our revenue regionally and distribute its revenue evenly throughout the year.

Americas

This segment includes activities in both North and South America but excludes Mexico.

North America

North America revenue decreased 45% to $2.6 million (2022: $4.8 million). The decline was due to delays in distributor purchases of Harpinαβ to manage their inventory levels to reduce the impact of price volatility in an uncertain market and the affects of interest rate levels. Harpinαβ sales for North America decreased 58% to $2.0 million ($4.8 million). Obrona® was launched in June of 2023 as a foliar fungicide for fruits, nuts, vegetables, and row crops which generated $0.6 million (2022: nil).

South America

Revenue in South America increased 42% to $3.2 million (2022: $2.2 million). Sales of H2Copla® for use on sugar cane increased 45% to $2.1 million (2022: $1.5 million) due to continued adoption of H2Copla by sugar mills and processors. Sales of Saori for use on soybeans increased 36% to $1.1 million. The increase was due to continued adoption of Saori by soybean farmers.

Revenue in the Americas is predominantly from Harpinαβ and Saori sales.

EMEAA

Revenue in the Rest of World segment increased 41% to $1.9 million (2022: $1.3 million). The increase was primarily due to the launch of PREzym for use in fruit, vegetable and cereals crop production in Portugal, Spain and first sales of Innocul8 into the potato market and a wide range of crops in the United Kingdom. PREzym and Innocul8 generated $0.1 million and $0.2 million of sales in 2023, respectively. Sales of Harpinαβ increased 16% to $1.5 million due to further adoption of the technology in Southern Europe and larger consumption of inventories in the channel in Southern Africa driven by a favourable rainy season and "boots on the ground" support from the PHC technical team.

Revenue in the Rest of World segment is predominantly from Harpinαβ sales.

Mexico

Revenue from the Mexico segment increased 4% to $3.5 million (2022: $3.4 million). This was primarily due to increased sales into specialty crop market and continued expansion into the agave and avocado markets.

Revenue in Mexico includes sales of Harpinαβ and third-party products. The gross margin in Mexico for Harpinαβ and third-party products are 68%+ and 39%+, respectively. Sales of Harpinαβ increased by 55% in 2023 from 2022.

Gross margin

Gross margin remained steady at 60% (2022: 61%). The margins for Harpinαβ and PRE*tec* products remained strong at 69% and 77%, respectively. Improvement in the overall margin was held back by a decrease of 5% to 39% in the third-party margin products sold in Mexico.

Operating expenses

The Group's operating expenses decreased 13% or $1.3 million to $9.6 million (2022: $10.9 million).

Beginning in 2023, the Group began to capitalize some of its research costs which amounted to $0.4 million. Including the amount that was capitalized, operating costs decreased 8% or $0.9 million. The main contributors were decreased sales and marketing spend of $4.2 million (2022: $4.6 million) globally and decreased administration costs to $2.9 million (2022: $3.4 million).

Non-cash unallocated corporate expenses decreased $3.8 million to nil (2022: $3.8 million). The decrease was attributable to the Group's decision to classify its Sterling loans from our UK subsidiary as a hedge of net investments in a foreign subsidiary. All gains and losses directly related to this loan relationship is recognized in other comprehensive income.

Adjusted LBITDA, a non-GAAP measure, decreased by $0.9 million to $2.8 million (2022: $3.7 million). Including the effects of the capitalization of research costs, adjusted LBITDA decreased $0.5 million. The decrease is due to decreased operating expenses of $0.9 million offset by lower gross profit of $0.4 million.

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

	2023 $'000	2022 $'000
Operating loss	(4,571)	(9,238)
Depreciation/amortisation	725	668
Share-based payment expense	1,009	1,130
Foreign exchange (gains)/ losses	(25)	3,754
Adjusted LBITDA	(2,862)	(3,686)

Balance Sheet

At 31 December 2023 and 2022, investments and cash and cash equivalents were $2.1 million and $5.7 million respectively.

Cash remains a primary focus for the Group.

Inventory ($3.0 million) decreased $0.4 million due to reduced Harpinαβ purchases in 2023 and the effect of a lower per unit cost of Harpin achieved through our European supplier. Trade receivables ($3.4 million) increased $1.9 million due to delayed collections from North American customers. Most of the delayed collections were received in January of 2024. Trade payables ($1.3 million) were comparable to the prior year ($1.6 million).

Translation of the results of foreign subsidiaries for inclusion within the consolidated Group results resulted in an exchange gain of $0.2 million (2022: gain of $3.7 million) recorded within other comprehensive income and foreign exchange reserves.

Cash flow and liquidity

Net cash used in operations was $5.9 million (2022: $2.7 million). The increase is due to a decrease in working capital cash flow primarily due to increased receivables, which resulted in reduced collections year over year and increased payments to several suppliers offset by lower inventory supplier payments. The lower inventory payments were a direct result of moving our manufacturing from China to a European supplier.

Net cash used in investing activities was $0.6 million (2022: $8.0 million provided from investing activities). The Group holds surplus cash in several bond and money market funds. The movement in these funds was used to further invest in the PRE*tec* business and fund the Commercial business.

Net cash provided by financing activities was $2.9 million (2022: $0.6 million). The increase was primarily due to the completion of the June 2023 fundraise.

Going Concern

In assessing whether the going concern basis is an appropriate basis for preparing the 2023 Annual Report, the Directors have used actual results for the first four months of 2024 and its detailed forecasts which take into account its current and expected business activities, its cash and cash equivalents balance and investments of $2.1 million as shown in its balance sheet at 31 December 2023, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

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 2023, with comparatives for the years ended 31 December 2022 and 2021, are set out on the right.

Financial

Revenue ($m)

$11.2 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

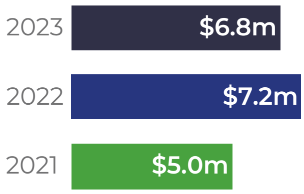
Revenue was held back lower sales in North America. Sales outside North America increased substantially. This gives the Group confidence that adoption of our products is accelerating sales with our global partners.

Links to Business Model and Strategy

1 2 3 4 5 6

Gross Profit ($m)

$6.8 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 decreased from 2022 levels due to decreased sales of Harpinαβ, which has a margin of 69% globally.

Links to Business Model and 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 (%)

60%

2023	60.4%
2022	60.9%
2021	59.3%

Why we measure it
To show the efficiency with which the Group can sell its products.

Why it is important
A high gross profit margin leads to a strong bottom line.

What it means
The Group's gross profit margin remained the same as prior year due to consistent margins from Harpinαβ.

Links to Business Model and Strategy
2 3 4 5 6

Operating Loss ($m)

$(4.6) million

2023	$(4.6)m
2022	$(9.2)m
2021	$(6.4)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 measure and reflects the operating performance of the Company.

Links to Business Model and Strategy
2 3 4 5 6

Adjusted LBITDA ($m)

$(2.9) million

2023	$(2.9)m
2022	$(3.7)m
2021	$(4.6)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 adjusted LBITDA decreased from 2022 as the business decreased its operating expenses to align with the reduced revenue.

Links to Business Model and Strategy
2 3 4

Revenue ($m)

$8.7 million

2023	$8.7m
2022	$8.9m
2021	$6.1m

Gross Margin ($m)

$6.2 million

2023	$6.2m
2022	$6.2m
2021	$4.2m

Gross Margin Percentage (%)

72%

2023	72%
2022	70%
2021	70%

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.

ESG
Our Approach

It is widely recognized that agricultural production will need to be greatly increased as the world population grows towards 10 billion in the coming decades. This population growth will happen in parallel with a decrease in arable land due to soil degradation, long-term drought and other effects from global warming. To grow more food on less suitable land, new, long-term solutions are needed that can sustainably increase yields. Plant Health Care's products support agricultural production for growers providing food, fiber and energy for the world's population, all while safeguarding the environment. Working with leading distributors worldwide, the Company makes its products available to farmers who are looking to cost-effectively and sustainably improve the quality and quantity of the crops they produce.

At Plant Health Care, we recognize that it is not enough that our products contribute to sustainable agriculture. We also strive to operate sustainably to position our company for long-term success by minimizing our operating footprint (eg., waste production and energy usage) at all points along our supply chain, while following the highest standards of ethical corporate governance, and by promoting the growth and well-being of our employees.

In 2023, the PHC Sustainability Leadership Team (SLT) continued its company-wide efforts to promote a sustainability mindset and to identify, evaluate and implement new initiatives promoting the three ESG pillars of Sustainability (Environmental, Social Responsibility, Governance). The SLT presents new initiatives for review and approval by the company's Executive Committee and, as appropriate, to the board. Led by a senior member of the management team, the SLT promoted a wide variety of initiatives in 2023. Below, we describe some of our achievements for 2023, and provide additional information about our ongoing commitment to promote the three ESG pillars.

Environmentally friendly products

Our Harpinαβ and PRE*tec* products are based upon naturally occurring proteins. 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. When they are applied to crops, they trigger the desired effect in the plant and then are broken down naturally in the environment into harmless byproducts, with no off-target harmful effects. Regulatory agencies have recognized that the Company's products have low toxicity and leave no residues on plants or in the environment—these are key attributes of sustainable agriculture. PREzym®, our first PRE*tec* product in Europe, achieved a significant milestone by receiving Zerya® which is a zero-residue certification. Zerya® certification is highly regarded by growers, processors and supermarkets and holds immense significance for our mission to provide environmentally responsible solutions to growers worldwide. The superior safety profile of our products reduces both the time required and the cost of registering our products compared to traditional synthetic chemical pesticides.

Another way our products are promoted is by partnering with providers of sustainable solutions in their marketplace. An ongoing example is the project PepsiCo is undertaking as part of its Pep+ sustainability initiative with the Company's team in Mexico to reduce the environmental impact of its global potato operation. As a major producer and consumer of potatoes, PepsiCo's objective is to identify products like ProAct (Harpinαβ), which can enable farmers to maintain healthy crops while reducing dependence on traditional pesticides and fertilisers.

The future of our products

As we continue to learn how our products perform in the day-to-day practices of commercial-scale agriculture, we are finding new opportunities for our products to replace traditional, less-safe chemical pesticides. As countries in Europe and elsewhere increase regulatory pressure to restrict the use of existing chemical pesticides, we expect our products will increasingly fill the resultant gap and make it possible for farmers to continue to produce their crops. In order to make our products as widely available as possible, we are seeking new registrations for our products, both in new geographies and for use on additional crops.

The Company pursues an aggressive timeline for the registration and commercial launch of its products. The Company's focus in 2023 was to achieve new product registrations of PHC279, PHC68949 (Teikko™) and Harpinαβ to support expanded product launches in countries where we currently operate as well as in new geographies.

The Company is very optimistic about the prospects for introducing Teikko in 2024 in Brazil and in the US in 2025. Teikko helps control harmful soil nematodes which attack plant roots, reducing yields and making plants vulnerable to soil diseases. Nematode control has historically required the use of toxic soil fumigants which kill all soil dwelling organisms, both harmful and beneficial. Many of these older products have been removed from the market by regulatory agencies world-wide, resulting in an urgent need for new, safer products. Teikko will help fill this void and can contribute to better management of soil health. The Company plans to seek additional global regulatory approvals beyond the US and Brazil to make Teikko available for wide-scale use.

Additional registrations were granted in Brazil in 2023 for the foliar application of PHC279 (as Moshy™) to sugarcane and coffee plants. PHC279 provides disease control against a wide range of disease-causing pathogens. In Brazil, the application of Moshy will target the control of sugarcane rust and coffee rust disease, two agronomically important diseases which are currently treated by repeated applications of chemical fungicides.

Beyond Harpinαβ, PHC279 and Teikko, we have an extensive library of PRE*tec* candidates available for future development, many of which are continuing to demonstrate their value in greenhouse testing and field trials. These PRE*tec* candidates form the basis for the Company's pipeline of future products.

ESG
Operations

Our environmentally sensitive operations

The Company has active recycling programs in its offices and laboratories and is always seeking ways to further reduce its waste stream. Product packaging is an important source of waste. Standardization in the Company's commercial packaging has reduced the number of different sized materials that are procured and warehoused, which has allowed PHC to reduce packaging waste as products or pack sizes become obsolete. Most of our packaging components -- both at the consumer level as well as the intermediate stages of our production process -- are recyclable. Additionally, the cartons and dividers that PHC uses are made from recycled paper. We are actively working on integrating other recycled packaging materials into our portfolio.

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.

Regulatory

The progress of science traditionally outpaces the regulatory frameworks put in place to protect the public and the environment. Such is the case with the existing regulations governing the newest innovative biological crop protection products, including the Company's products. We actively engage with regulatory agencies and political leaders to educate and encourage the adoption of appropriate science-backed regulations based on an accurate understanding of the risks and benefits of our products. The Company has benefited from newly revised regulations in Brazil and the US which have reduced the cost and time required to achieve product registrations. However, in many countries there is still the need to update the applicable regulatory framework. The Company is actively engaged with organizations such as the European Biostimulants Industry Council (EBIC) to support the development of new regulatory models that better reflect the attributes of our products. We are confident that our efforts will lead to improved regulations that will reduce the time and cost of bringing our products to the market.

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

Recognizing the importance of employee engagement and long-term retention, in 2023 the company management implemented regular one-to-one meetings with each employee to create and implement a professional growth and training plan based on each employee's needs and preferences. We believe this initiative is leading to greater employee satisfaction and a better trained workforce.

Communications

In late 2023, in response to employee requests for additional information about Company strategy and operational performance, a new newsletter --The PHC Connection -- was shared with employees. The PHC Connection will be published periodically and is intended to provide employees with updated information on PHC's research, product development, regulatory progress, and strategy in the various countries in which PHC operates around the globe.

As part of its continued focus on Sustainability, in 2023 the Sustainability Leadership Team shared with employees two issues of its newsletter, Spotlight on Sustainability. Each newsletter provided information on initiatives underway within Plant Health Care spanning the three pillars of Sustainability: the Environment, Social Responsibility, and Governance (ESG).

Work/life balance

Having found that its employees prefer it, Plant Health Care continues to offer a hybrid office/home work model rather than the traditional full-time in-office model. By enabling employees to optimize their workdays to take care of their families and other outside obligations, this hybrid work model promotes a healthy work/life balance.

The Company is committed to offering its employees a competitive benefits package and continues to monitor the benefits offered to employees of similarly situated companies. A comprehensive 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.

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, a discussion of how our products are used by farmers, and the results seen in various crops. It is important that our employees understand the important role they have in sharing information about how our products can help address the daily challenges faced by farmers.

Our communities

PHC's second annual Global Day of Service provided the opportunity for many of its employees to participate in a variety of volunteer community activities. In February and September 2023, the Seattle team volunteered at the Ballard Food Bank, during which they prepared meal kits, put together cold weather kits, and bagged groceries for shoppers at the food bank. In June, members of the Holly Springs office volunteered at the Holly Springs Food Pantry. The Food Pantry collects nonperishable food items for distribution and has a large garden where they grow a multitude of fruits, vegetables and herbs year-round to be included in clients' food boxes. The Holly Springs team harvested zucchini, radishes and sugar snap peas; packaged onions, turnips and radishes for distribution; and planted carrots, kale and beets. The UK day of service took place in October and involved a tree planting event at a local primary school. Hundreds of hedgerow saplings were planted by the children, teachers and parent-volunteers around the perimeter of the school grounds.

In addition to supporting employee participation in the Global Day of Service, the Company implemented a new policy in 2023 permitting each employee to use one additional day of paid time-off during each calendar year to volunteer in their communities with organizations of their choice.

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 2023 the Company was pleased to welcome two new non-executive board members, James Ede-Golightly and Kate Coppinger, both of whom bring a wealth of experience to the board. PHC's board, now comprising four non-executive and two executive directors, provides input into the overall direction and strategy of the business. 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.

As we continue to expand our work across the globe, the board periodically reviews all manner of potential risks that could affect the business -- from geopolitical turmoil to environmental disasters -- to ensure that we have strong risk and crisis management systems in place. The Company reports internally and externally to shareholders on a regular basis, providing the opportunity to engage and vote on key issues, where necessary. Our accounting and reporting standards are independently verified.

We have a full Code of Conduct, developed and flexed for multiple markets, and share an Employee Handbook with our new hires.

During 2023, the board recognized the need to adopt two new policies to strengthen the Company's governance to ensure continued ethical operations: a Whistleblower Policy and an Anti-Slavery and Child Labor Policy. The Whistleblower policy is intended to encourage the reporting by employees and others of suspected misconduct, illegal acts or failures to act of the Company or its employees and representatives. The policy prohibits retaliation or threats against anyone who reports concerns in accordance with the Whistleblower Policy. The Anti-Slavery and Child Labor Policy formally establishes that modern slavery has no place in the Company's operations or supply chain. As such, it strictly prohibits all employees and other providers of goods and services who do business on behalf of the Company from (i) engaging in any form of forced or compulsory labor, and (ii) requires adherence to the minimum employment age limit defined by local laws and international labor standards.

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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.

Health and safety

Accidents are rare at PHC. 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 2023, we had no reportable accidents and are committed to maintaining this trend.

Next steps

ESG has become entrenched in the Company's culture, and we continue to look for opportunities to enhance the sustainability of our operations. We can be proud of our inherently sustainable products and the underlying commitment to environmental, social and governance issues. 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 welcome feedback from our stakeholders as we continue our journey towards a more sustainable future. Below are some of the ideas we will be pursuing during 2024.

Environmental

- Reduce business travel where possible
- Maximize use of internal recycling programs
- Increase our use of sustainably sourced materials
- Integrate our products into partners' sustainable agriculture demonstration programs
- Continued research to identify opportunities where our products can replace less-safe chemical pesticides.

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

- Anticipate new sustainability-related reporting requirements and ensure that Plant Health Care continues to comply with existing reporting requirements

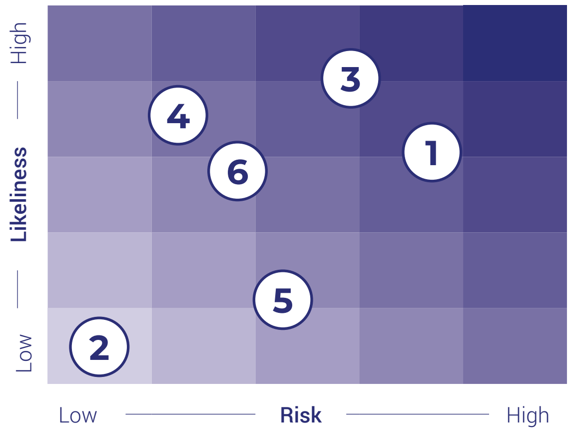
Principal Risk and Uncertainties

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



Effective management of principal risks and uncertainties

Board of Directors

Identify risk

Assess risk

Mitigate risk

Update risk register

Review and evaluate risk

Executive Committee

Audit Committee

Remuneration Committee

Divisional and functional teams

Financial instruments

The Group uses various financial instruments, including cash, short-term investments, 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
31 May 2024

Principal Risk and Uncertainties
Continued

Risk	Type of Engagement	Mitigation
1	**Capital markets, financial and liquidity risk** • We have a history of losses since inception; however, we have strategies in place to minimize future losses and improve product sales to achieve and maintain profitability. The Group believes that the strategic plans and technology platform that has been established will lead to future profitability. • It is possible that we may require additional financing in the near future or there is a shortfall in achieving sales and working capital targets, which could exhaust our short-term cash reserves. This may compel the Group to seek additional financing. If the Group is unable to obtain such financing on favourable terms or at all, the Group could be forced into delayed, reduced or eliminated 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 collective risks are mitigated by a robust governance process by the senior management team, and a focus on prudent management of the Group's cash, working capital, cost control, 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 production facility and supply chain functionality. • Considering the volatile state of current global supply chain systems, we could experience issues associated with higher cost of raw materials and cost of freight.	• This risk is mitigated based on the fact that the Group does not have any suppliers within 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 economies of scale and favourable bulk pricing terms.
3	**Commercialisation risk** • We are subject to risks relating to product concentration because we derive substantially all of our revenues from our proprietary product lines with limited sales of third-party products. • We have a limited number of sales and marketing personnel which leads to the risk of limited product, brand, and technology recognition. Strategic investment into expanded sales and marketing capabilities would lead to continued revenue growth from current and future commercial products. • The unpredictable nature of federal and state regulatory systems along with misaligned regulatory agencies 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 to co-invest and co-develop and market PHC technology across target markets. • The Group is planning to hire additional sales and marketing personnel in 2024 to ensure that the commercial business achieves its short and long-term growth targets. • We are actively engaged with strategic distributors and companies' partners to ensure that they understand the value of PRE*tec* technology. • We maintain a continuously updated competitor database to assess PHC product strengths, weaknesses and opportunities relative to other offerings.

Risk	Type of Engagement	Mitigation
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, variable agronomic conditions and pest pressures along with other factors, which can result in the need to repeat trials, which can delay planned product launches. • The Group has 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 several 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 continuously improves core processes associated with field testing, data management, and commercial production of core technologies. • 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 and impeded development of new products and technologies. • Development and subsequent regulatory approval of Harpinαβ and PRE*tec* peptide technology is based on 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. • We have 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. • 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.

Committees

None

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.

Committees

None

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.

Committees

None

STRATEGIC REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

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)
Remuneration Committee

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.

Committees

Audit Committee
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

None

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

None

Resigned 31 December 2023

Corporate Governance Report

Plant Health Care (the "Company") is committed to maintaining the highest standards of corporate governance throughout its operations and to ensure that all 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 Code 2018. (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.

Following a review of operating expenses in November of 2023, the size of the Board was reduced with James Ede Golightly agreeing to step down. Following the Board changes, the Company has six directors, including the Chairman and two executive directors. During 2023, Messrs Lewis and van Zwanenberg chaired the Company's two key committees and meet with the Chairman separately on a regular basis. In 2023, Mr van Zwanenberg continued to chair the Audit Committee, with Mrs Coppinger as a member. Mr Lewis continued to chair the Remuneration Committee with Mrs Coppinger as a member. 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 Board and Committee effectiveness and the long-term success of the Company.

The Company's overall strategic objective is to be a leading provider of proprietary biological products. The Company's strategy and business models are developed and managed 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 33.
The Company's business is subject to a number of potential risks and uncertainties. The occurrence of any of these risks may materially and adversely affect the Company's business, financial condition, results of operations and future prospects. The Company manages and mitigates these risks by executing its strategy and operational plans as described above.

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

A summary of the principal risks and uncertainties facing the Company are set out on pages 30 and 33 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.

Corporate Governance Report *Continued*

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 Christopher G J Richards, 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 (resigned on 31 December 2023).

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. The Company Secretary also 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.

Further information on the Audit Committee can be found in the Audit Committee Report on pages 40 to 41.

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.

Further information on the Remuneration Committee can be found in the Remuneration Committee Report on pages 42 to 43.

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 4 Non-executive Directors and 2 Executive Directors. The Chairman is non-independent.

Directors' biographies are set out on pages 35 to 36. 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 45.

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. Three of the Company's 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, including Anti-Money Laundering regulations and the Anti-Bribery and Corruption requirements and business updates from key Commercial executives.

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.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
Senior Non-executive Director
31 May 2024

Audit Committee Report

GUY VAN ZWANENBERG
Chairman of the Audit Committee
31 May 2024

The Audit Committee is a formally constituted sub-committee of the Board. The Audit Committee comprises Guy van Zwanenberg as Chairman and, Kate Coppinger, 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 two 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 Company and 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
Chairman of the Audit Committee

31 May 2024

Remuneration Committee Report

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

Remuneration policy

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

Elements of remuneration – Executive Directors

The following comprised the principal elements of the Group's Executive Directors' remuneration during 2023:

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

a) 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.

b) 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 2023, the Group made matching contributions of up to 4%. In 2022, 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 2022 and 2023, 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 2022 and 2023, 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 2022 and 31 December 2023, the table below sets forth the audited compensation paid to the Directors.

Director's remuneration

	Base salary and fees $'000	Performance related and discretionary bonus $'000	Other benefits $'000	Share option benefit $'000	**Total 2023 $'000**	Total 2022 $'000
Executive						
Dr C Richards	100	6	-	265	**371**	457
J Hovey	250	-	38	158	**446**	557
J Tweedy	334	-	34	261	**629**	705
Non-executive						
Dr R Webb	-	-	-	-	**-**	51
Kate Coppinger	46	-	-	-	**46**	-
James Ede-Golightly	46	-	-	-	**46**	-
W Lewis	50	-	-	-	**50**	50
G van Zwanenberg	50	-	-	-	**50**	50
	876	6	72	684	**1,638**	1,870

Other benefits

In 2023, the Group incurred $72,000 (2022: $46,000) 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 3.2p and 11.7p. At 31 December 2023, the share price was 3.7p. At 31 May 2024, the last working day prior to the approval of this annual report, the share price was 5.83p.

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

William Lewis

Chairman of the Remuneration Committee
31 May 2024

Report of the Directors

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2023. 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 55 and show a loss for the year of $4,671,000 (2022: loss of $9,483,000).

The Directors recommend that no dividend be paid at this time (2022: 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 2023 were as follows:

	At 31 December 2023	
	Shares	**Options**
Dr C Richards	**5,312,849***	**8,666,022**
J Tweedy	**1,958,341**	**7,141,229**
J Hovey	**1,059,854**	**4,432,580**
W Lewis	**940,951**	**–**

* 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 31 May 2024, 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	58,072,790	17.0
Scobie Ward	44,664,624	13.1
Janus Henderson Investors Limited	33,322,327	9.8
Newlands D Esq & M Mrs	20,491,810	6.0
Michael Hennigan	19,031,106	5.6
Boulder River Capital Corporation	14,059,203	4.1
Hargreaves Lansdown Stockbrokers	13,696,298	4.0
Lombard Odier Asset Management (Europe) Limited	13,086,847	3.8
Premier Fund Managers Limited	11,983,424	3.5
Griffiths R I Esq	10,931,370	3.2
Charles Stanley & Co	10,439,738	3.1

* 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 Harpin platform technology. For further details of the Group's R&D activities, see the Chairman's statement and Strategic report on pages 2 to 13.

Business review

For a discussion of the Group's 2023 performance and future developments, see the Chairman's statement and Strategic report on pages 2 to 13.

Post-balance sheet events

There have been no 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 2023 financial year:

● attended meeting
○ did not attend

	Board	Audit Committee	Remuneration Committee
Number of meetings held	● ● ● ● ● ● ●	● ● ●	● ● ●
Dr C Richards	● ● ● ● ● ● ●	● ○ ○	● ● ●
W Lewis	● ● ● ● ● ● ●	–	● ● ●
G van Zwanenberg	● ● ● ● ● ● ●	● ● ●	● ● ○
J Ede-Golightly	● ● ● ● ● ● ○	● ● ○	● ○ ○
K Coppinger	● ● ● ● ● ● ●	● ● ●	● ○ ○
J Tweedy	● ● ● ● ● ● ●	● ● ○	● ● ●
J Hovey	● ● ● ● ● ● ●	● ● ●	● ● ●

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.

Going concern

The Company is a holding entity and as such their going concern is dependent on the Group therefore the going concern assessment was performed as part of the Group's assessment.

In assessing whether the going concern basis is an appropriate basis for preparing the 2023 Annual Report, the Directors have used actual results for the first four months of 2024 and its detailed forecasts which take into account its current and expected business activities, its cash and cash equivalents balance and investments of $2.1 million as shown in its balance sheet at 31 December 2023, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

The Directors have prepared a base case cash forecast that shows we will be able to operate within our existing facilities (including the financing secured after the year-end) for the foreseeable future of at least a year from the date of the approval of these financial statements. The Directors have modeled a variety of possible cash flow forecasts for the twelve months from the date of the approval of the financial statements.

The Group's revenue projections are based on detailed budgets built up by customer from each of the Group's operating segments, and specifically includes growth assumptions in the U.S. to reverse the decline experienced in 2023. The Group's base case shows a revenue increase of 39% in 2024 and 55% in the first half of 2025, which is an increase from the overall decline in 2023 of 5% (which was caused by the distributors managing their inventory levels in the U.S. market). The base case growth rates projected for 2024 and 2025 are comparable to the 40% and 28% overall growth rates achieved in 2022 and 2021 respectively, and the growth rates achieved in 2023 in the South America and EMEAA regions during 2023 of 29% and 41%.

Experience has shown in the first four months of 2024 that projected revenue has started to occur and growth on 2023 has been achieved at a rate which has exceeded the Directors budget, however this trend needs to continue through the rest of 2024 and 2025, in line with the above to prevent any liquidity issues. While the Group believes the projections are achievable, there is inherent uncertainty in achieving budgeted projections of growth which means the projections may not be achieved.

In addition, the Group is dependent on the debt due from its customers being settled in line with forecasts. Further, the timing of cash inflows and outflows is important and heightened in the 4th quarter of 2024 when some large payments become due to working capital needs that could lead to short-term liquidity issues in that period. Cost savings are also projected in the model and may be difficult to deliver in the current climate.

The Directors have identified further cost savings, if necessary, to help mitigate the impact of the above on cash outflows. Some of the costs saving measures include further product cost reductions with its toll manufacturer, scaling back the Group's PRE*tec* program and reducing personnel in all regions.

In the event of a need, the Group may also be required to seek additional funding beyond the facilities that are currently available to it through a placement of shares or source other non-dilutive short-term funding, making significant reductions in its fixed cost expenses or the potential sale of the Group to secure the injection of funds into the business.

In the reasonable and plausible downturn scenario where revenue growth is 25% or below, the Group's ability to fund its operations within current resources will be impacted and further funding will be required which is not guaranteed, this will have a direct impact on the Company's going concern and as a result a material uncertainty exists, which may cast significant doubt about the Group and Company's ability to continue as going concern and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the Directors consider that the Group and Company will trade in a positive scenario and therefore deem it to be appropriate to prepare the financial statements on a going concern basis and the financial statements do not include the adjustments that would be required if the Group and Company were unable to continue as a going concern.

Greenhouse gas emissions

The 2018 Regulations introduced requirements under Part 15 of the Companies Act 2006 for an enhanced group of companies, which are defined as large by the Companies Act 2006, to disclose their annual energy use and greenhouse gas emissions, and related information. Under the 2018 Regulations, the Group is not currently defined as large and is considered a low energy user, with annual energy consumption 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 page 24.

Annual general meeting

At the forthcoming annual general meeting of the Company, resolutions will be put forward to re-elect Christopher Richards and Guy van Zwanenberg as Directors.

By order of the Board

AMBA Secretaries Limited

Company Secretary
31 May 2024

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 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. Following a review in operating expenses in Novemebr 2023, the Board reduced in size with James Ede Golightly agreeing to step down on 31 December 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
31 May 2024

Financial Statements

Independent Auditor’s Report

to the members of Plant Health Care plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2023 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 2023 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that in the reasonable and plausible downturn scenario where revenue growth is 25% or below, the Group’s ability to fund its operations within current resources will be impacted and further funding will be required which is not guaranteed. These events or conditions, along with the other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group and Parent Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above and our risk assessment we considered going concern to be a key audit matter.

Our evaluation of the Directors’ assessment of the Group and Parent Company’s ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- Review of 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 forecast but also has a high-level understanding of the Group and Company’s market, strategy, and changes in the customer base.
- Review of the forecasts prepared and challenge of the key assumptions, critiquing supporting documentation, and inputs within the model to determine whether there was adequate support for the assumptions underlying the forecasts.
- The Directors applied downwards sensitivities to the more variable aspects of the forecasts to capture the uncertainties over customer engagement and the level of new sales to new customers and also modelled a number of mitigating cash saving initiatives. We considered the appropriateness of the sensitivities applied in respect of the impact of macroeconomic factors and customer specific matters.
- Review of post year-end management accounts, specifically comparing the cash position against the budgeted forecasted amounts.
- Enquire of the Directors as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity’s ability to continue as a going concern.
- Review of the adequacy and completeness of the disclosures in the financial statements against the requirements of the accounting standards and the Directors’ going concern assessment.

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Overview

Coverage

93% (2022: 92%) of Group profit before tax
100% (2022: 100%) of Group revenue
99% (2022: 96%) of Group total assets

Key audit matters

	2023	2022
Going concern	x	x
Impairment of Group’s goodwill	x	-
Recoverability of trade debtors	x	-

Materiality

Group financial statements as a whole

$266,000 (2022:$260,000) each based on 5% of the average loss before tax of the last three years, excluding unrealised forex loss in FY22, which we have considered one-off.

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 (the Plant Heath Care Plc (a holding company) and Plant Health Care UK Limited (a UK trading company)) both of which are deemed significant components, three significant non-UK components (in the USA, Mexico and Brazil), and a remaining entity which is deemed non-significant. Our scope has focused on the following:

- Full scope audits performed by the group team over Plant Health Care Plc, Plant Health Care UK Limited and three USA entities (which was treated as one significant component);
- a full scope audit by our network member firm in Mexico over Plant Health Care de Mexico; and
- a full scope audit by our network member firm in Brazil over Plant Health Care Brazil.

For the financial information of the component of the Group not considered to be significant (Plant Health Care Spain), the Group audit team performed specified audit 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 component auditors 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 virtual review of their audit documentation and findings.

Plant Health Care Brazil: We instructed our member firm in Brazil as to the scope and timing of their work on the financial information for Group reporting purposes, we held virtual meetings throughout the planning and 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 are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matter/s below to be the key audit matter/s to be communicated in our report.

Key audit matter

Impairment review of the Group's goodwill carrying value

Details of the Group's accounting policies applied during the period are given in note 2 on page 61.

The Group's goodwill carrying value relates to the proprietary product, Harpinαβ, cash generating unit (CGU) and has been assessed using the Directors' value in use model only.

There is a significant judgement involved in the estimation of the recoverable amount of the goodwill balances 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 reviewed and checked the arithmetic accuracy of the Directors' impairment assessments, based on our knowledge of the Group's business, performance to date and from discussions with management.
- We assessed whether the methodology applied to value goodwill appropriately supports the carrying value in line with the accounting standards.
- We reviewed and challenged the assumptions underpinning the forecasts and the other inputs into the value in use model. This included an assessment of the appropriateness of the discount rate applied, revenue growth rates, expected gross profit margins and terminal value.
- We checked that the forecast figures included within the model have been approved by the Directors and the base case scenario was consistent with information obtained in other audit procedures, including the going concern assessment.
- We reviewed the different scenarios used by the Directors and ran our own sensitivities to evaluate the Directors' assessment of the existence of any impairment to the carrying value of the goodwill.
- We critically assessed whether revenue generated in the post year end period supported the Directors assumption that the trend of reduction in the U.S. market was temporary and growth would be restored.
- We assessed the completeness and accuracy of the related accounting policies and disclosures in the notes forming part of the Group financial statements against the requirements of the relevant accounting standards.

Key observations:
Based on the procedures performed, we consider the Directors' judgements relating to the impairment of the Group's goodwill and the relating disclosures in the notes forming part of the Group financial statements to not be inappropriate.

Recoverability of trade receivables

Details of the Group's accounting policies applied during the period are given in note 2 on page 61.

Independent Auditor's Report
Continued

We considered there to be a significant risk arising over the recoverability of trade receivables.

Varying payment history makes assessment of expected credit losses, particularly judgemental.

How the scope of our audit addressed the key audit matter

We performed the following procedures:

- For a sample of trade receivable balances where funds have been collected post year-end, we have reviewed evidence of the bank receipts and for balances subject to payment plans we have checked that receipts are in accordance with these plans.
- In instances where balances are not yet due or customers have deviated from their payment plan we reviewed management's impairment assessment for a sample of debtor balances, which included review of historical payment patterns, and consideration of both the 12 month expected credit losses and lifetime expected credit losses as appropriate.
- We completed sensitivity analysis (e.g. including quantum of and timing of payment) over the key variables within the expected credit loss provision calculated by management.
- We considered the appropriateness of the financial statement disclosures in this area.

Key observations:
Based on the procedures performed, we consider management's judgements around the recoverability of trade receivables to not be inappropriate.

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	
	2023	**2022**	**2023**	**2022**
Materiality	$266,000	$260,000	$159,000	$156,000
Basis for determining materiality	5% of the average loss before tax of the last three years, excluding unrealised forex loss in FY22.		60% 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	$199,000	$195,000	$119,000	$117,000
Basis for determining performance materiality	75% of Materiality			
Rationale for the percentage applied for performance materiality	Performance materiality was set at 75% in both years. 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.			

Component materiality

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% (2022: 40% and 60%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $106,000 to $186,000 (2022: $104,000 to $156,000). In the audit of each component, we further applied performance materiality levels of 75% (2022: 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 (2022: $13,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and

Independent Auditor’s Report
Continued

- 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 applicable accounting framework, UK tax legislation, 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:

- Review of minutes of meeting of those charged with governance 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;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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.

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;
  - Applying sensitivities and performing a retrospective review of management estimates; and
  - Assessing whether disclosures made regarding each significant estimate cmply with accounting standards.
- 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
31 May 2024

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 2023

	Note	2023 $'000	2022 $'000
Revenue	4	**11,206**	11,767
Cost of sales		**(4,441)**	(4,596)
Gross profit		**6,765**	7,171
Research and development expenses		**(2,853)**	(3,564)
Sales and marketing expenses		**(4,260)**	(4,557)
Administrative expenses		**(4,223)**	(8,288)
Operating loss	5	**(4,571)**	(9,238)
Finance income	10	**161**	113
Finance expense	10	**(79)**	(197)
Net loss arising on financial assets		**—**	(125)
Loss before tax		**(4,489)**	(9,447)
Income tax credit/ (expense)	11	**489**	(36)
Loss for the year attributable to the equity holders of the parent company		**(4,000)**	(9,483)
Other comprehensive income			
Items which will or may be reclassified to profit or loss:			
Exchange gain on translation of foreign operations		**215**	3,659
Total comprehensive loss for the year attributable to the equity holders of the parent company		**(3,785)**	(5,824)
Basic and diluted loss per share	12	**$(0.01)**	$(0.03)

The notes on pages 59 to 85 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

at 31 December 2023

	Note	2023 $'000	2022 $'000
Assets			
Non-current assets			
Intangible assets	13	**2,331**	1,620
Property, plant and equipment	14	**528**	644
Right-of-use assets	19	**661**	586
Other receivables	16	**813**	146
Total non-current assets		**4,333**	2,996
Current assets			
Inventories	15	**2,997**	3,371
Trade and other receivables	16	**4,048**	1,801
Cash and cash equivalents		**2,111**	5,656
Total current assets		**9,156**	10,828
Total assets		**13,489**	13,824
Liabilities			
Current liabilities			
Trade and other payables	17	**2,106**	3,235
Borrowings	18	**269**	55
Lease liabilities	19	**633**	437
Total current liabilities		**3,008**	3,727
Non-current liabilities			
Borrowings	18	**210**	215
Lease liabilities	19	**46**	192
Total non-current liabilities		**256**	407
Total liabilities		**3,264**	4,134
Total net assets		**10,225**	9,690
Share capital	22	**4,789**	4,352
Share premium		**103,734**	100,859
Foreign exchange reserve		**3,070**	2,856
Accumulated deficit		**(101,368)**	(98,377)
Total equity		**10,225**	9,690

The consolidated financial statements were approved and authorised for issue by the Board on 31 May 2024.

Dr Christopher Richards
Chairman

Registered no: 05116780 (England and Wales)

The notes on pages 59 to 85 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Note	Share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Accumulated deficit $'000	Total $'000
Balance at 1 January 2022		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 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
Loss for the year		—	—	—	(4,000)	(4,000)
Exchange difference arising on translation of foreign operations		—	—	214	—	214
Total comprehensive income/(loss)		—	—	214	(4,000)	(3,786)
Shares issued net of issue costs	22	437	2,875	—	—	3,312
Share-based payments		—	—	—	1,009	1,009
Balance at 31 December 2023		**4,789**	**103,734**	**3,070**	**(101,368)**	**10,225**

The notes on pages 59 to 85 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Loss for the year		**(4,000)**	(9,483)
Adjustments for:			
Depreciation	14	**214**	212
Depreciation of right-of-use assets	19	**503**	454
Amortisation of intangibles	13	**–**	2
Share-based payment expense		**1,009**	1,130
Finance income	10	**(161)**	(113)
Finance expense	10	**79**	197
Net loss on investment		**–**	125
Foreign exchange loss/(gain)		**(25)**	3,754
Income taxes credit		**183**	36
Bad debt expense		**64**	(32)
Loss of disposal of fixed asset		**1**	–
(Increase)/decrease in trade and other receivables		**(2,801)**	1,602
Decrease/(increase) in inventories		**529**	(1,227)
(Decrease)/increase in trade and other payables		**(1,262)**	457
Income taxes (paid)/ received		**(183)**	172
Net cash used in operating activities		**(5,850)**	(2,714)
Investing activities			
Purchase of property, plant and equipment	14	**(85)**	(133)
Sale of property, plant and equipment	14	**–**	1
Finance income	10	**161**	113
Sale of investments		**–**	8,032
Purchase of capitalised development costs		**(711)**	–
Net cash (used in)/ provided by investing activities		**(635)**	8,013
Financing activities			
Finance expense	10	**(42)**	(148)
Payment of lease liability	19	**(555)**	(497)
Issue of ordinary share capital	22	**3,312**	–
Exercise of options	22	**–**	26
Borrowings		**194**	18
Net cash provided by/ (used in) financing activities		**2,910**	(601)
Net increase in cash and cash equivalents		**(3,575)**	4,698
Cash and cash equivalents at the beginning of period		**5,656**	1,005
Effects of exchange rates on cash held		**30**	(47)
Cash and cash equivalents at the end of the period		**2,111**	5,656

The notes on pages 59 to 85 form part of these consolidated financial statements.

Notes forming part of the Group financial statements for the year ended 31 December 2023

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
2022	1.2090	0.0513	1.0699	0.1891
2023	**1.2730**	**0.0589**	**1.1036**	**0.2060**

	Average exchange rates			
	GBP	Mexican Peso	Euro	Reals
2022	1.2370	0.0497	1.0538	0.1939
2023	**1.2435**	**0.0564**	**1.0814**	**0.2003**

Going concern

The Company is a holding entity and as such their going concern is dependent on the Group therefore the going concern assessment was performed as part of the Group's assessment.

In assessing whether the going concern basis is an appropriate basis for preparing the 2023 Annual Report, the Directors have used actual results for the first four months of 2024 and its detailed forecasts which take into account its current and expected business activities, its cash and cash equivalents balance and investments of $2.1 million as shown in its balance sheet at 31 December 2023, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

The Directors have prepared a base case cash forecast that shows we will be able to operate within our existing facilities (including the financing secured after the year-end) for the foreseeable future of at least a year from the date of the approval of these financial statements. The Directors have modeled a variety of possible cash flow forecasts for the twelve months from the date of the approval of the financial statements.

The Group's revenue projections are based on detailed budgets built up by customer from each of the Group's operating segments, and specifically includes growth assumptions in the U.S. to reverse the decline experienced in 2023. The Group's base case shows a revenue increase of 39% in 2024 and 55% in the first half of 2025, which is an increase from the overall decline in 2023 of 5% (which was caused by the distributors managing their inventory levels in the U.S. market). The base case growth rates projected for 2024 and 2025 are comparable to the 40% and 28% overall growth rates achieved in 2022 and 2021 respectively, and the growth rates achieved in 2023 in the South America and EMEAA regions during 2023 of 29% and 41%.

Experience has shown in the first four months of 2024 that projected revenue has started to occur and growth on 2023 has been achieved at a rate which has exceeded the Directors budget, however this trend needs to continue through the rest of 2024 and 2025, in line with the above to prevent any liquidity issues. While the Group believes the projections are achievable, there is inherent uncertainty in achieving budgeted projections of growth which means the projections may not be achieved.

In addition, the Group is dependent on the debt due from its customers being settled in line with forecasts. Further, the timing of cash inflows and outflows is important and heightened in the 4th quarter of 2024 when some large payments become due to working capital needs that could lead to short-term liquidity issues in that period. Cost savings are also projected in the model and may be difficult to deliver in the current climate.

The Directors have identified further cost savings, if necessary, to help mitigate the impact of the above on cash outflows. Some of the costs saving measures include further product cost reductions with its toll manufacturer, scaling back the Group's PRE*tec* program and reducing personnel in all regions.

In the event of a need, the Group may also be required to seek additional funding beyond the facilities that are currently available to it through a placement of shares or source other non-dilutive short-term funding, making significant reductions in its fixed cost expenses or the potential sale of the Group to secure the injection of funds into the business.

In the reasonable and plausible downturn scenario where revenue growth is 25% or below, the Group's ability to fund its operations within current resources will be impacted and further funding will be required which is not guaranteed, this will have a direct impact on the Company's going concern and as a result a material uncertainty exists, which may cast significant doubt about the Group and Company's ability to continue as going concern and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the Directors consider that the Group and Company will trade in a positive scenario and therefore deem it to be appropriate to prepare the financial statements on a going concern basis and the financial statements do not include the adjustments that would be required if the Group and Company were unable to continue as a going concern.

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.

Going Concern

The directors have adopted the going concern basis in preparing the consolidated financial statements, having carried out a going concern review. Given the nature of the Group and the way in which business is managed, cash flow forecasts have been prepared for the Group's three cash generating segments and the PRE*tec* research function. These forecasts are considered by the directors to satisfy themselves that the going concern assumptions are appropriate.

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.

The receivable balance at year-end was higher than prior years due to amounts owed by two customers in the Americas segment. The majority of this balance was paid by the end of January 2024.

Share-based payments

Equity-settled share-based payment transactions are measured with reference to the fair value at the date of grant, recognised on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. Fair value is measured using a suitable option pricing model.

Hedges of net investments in a foreign operation

The Group has designated a loan receivable as a hedge of net investments in a foreign subsidiary. The Group applies hedge accounting on the foreign exchange differences arising between the functional currency of foreign operations and the Group's functional currency. The foreign currency gains/ losses are recognized in other comprehensive income and is included with the foreign exchange differences arising in the translation of the results and financial position of the foreign operation.

4. Revenue

Revenue arises from	2023 $'000	2022 $'000
Proprietary products	**8,652**	8,927
Third-party products	**2,554**	2,840
Total	**11,206**	11,767

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 2023

Segment	Sales contracts with payment terms less than 180 days $'000	Sales contracts with payment terms greater than 180 days $'000	Total $'000
Mexico	3,494	–	3,494
Americas	5,819	–	5,819
Rest of World	1,893	–	1,893
	11,206	–	11,206

	Sales contracts with payment terms less than 180 days $'000	Sales contracts with payment terms greater than 180 days $'000	Total $'000
Point in time (delivery to port of departure)	10,968	–	10,968
Point in time (delivery to port of arrival)	238	–	238
	11,206	–	11,206

Year to 31 December 2022

Segment	Sales contracts with payment terms less than 180 days $'000	Sales contracts with payment terms greater than 180 days $'000	Total $'000
Mexico	3,364	–	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

5. Operating loss

	Note	2023 $'000	2022 $'000
Operating loss is arrived at after charging/(crediting):			
Share-based payment charge	6 & 8	**1,009**	1,130
Depreciation	14	**214**	212
Depreciation of right-of-use assets	19	**511**	454
Amortisation of intangibles	13	**—**	2
Operating lease expense		**73**	68
Loss on disposal of property, plant and equipment		**1**	—
Impairment of trade receivables		**24**	(41)
Foreign exchanges (gains)/ losses		**(25)**	3,754
Auditor's remuneration:			
Amounts for audit of parent company and consolidation		**140**	120
Amounts for audit of subsidiaries		**85**	80
Total auditor's remuneration		**225**	200

6. Staff costs

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

	2023	2022
Wages and salaries	**4,831**	5,352
Social security and payroll taxes	**484**	467
Defined contribution pension costs	**140**	132
Medical and other benefits	**206**	254
	5,661	6,205
Share-based payments charge	**1,008**	1,130
	6,669	7,335

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

Other segment information	2023	2022
Research	**13**	13
Administration	**12**	11
Sales and marketing	**30**	32
	55	56

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 42.

	2023	2022
	$'000	$'000
Base salary, fees and bonuses	882	1,085
Other short-term employee benefits	50	46
Share-based payments	685	739
Social security and taxes	58	68
	1,675	1,938

Two Executive Directors who served during the year were eligible to participate in the Group's 401(k) retirement plan (2022: two).

The highest paid Director earned $603,000 (2022: $609,000).

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 42 to 43.

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 for 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 2023 were as follows:

	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%

	22 March 2023	28 March 2023	21 July 2023
Share options granted	3,377,464	449,000	3,450,000
Weighted average fair value	10p	5p	8p
Assumptions used in measuring fair value:			
Weighted average share price	11p	10p	9p
Exercise price	1p	10p	1p
Risk-free rate	3.57%	3.35 - 3.44%	4.58%
Expected vesting period (years)	0.8	1.0–3.0	2.0
Option life (years)	5.0	5.0	5.0
Expected volatility	55.0%	55.0%	55.0%
Expected dividend rate	0.0%	0.0%	0.0%

The valuation of the share options granted during the year ended 31 December 2023 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:

2023	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	PRE*tec* R&D $'000	Total $'000
Revenue*							
Proprietary product sales	5,809	964	1,892	–	8,665	–	8,665
Third-party product sales	10	2,530	1	–	2,541	–	2,541
Inter-segment product sales	1,776	–	265	(2,041)	–	–	–
Total revenue	7,595	3,494	2,158	(2,041)	11,206	–	11,206
Cost of sales	(3,710)	(1,856)	(916)	2,041	(4,441)	–	(4,441)
Research and development	–	–	-–	–	–	(1,990)	(1,990)
Sales and marketing	(2,418)	(969)	(894)	–	(4,281)	(110)	(4,391)
Administration	(1,226)	(380)	(111)	–	(1,717)	(183)	(1,900)
Non-cash expenses:							
Depreciation	(188)	(90)	(27)	–	(305)	(421)	(726)
Amortisation	–	–	–	–	–	–	–
Share-based payment	(152)	(2)	(48)	–	(202)	(466)	(668)
Segment operating (loss)/profit	(99)	197	162	–	260	(3,170)	(2,910)
Corporate expenses:**							
Wages and professional fees							(1,605)
Administration***							(56)
Operating loss							(4,571)
Finance income							161
Finance expense							(79)
Loss before tax							(4,489)

* Revenue from one customer within the Americas segment totalled $1,395,000 or 12% of Group revenues.
Revenue from one customer within the Americas segment totalled $2,075,000 or 19% of Group revenues.
Revenue from one customer within Mexico segment totalled $1,366,000 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 $342,000 attributed to corporate employees who are not directly affiliated with any of the Commercial or PRE*tec* segments. The PRE*tec* segment relates to research and development activities only.

The PRE*tec* segment relates to research and development activities only.

Other segment information	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	PRE*tec* R&D $'000	Total $'000
Segment assets	8,261	2,370	1,439	–	12,070	748	12,818
Segment liabilities	1,820	324	566	–	2,710	555	3,265
Capital expenditure	54	44	2	–	100	–	100

Notes (Group)
Continued

2022	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	PRE*tec* R&D $'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)	—	(4,283)	(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							56
Finance expense							(265)
Loss before tax							(6,415)

* 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 $327,000 attributed to corporate employees who are not directly affiliated with any of the Commercial or PRE*tec* segments.

The PRE*tec* segment relates to research and development activities only.

Other segment information	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	PRE*tec* R&D $'000	Total $'000
Segment assets	9,936	2,474	803	—	13,213	614	13,827
Segment liabilities	2,620	588	389	—	3,597	540	4,137
Capital expenditure	127	28	—	—	155	—	155

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 2023		Year ended 31 December 2022	
	Amount $'000	%	Amount $'000	%
United Kingdom	534	5	269	2
United States	2,634	24	4,817	41
Mexico	3,493	31	3,364	29
Spain	1,359	12	1,074	9
Brazil	3,186	28	2,243	19
Total	11,206	100	11,767	100

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

	Year ended 31 December 2023		Year ended 31 December 2022	
	Amount $'000	%	Amount $'000	2021 %
United Kingdom	—	—	1	—
United States	3,377	92	2,653	89
Mexico	183	5	226	8
Spain	71	2	72	2
Brazil	31	1	44	1
Total	3,662	100	2,996	100

10. Finance income and expense

	2023 $'000	2022 $'000
Finance income		
Interest on deposits and investments	161	56
Financing component of revenue contracts	—	—
	161	56

	2023 $'000	2022 $'000
Finance expense		
Interest on lease liabilities	(46)	(49)
Other interest	(33)	(211)
	(79)	(260)

11. Tax credit

	2023 $'000	2022 $'000
Current tax charge	**182**	24
Deferred tax credit – origination and reversal of timing differences	**–**	12
Deferred tax credit – prior period adjustment	**(667)**	–
Total tax (credit)/ charge	**(489)**	36

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:

	2023 $'000	2022 $'000
Loss before tax	**(4,489)**	(9,447)
Expected tax credit based on the standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	**(1,055)**	(1,795)
Effect on tax rates in foreign jurisdictions	**(286)**	50
Disallowable expenses	**122**	201
Share-based payment expense not deductible	**–**	12
R&D credit	**–**	(153)
Losses available for carryover	**968**	1,118
Losses utilised in the year	**–**	–
Difference in capital allowance and amortisation	**428**	567
Other temporary differences	**4**	36
Prior period adjustment	**(671)**	–
Actual tax credit	**(489)**	36

Deferred tax asset	Deferred taxation $'000
At 1 January 2023	88
Credited to the profit and loss account	667
At 31 December 2023	755

The deferred tax asset comprises tax losses and sundry timing differences.

At 31 December 2023, the Directors have assessed recognition and recoverability of a potential deferred tax asset based on the probability of future profits the losses can be used against. Based on the Group's budgets the Directors have assessed that it is probable that sufficient profits will be earned in relevant jurisdictions to recognise a deferred tax asset of $755,000. The Group has a remaining potential deferred tax asset of $23,440,498 (2022: $23,136,000) which includes tax losses available to carry forward of $21,318,615 (2022: $21,942,000) (being actual federal, foreign and state losses of $101,630,665 (2022: $103,187,000)) arising from historical losses incurred and other timing differences of $(2,205,359).

12. Loss per share

Basic loss per ordinary share has been calculated on the basis of the loss for the year of $4,000,000 (2022: loss of $9,483,000) and the weighted average number of shares in issue during the period of 325,587,344 (2022: 305,148,646).

Equity instruments of 39,496,053 (2022: 36,006,306), 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

	Capitalised Development Costs	Goodwill	Licences and registrations	Trade name and customer relationships	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
Balance at 1 January 2022	–	1,620	3,342	159	5,121
Additions – externally acquired	–	–	–	–	–
Balance at 31 December 2022	–	1,620	3,342	159	5,121
Additions – internally developed	711	–	–	–	711
Balance at 31 December 2023		**1,620**	**3,342**	**159**	**5,832**
Accumulated amortisation					
Balance at 1 January 2022	–	–	3,337	159	3,496
Amortisation charge for the year	–	–	3	–	3
Balance at 31 December 2022	–	–	3,340	159	3,499
Amortisation charge for the year	–	**–**	**2**	**–**	**2**
Balance at 31 December 2023	–	**–**	**3,342**	**159**	**3,501**
Net book value					
At 31 December 2022	–	**1,620**	**–**	**–**	**1,620**
At 31 December 2023	**711**	**1,620**	**–**	**–**	**2,331**

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 2022 and 2023, cash flows are projected over a five-year period with a residual growth rate assumed at 0%. For the years ended 31 December 2022 and 2023, a pre-tax discount factor of 15.2% and 15.2% has been used over the forecast period.

Capitalised Development Costs

Internally generated costs includes personnel, field trials and study costs relating to products that have been, or are being developed by the Group.

$711,000 (2022: nil) of development costs relate to assets under development for which no amortisation has been charged in 2023 or 2022.

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.

An annual impairment review is undertaken by the Board of Directors. The Directors have considered the progress of the business in the current year, including a review of the potential market for its products, the progress the Group has made in registering its products and the key commercial factors to assess the review. The Directors have estimated the recoverable amount of the CGU using a value-in-use calculation, which assumes a turnaround in the performance of Harpinαβ in North America and continued growth of the product in other regions.

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 2022	1,647	864	506	3,017
Additions	85	—	69	154
Disposals	(1)	—	—	(1)
Balance at 31 December 2022	1,731	864	575	3,170
Additions	14	3	83	100
Disposals	(2)	—	—	(2)
Balance at 31 December 2023	**1,743**	**867**	**658**	**3,268**
Accumulated depreciation				
Balance at 1 January 2022	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
Depreciation charge for the year	144	1	71	216
Disposals	(2)	—	—	(2)
Balance at 31 December 2023	**1,450**	**833**	**457**	**2,740**
Net book value				
At 31 December 2022	423	32	189	644
At 31 December 2023	**293**	**34**	**201**	**528**

15. Inventories

	2023	2022
	$'000	$'000
Raw materials	**250**	438
Finished goods and goods for resale	**2,747**	2,933
	2,997	3,371

The inventory provision amount during the year was $15,402 (2022: $23,495). In 2023, raw materials and finished goods for resale included in cost of sales was $3.9 million (2022: $4.2 million).

16. Trade and other receivables

	2023 $'000	2022 $'000
Current		
Trade receivables	**3,375**	1,459
Less: provision for impairment	**(114)**	(90)
Trade receivables, net	**3,261**	1,369
Other receivables and prepayments	**787**	432
Current trade and other receivables	**4,048**	1,801
Non-current		
Trade receivables	—	—
Less: provision for impairment	—	—
Trade receivables, net	—	—
Other receivables	**58**	58
Deferred tax asset (see note 11)	**755**	88
Non-current trade and other receivables	**813**	146
	4,861	1,947

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.

	Considered under the simplified approach	Considered under the general approach
31 December 2023	**$'000**	$'000
Trade receivables	**2,775**	600
Expected credit loss assessed	**(30)**	(83)
	2,745	517

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

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:

	2023 $'000	2022 $'000
Balance at the beginning of the year	90	132
Provided	114	—
Receivables written off as uncollectible	—	—
Unused amounts reversed	(90)	(41)
Foreign exchange	—	(1)
Balance at the end of the year	114	90

The net value of trade receivables for which a provision for impairment has been made is $0.6 million (2022: $0.1 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.

	2023 $'000	2022 $'000
Current	2,624	1,311
Past due:		
Up to 30 days	159	17
31 to 60 days	—	—
61 to 90 days	58	—
Greater than 90 days	420	41
Total	3,261	1,369

17. Trade and other payables

	2023 $'000	2022 $'000
Current		
Trade payables	1,255	1,597
Accruals	726	1,545
Taxation and social security	124	92
Income tax liability	1	1
	2,106	3,235

18. Borrowings

a) Current borrowings

	2023	2022
	$'000	$'000
Vehicle loans	**41**	31
Bank loans	**228**	24
	269	55

b) Non-current borrowings

	2023	2022
	$'000	$'000
Vehicle loans	**122**	104
Bank loans	**88**	111
	210	215

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

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

	2023	2022
	$'000	$'000
Real estate leases	**595**	518
Vehicles	**66**	68
	661	586

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

2023 — Right-of-use assets

	Real estate lease	Vehicles	Total
	$'000	$'000	$'000
At 1 January 2023	518	68	586
Additions	556	22	578
Depreciation	(479)	(24)	(503)
At 31 December 2023	**595**	**66**	**661**

2022 — Right-of-use asset

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

Lease liabilities

2023 — Lease liabilities

	Real estate lease	Vehicles	Total
	$'000	$'000	$'000
At 1 January 2023	560	69	629
Additions	554	20	574
Interest expense	29	2	31
Lease payments	(529)	(26)	(555)
At 31 December 2023	**614**	**65**	**679**

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

The maturity of the lease liabilities is as follows:

	Carrying amount	Undiscounted contractual cash flows	Less than one year	One to two years	Two to five years
2023	$'000	$'000	$'000	$'000	$'000
Leased buildings	614	658	628	30	—
Leased vehicle	65	66	29	25	12
Total	679	724	657	55	12

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

The current and non-current portions of the leases were $353,000 and $107,000 as at 31 December 2023, 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	
	2023	2022
	$'000	$'000
Non-current financial assets		
Trade and other receivables	**57**	57

		Fair value through profit or loss		**Amortised cost (loans and receivables)**	
		2023	2022	**2023**	2022
	Note	**$'000**	$'000	**$'000**	$'000
Current financial assets					
Trade and other receivables	16	**–**	–	**3,261**	1,369
Investments	20	**–**	–	**–**	–
Cash and cash equivalents		**–**	2,034	2,111	3,623
		–	2,034	5,372	4,992

		Amortised costs	
		2023	2022
	Note	**$'000**	$'000
Current financial liabilities			
Trade payables	17	**1,255**	1,597
Accrued liabilities	17	**726**	1,545
Borrowings	18	**269**	55
Lease liability		**614**	437
		2,864	3,634

	Note	Amortised costs 2023 $'000	2022 $'000
Non-current financial liabilities			
Borrowings	18	**210**	215
Lease liability		**66**	214
		276	429

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

c) 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:

2023	Carrying amount	Undiscounted contractual cash flows	Less than one year	One to two years	Two to five years
Trade and other payables	1,981	1,981	1,981	—	—
Loans and borrowings	479	293	78	78	137
Lease liabilities	680	725	658	55	12
Total	**3,140**	**2,999**	**2,717**	**133**	**149**

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**

d) 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.

e) 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	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Euro	**390**	284	487	348
Pound Sterling	**346**	150	79	41
Mexican Peso	**1,522**	1,580	324	588
Brazilian Real	**1,134**	858	387	524

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::

	2023	2022
	$'000	$'000
Mexican Peso	**349**	336
Pound Sterling	**53**	27
Euro	**136**	107
Brazilian Real	**319**	224

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'.:

	2023	2022
	$'000	$'000
Mexican Peso	**327**	297
Pound Sterling	**32**	21
Euro	**121**	103
Brazilian Real	**213**	243

f) 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.

g) 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.

h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral. Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses the lifetime expected credit loss allowance for all trade receivables including trade receivables with significant financing components and contract assets. The Group exercises judgment in determining the expected credit loss allowance. In this judgment, the Group identifies the default rate by analysing historical experience with credit losses, considering it to represent a reasonable approximation for future expected defaults, and applies to current receivables. The Group also takes into consideration forward-looking factors, including changes in the overall economic environment or changes in regulation, and if material, reflects these in the expected credit loss allowance.

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 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 2023.

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

	2023	2022
	$'000	$'000
Allotted, called-up and fully paid share capital:		
306,937,482 (2021: 304,662,482) ordinary shares at £0.01 each	**5,195**	4,352

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 2022	304,662,482	4,326
Shares issued	2,275,000	26
In issue at 31 December 2022	306,937,482	4,352
Shares issued	34,595,470	437
In issue at 31 December 2023	**341,532,952**	**4,789**

During the year ended 31 December 2023, the following fully paid £0.01 ordinary shares in the Company were issued:

i. 3,547,070 shares with an aggregate value of $472,000 were issued for the exercise of share options at an exercise price of 1p.

ii. 31,048,400 new ordinary shares with net proceeds of $3,312,000 (directly attributable costs of $106,000) were issued pursuant to an equity place of £0.09 per share.

c) Other equity instruments

The Company had the following other equity instruments in issue at 31 December 2023 and 2022:

	2023	2022
	Number	Number
Share awards under the 2004 plan	–	129,647
Share awards under 2017 plan	**39,496,053**	35,876,659
	39,496,053	36,006,306

d) Share options

i) 2004 Employee Share option plan

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

The movements on share options are as follows:

	Options over ordinary shares			
	Directors and former Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2022	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
Awarded	—	—	—	—
Exercised	—	—	—	—
Forfeited	(117,647)	(12,000)	(129,647)	85p
Outstanding at 31 December 2023	—	—	—	—

Of the total number of options outstanding at 31 December 2023, nil (2022: 129,647) had vested and were exercisable. The weighted average exercise price was 85p (2022: 85p).

The options outstanding at 31 December 2023 have a weighted average remaining life of nil (2022: 0.35 years) and the range of exercise prices is 85p to 85p (2022: 85p to 86p).

ii) 2017 Employee Share option plan

	Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2022	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
Awarded	3,516,633	3,759,831	7,276,464	2p
Exercised	(1,682,487)	(1,864,583)	(3,547,070)	1p
Forfeited	—	(110,000)	(110,000)	12p
Outstanding at 31 December 2023	**23,171,944**	**16,324,109**	**39,496,053**	**5p**

Of the total number of options outstanding at 31 December 2023, 23,484,589 (2022: 20,586,418) had vested and were exercisable.

The options outstanding at 31 December 2023 have a weighted average remaining life of 3.53 years and the range of exercise prices is 1p to 15p.

(iv) Phantom Unit Plan

	Total	Weighted average exercise price
Outstanding at 31 December 2022	200,000	9p
Awarded	—	—
Exercised	—	—
Forfeited	—	—
Outstanding at 31 December 2023	200,000	9p

Of the total number of options outstanding at 31 December 2023, nil had vested and were exercisable.

The options outstanding at 31 December 2023 have a weighted average remaining life of 3.09 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 2023, the Group's pension expense under the scheme was $122,714 (2022: $97,949). Mexico has a government-run pension plan to which our operations there must contribute. In 2023, the expense for this plan was $3,917 (2022: $19,118). One United Kingdom employee receives contributions to their pension plans. The expense for this was $4,080 (2022: $5,108). A Spain employee receives contributions to their pension plan. The expense for this was $9,192 (2022: $9,692). Total pension expense for the year was $139,903 (2022: $131,868).

25. Post-balance sheet events

There have been no material Post-Balance sheet events.

Company statement of financial position

at 31 December 2023

	Note	2023 $'000	2022 $'000
Fixed assets			
Fixed asset investments	32	**33,415**	29,038
Current assets			
Debtors	34	**13**	47
Cash at bank and in hand		**26**	91
Total current assets		**39**	138
Creditors: amounts falling due within one year	35	**(118)**	(230)
Net current liabilities		**(79)**	(92)
Total assets less current liabilities		**33,336**	28,946
Capital and reserves			
Called-up share capital	29	**4,789**	4,352
Share premium	29	**103,733**	100,859
Accumulated deficit	29	**(75,186)**	(76,265)
Shareholders' funds		**33,336**	28,946

The financial statements were approved and authorised for issue by the Board on 31 May 2024.

Dr Christopher Richards
Chairman

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 $1,809,000 (2022: profit of $3,501,000).

The notes on pages 88 to 90 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2023

	Share capital	Share premium	Foreign exchange reserve	Accumulated deficit	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2022	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
Shares issued	437	2,874	–	–	3,311
Share-based payment	–	–	–	1,009	1,009
Loss for the year	–	–	–	(1,809)	(1,809)
Exchange difference arising on translation of foreign operations	–	–	1,879	–	1,879
Balance at 31 December 2023	**4,789**	**103,733**	**1,879**	**(77,065)**	**33,336**

The notes on pages 88 to 90 form part of these financial statements.

Notes forming part of the Company financial statements
for the year ended 31 December 2023

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:

	2023	2022
	£'000	£'000
Wages and salaries	**298**	325
Social security and payroll taxes	**36**	33
	334	358
Share-based payments charge	**265**	282
	599	640

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

32. Fixed asset investments

	Shares in Group undertakings	Loans to Group undertakings	Total
	$'000	$'000	$'000
Cost			
Cost at 1 January 2022	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
Additions, net of repayments	—	4,377	4,377
Cost at 31 December 2023	**16,915**	**96,135**	**113,050**
Impairments			
Impairments at 1 January 2022	(16,915)	(62,720)	(79,635)
Charge	—	—	—
Impairments at 31 December 2022	(16,915)	(62,720)	(79,635)
Charge	—	—	—
Impairments at 31 December 2023	(16,915)	(62,720)	(79,635)
Net book value			
At 31 December 2022	—	29,038	29,038
At 31 December 2023	—	**33,415**	**33,415**

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 2023 (2022: $nil).

33. Subsidiary undertakings

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

34. Debtors

	2023	2022
	£'000	£'000
Prepayments	13	47

All amounts fall due within one year.

35. Creditors

	2023	2022
	£'000	£'000
Trade creditors	77	131
Accruals	41	99
Total	118	230

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 Post-Balance sheet events.

Directors and Advisors

Directors

Dr Christopher G J Richards
Chief Executive Officer

Dr Richard H Webb
Chairman and Non-executive Director

Guy van Zwanenberg
Non-executive Director

William M Lewis
Non-executive Director

Jeffrey Tweedy
Executive Director

Jeffrey Hovey
Executive Director

Company Secretary

AMBA Secretaries Limited

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In this document, references to “the Company” are to Plant Health Care plc. References to “Plant Health Care”, “the Group”, “we” or “our” are to Plant Health Care plc and its subsidiaries and lines of business, or any of them as the context may require. The Plant Health Care name and logo, Myconate®, 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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