



THE NATURAL SOLUTION

Eden Research plc
Annual Report 2021

Sustainable Solutions for Crop Protection, Animal Health and Consumer Products



Eden Research plc is the only UK-quoted company focused on sustainable biopesticides and plastic-free encapsulation technology for use in global crop protection, animal health and consumer products industries.



Consumer Products



Crop Protection



Animal Health

Find out more about our products on pages VI–IX



Contents

Company Overview

- I 2021 Highlights
- II At a Glance
- IV Investment case
- VI Our products
- VIII Products in action
- X Our Markets
- XII Our Business model
- XIV Our Strategy

Annual Report Statements

- 02 Chairman's Statement
- 04 Chief Executive Officer's Review
- 10 Strategic Report
- 14 ESG Report

Governance

- 22 Board of Directors
- 26 Chairman's letter
- 28 Business model and strategy
- 30 The QCA Corporate Governance Code
- 36 Remuneration Report
- 40 Audit Committee Report
- 42 Directors' Report
- 43 Directors' Responsibilities Statement

Financial Statements

- 46 Independent Auditor's Report to the members of Eden Research plc
- 52 Consolidated statement of comprehensive income
- 53 Consolidated statement of financial position
- 54 Company statement of financial position
- 55 Consolidated statement of changes in equity
- 56 Company statement of changes in equity
- 57 Consolidated statement of cash flows
- 58 Company statement of cash flows
- 59 Notes to the group financial statements

See our website for the latest information: www.edenresearch.com

2021 Highlights

Return to
product
sales growth

Market conditions improve resulting in a 4% increase in product sales, by volume

Significant
expansion of
addressable
market

New major and minor uses allowed thereby increasing the size of Eden's addressable market in key territories with more to follow

Commercial
agreement
with Corteva

Advancing development of a new product category with industry-leading partner, Corteva

Revenue

£1.2m

2020: £1.4m

Operating Loss

£3.2m

2020: £2.2m loss

Product Sales

£1.1m

2020: £1.1m

- Sales of agrochemical products Cedroz™ and Mevalone® increased overall by approximately 4% in volume.
- Product sales remained flat in GBP terms at approximately £1.1m (2020: £1.1m), due to adverse foreign currency exchange rates.
- Revenue for the year was £1.2m (2020: £1.4m) with a loss before tax of £3.4m (2020: £2.5m) and statutory operating loss of £3.2m (2020: £2.2m).
- Adjusted EBITDA (excluding share based payments – see note 4) was £2.0m (loss) (2020: £1.5m loss).
- Cash position at the year-end was £3.9m, in-line with management expectations (2020: £7.3m).
- Exclusive Commercialisation, Supply and Distribution Agreement signed with Corteva Agriscience, the fourth largest agriculture input company in the world. The agreement covers Eden's first seed treatment product which uses Eden's patented, plastic-free Sustaine® encapsulation technology and registered active ingredients.
- Significant expansion of the Company's addressable market was achieved as the labels for both Mevalone® and Cedroz™ were expanded with the addition of new countries, diseases and crop targets.

At a Glance

Our vision:

To be the leader in sustainable bioactive products enabled or enhanced by our novel encapsulation and delivery technologies.

- Eden is the only UK quoted company focused on biopesticides for sustainable agriculture. We have two proven products with multiple regulatory clearances and strategic partnerships, Mevalone® and Cedroz™, now commercially available.
- Eden's focus is on protecting high-value crops, improving crop yields and marketability.
- Our products are based upon natural chemistries and deliver performance, ease of use, and cost on par with conventional alternatives. Additionally, they have the benefit of being approved for use as organic inputs in multiple territories.
- Eden has commercialised its first biofungicide product, Mevalone®, on three continents and its first bio-nematicide product, Cedroz™, on two continents.
- Eden has partnered with Eastman Chemical for the commercialisation of Cedroz™ in 29 countries.

18 (2020: 16)

Countries have granted product authorisation

46 (2020: 44)

Crop use approvals for Eden's biopesticides

£15m (2020: £14m)

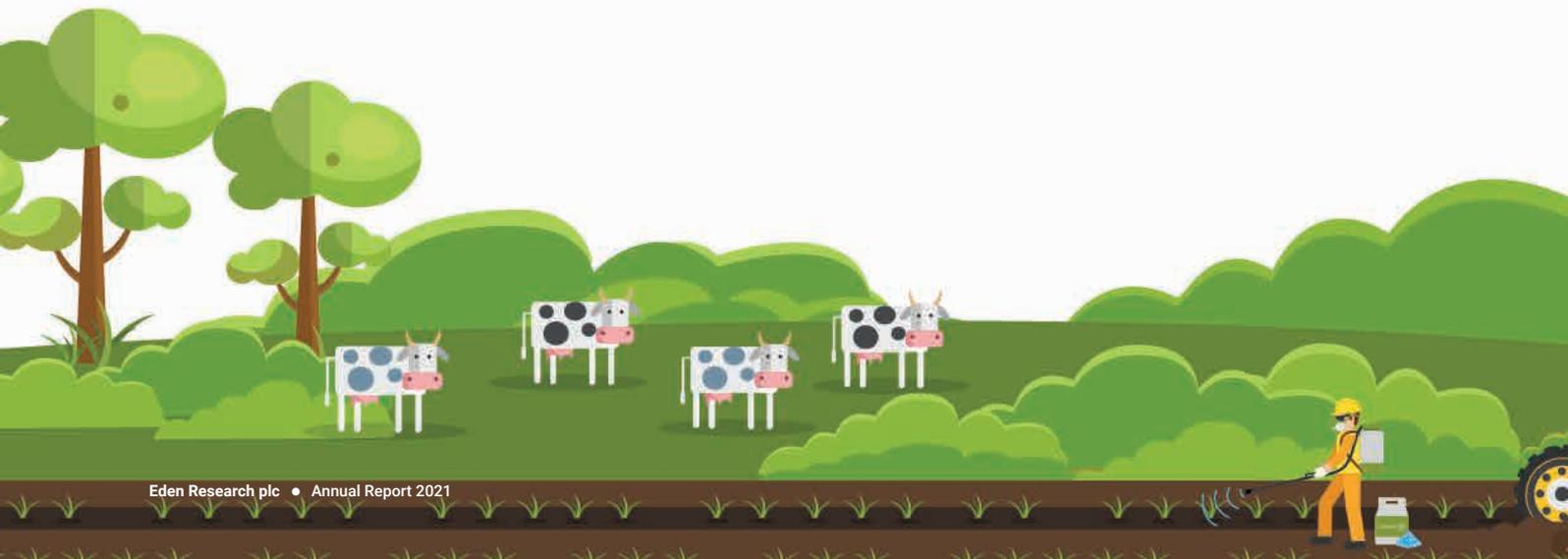
Invested in IP and registration

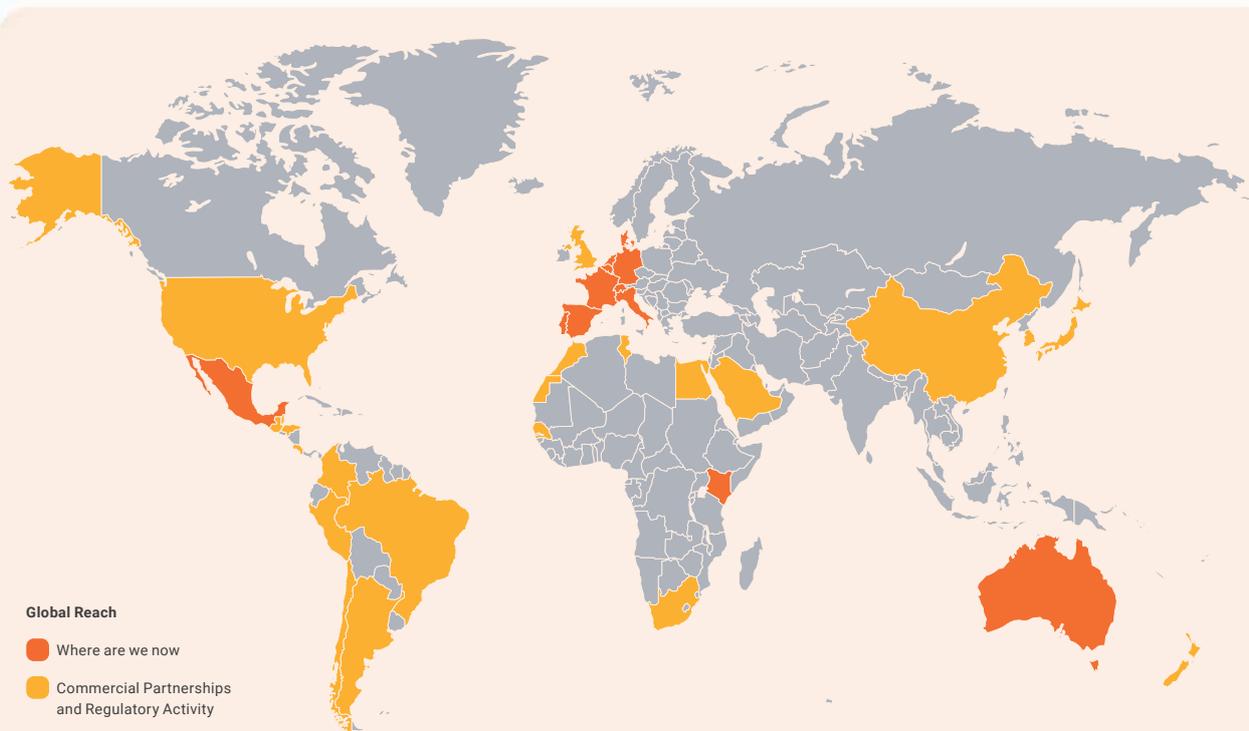
110 (2020: 110)

Granted and pending patents

10 (2020: 4)

Pests and disease targets addressed with Eden's registered products





Our Geographic And Regulatory Footprint

For our developed products, we have commercial partners in place across six continents and product registration activities in around 30 countries. We are well-positioned to leverage our commercial partnerships as and when regulatory clearance is granted by the relevant regulators around the world.

Where we are now

Product sales have commenced in key markets where we have authorisation to market and sell our first product, Mevalone[®] and our second product, Cedroz[™].

Commercial Partnerships and Regulatory Activity



Our products are sold in the top 3 wine producing countries.



We have trials and registration work on-going in 6 continents.



Both Mevalone[®] and Cedroz[™] are approved in Spain – which produces 24% of the EU's fruit and vegetables.



Product authorisations have been granted in 18 countries.



We are expanding and developing our base of commercial clients and partners.

Growing and nurturing our base of commercial and development partners



Investment case

UNITED NATIONS Sustainable Development Goals



Commercial Development

Eden is resourced to support accelerated new product development and growth.



Technology Exploitation

Eden is poised to exploit its core technologies beyond biopesticides and crop protection.



Focus on Biological Solutions

Eden is the only UK-quoted company with a focus on biopesticides for the crop protection market.



Regulatory Drivers for Sustainable Solutions

Regulatory changes are creating significant growth opportunities for Eden's products and technologies.

The EU Green Deal has a target of 25% organic agriculture and 50% reduction in chemical pesticides.





Increased Number of Commercial Partners

Eden is expanding existing commercial relationships and is focused on the establishment of new partnerships.



Strong Patent Portfolio

110 patents enable strong technological defensibility.



Revenue Growth

Eden has the potential to generate significant additional revenue in the medium term as new authorisations are received and existing and new commercial partnerships are 'activated' following approvals.



Corteva Agreement

This deal presents new product opportunities in the seed treatment market in a number of global territories.

Overall, the seed treatment sector is worth \$6.5 billion globally.

Our products

Industry Applications

We work globally through multi-national and local partnerships to develop and launch solutions for challenges facing three key industries.



Consumer products

Head-lice treatment
Deodorants
Odour neutralisers
Fragrances



Crop Protection

Foliar disease & insect control
Open field & greenhouses
Soil pests
Post-harvest shelf-life extension
Seed treatments



Animal Health

Companion animal
Bio-control
Parasite treatments
Insect sprays

\$50+bn*

\$51bn*

\$33bn*

*Estimated addressable market size

Eden's products serve as sustainable alternatives to conventional chemicals without limitations such as residue limits, disease and pest resistance, pre-harvest intervals, long field re-entry periods, microplastics or increasing restrictions on use.

Sustaine® is a novel microencapsulation solution patented by Eden, suitable for applications in a wide range of agricultural, animal health and consumer products:

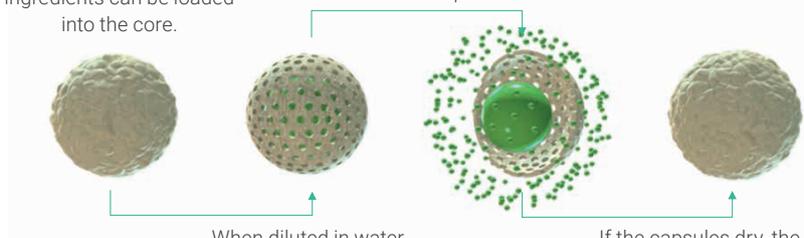
- 1 Sustaine® is cost effective, useful for a wide range of active ingredients, plastic-free, high capacity, robust, and sustainable.
- 2 Sustaine® encapsulates active ingredients and provides for the sustained release of these ingredients enabling their safe, more efficient use.
- 3 Sustaine® particles are derived from natural yeast cells originally developed for use in human health applications.

WE HAVE DEVELOPED A NATURAL, PLASTIC-FREE FORMULATION TECHNOLOGY – SUSTAINE®



Sustaine® microencapsulation technology is derived from yeast. Multiple active ingredients can be loaded into the core.

Active ingredients are released while the pores remain open in the presence of water.



When diluted in water, pores in the walls of the capsule open.

If the capsules dry, the pores will close again, locking in the active ingredient until the next re-wetting event, when further release occurs.

Our Product Focus

Our focus is on developing products based on sustainable chemistries to protect high-value crops from pests and disease, with equal or better performance when compared with conventional pesticides. We look for opportunities to replace conventional pesticides where regulatory action is removing these products from the market or severely limiting their use.

Our Products

Our products give growers reduced risk, increased flexibility and security.



Exempt from pesticide residue limits



Allowed in EU organic agriculture



Can be used up to the point of harvest



Equally effective vs conventional chemistry

Organic crops command a higher value and have a significant commercial advantage in the valuable export markets.



OWNERSHIP of the patents behind the Sustaine® encapsulation technology



SIGNIFICANT INVESTMENT in patent protection and the registration of new actives



PROVEN EFFICACY with strong commercial validation by farmers and our partners



SCOPE to exploit the core technologies beyond existing markets and products

SUSTAINE APPLICATIONS



FUNGICIDES
Botrytis, powdery mildew, downy mildew



NEMATOCIDES
Root knot nematodes

CEDROZ™



INSECTICIDES
Mites, whitefly, aphids, thrips

Under Development



SEED TREATMENT
Multiple uses

Under Development

Our products harness the biocidal activity of naturally occurring molecules produced by plants as part of their defence systems. These active ingredients are known as terpenes.

Product Characteristics

Our biopesticides, formulated with Sustaine®, add value compared to conventional pesticides by:

Enabling sustained delivery, increasing residual efficacy and reducing use rates

Tackling resistance build-up

Solvent-free, stable formulations with high loadings of active ingredients

Protecting plants from potentially damaging chemicals

Polymer-free formulation technology

Low or no preharvest intervals giving growers flexibility, security and control



Products in action



Sustainable Control

- Mevalone® is used as a preventative and curative solution for *Botrytis cinerea*.
- Mevalone® is now authorised on an expanded number of crops against diseases such as powdery mildew and sclerotinia.
- Mevalone® has recently been authorised in France for use on apples against storage-related diseases, thereby helping to reduce food waste in the supply chain.
- The terpene active ingredients are derived from nature which means the product has a favourable environmental profile.
- The multi-site mode of action means risk of resistance is minimised.
- Free from residue limits and with short pre-harvest intervals, it provides growers with maximum flexibility.

8% The cost of controlling *Botrytis* and related species accounts for about 8 per cent of the fungicide market worldwide.

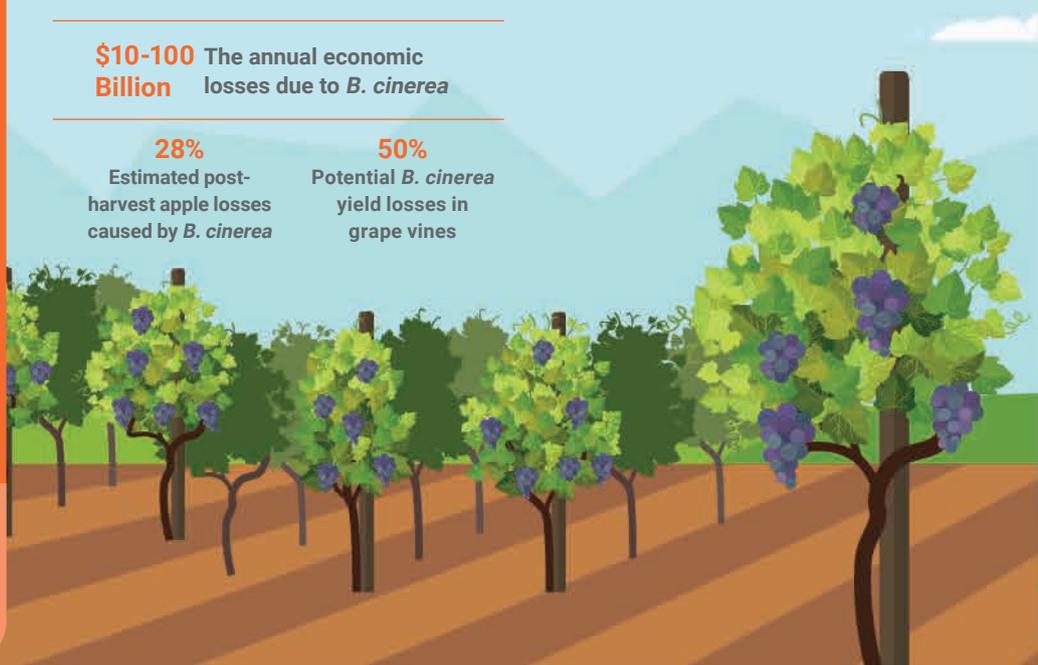


Botrytis cinerea is one of the most extensively studied fungal pathogens and causes "grey mold" rot in more than **500 plant species**

\$10-100 Billion The annual economic losses due to *B. cinerea*

28%
Estimated post-harvest apple losses caused by *B. cinerea*

50%
Potential *B. cinerea* yield losses in grape vines



Food Waste Spotlight

- Mevalone® is proven to be efficacious against a number of other crop diseases, including post-harvest storage diseases on apples.
- Used as a foliar spray in the weeks leading up to harvest, it ensures that apples enter storage free from pathogens, which extends their shelf life and reduces food waste.
- Mevalone® has received full authorisation for use on apples in France.



THIS (AUTHORISATION) IS ANOTHER IMPORTANT OPPORTUNITY TO PROMOTE MEVALONE® TO GROWERS AND TO BETTER SERVE A MODERN AND EVOLVING AGRICULTURE RESPONDING FULLY TO THE NEEDS OF SOCIETY.

Antoine Meyer – President of Sumi Agro

Top 3 EU apple producers



France



Poland



Italy

French exports

\$433.6 Million Of apples each year are exported by France

Export regions



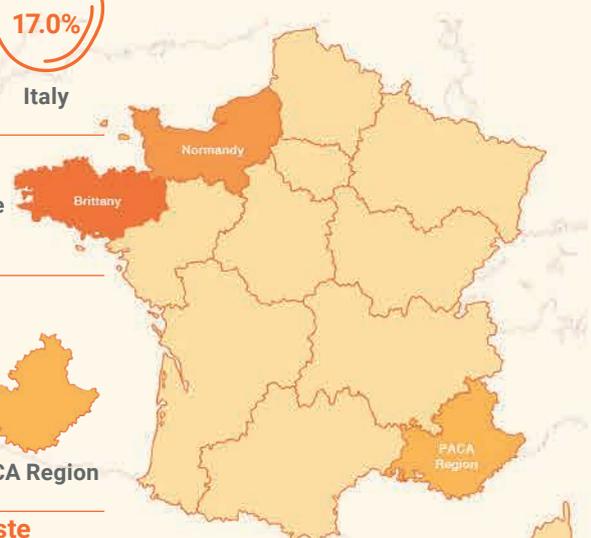
Normandy



Brittany



PACA Region



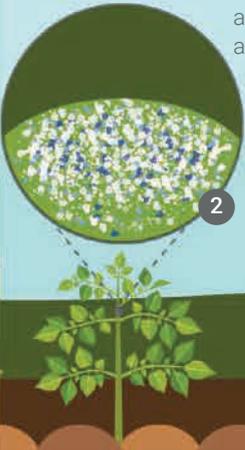
Current global food waste

1.3bn tonnes
Food wasted around the world every year

3,000 tonnes
Food wasted every minute globally

£19 billion
Value of edible food wasted in the UK every year

- 1 There is increasing consumer and regulatory pressure to cut out the use of plastic in supply chains. Food production has faced significant scrutiny due to its widespread use of plastics, from farming to packaging.
- 2 In farming, microplastics are used for encapsulation to boost the performance of agricultural inputs, including crop protection products. The intentional direct application of these products to the environment causes agriculture to be a major contributor to microplastics pollution.
- 3 Sustaine® is one of the only viable alternatives to microplastics used for encapsulation of active ingredients in these agricultural products.



Sustainable Control

- Sustaine® microcapsules are naturally derived, biodegradable micro-spheres produced from yeast extract.
- The technology produces stabilised aqueous suspensions which are easy to mix and apply and have phased release patterns.
- Sustaine® is used to encapsulate the active ingredients in Cedroz™ and Mevalone® and is also effective with other natural and synthetic compounds.
- Eden is engaged in a number of projects around the world to test the compatibility of Sustaine® with third party active ingredients.

Changing regulation

Pressure is building to cut out the use of microplastics in agriculture. A landmark proposal from the European Chemicals Agency (ECHA) will restrict the use of microplastics in agricultural products as part of a wider ban on the intentional use of plastics.

- 1 The majority of crops in Europe are grown in open field. However, there is an increasing level of investment in greenhouse and glasshouse farming, especially for salad vegetables.
- 2 The use of greenhouses will help to reduce emissions from the agriculture sector which is considered a "hard to treat" area of the carbon-cutting agenda. In addition, the use of greenhouses cuts down on the agricultural sector's land use by increasing the yield of a given crop per hectare.
- 3 Being able to control conditions indoors has been proven to more than double yields in some cases, reducing the consumption of resources required to grow crops.



CEDROZ™ post-planting nematocide

Science Spotlight

- Cedroz™ is a water-based formulation which utilizes Eden's terpene technology to naturally fight nematodes, a pest known to cause severe damage to crops globally in both open fields and greenhouses.
- In line with consumer and regulatory drivers for safer products, Cedroz™ is an attractive alternative for farmers looking to fight nematodes in an environmentally friendly way.
- Cedroz™ can be used on a wide range of crops including tomatoes, strawberries, cucumbers, courgettes, peppers, aubergines and melons.



IN CEDROZ™, WE HAVE DEVELOPED A BIOPESTICIDE THAT MEETS THE DEMANDS OF MODERN-DAY FARMING, WHETHER THAT IS IN AN OPEN FIELD OR GREENHOUSE ENVIRONMENT.

Sean Smith – CEO of Eden

Our Markets

Significant Market Potential

A growing global market for sustainable products

Crop protection products **formulated with Sustaine® and Eden's active ingredients** can help address many of these issues:



Consumer concerns over food safety



EU restrictions on intentionally added microplastics



Increasingly challenging regulatory requirements



Farmers seeking effective alternatives to conventional pesticides

\$11bn

The global biopesticides market is projected to be worth more than \$11billion by 2027

30%

of active ingredients in the EU are at medium to high risk of failing to receive renewal of their regulatory authorisations

15%

The biopesticides market is growing at a Compound Annual Growth Rate (CAGR) of approximately 15% per annum

\$300m

Increasing time and cost of bringing a single new agrochemical product to market: 10 to 12 years and around \$300 million

Crop protection market

The growth of biopesticides is projected to outpace the demand for synthetic chemical pesticides in the coming years.

North America and the EU are the two largest biopesticide markets at this point in time. Currently, 30% of all pesticide sales in the EU are biopesticides or biologicals.

The seed treatment market is forecast to grow from USD 6.1 billion in 2016 to USD 11.3 billion by 2022, a CAGR of 10.8% during the forecast period.

Product commercialisation

Product sales have commenced in key markets where we have authorisation to market and sell our first two commercial products, Mevalone® and Cedroz™.

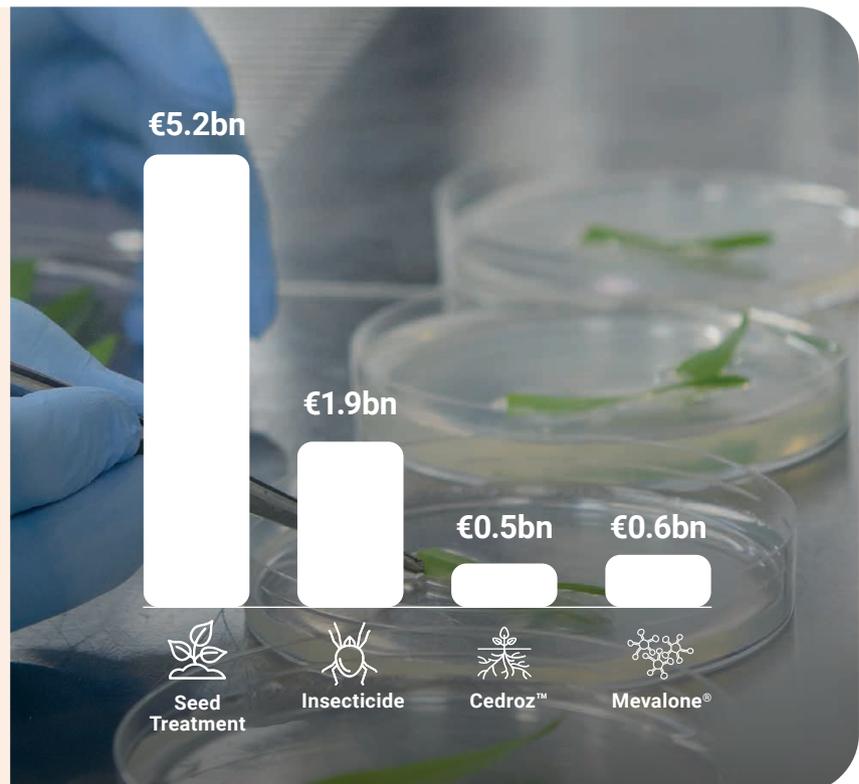
Eden has new product registration applications in-process in multiple new countries.



Significant Market opportunities

There is high demand for sustainable products that can compete with conventional products on ease-of-use, efficacy, safety, cost and reliability.

The Company has built a strong portfolio of IP rights and know-how as well as a growing register of national product authorisations granting access to key markets globally for its customers and partners. Sustainability drives all that we do in the development of our products, business, partnerships and team.



Our Business model

What we do and How we do it

Developing our product pipeline

We have a pipeline of products at differing stages of development targeting specific opportunities across our key markets.

These include new fungicides, insecticides and bactericides as well as new solutions for animal health and consumer products.



Gaining regulatory approval

We seek regulatory authorisation for our products on a country-by-country or regional basis, with approvals already granted in a number of European countries, Kenya, Mexico and Australia. We are in the process of extending product registration into new territories, including the US.



Signing commercial agreements

We work with our sector-leading partners to commercialise products through a range of commercial production, marketing and distribution agreements.



EDEN

THE NATURAL SOLUTION

Eden provides sustainable solutions for crop protection, animal health and consumer products.

Identifying suitable industrial partners



We partner with global and regional industry leaders who have existing distribution channels, local experience and knowledge to maximise sales of our products. We also add value to our partners' products using Sustaine® to extend IP protection, ease regulatory burdens and enhance performance.



Securing patent protection for intellectual property

Our Sustaine® encapsulation technology is patent protected throughout the world.



Investment in research and development

We are executing a significant research and development programme which will move forward multiple pipeline products towards commercialisation.



Generating revenue

Revenue is generated through:

- Product sales
- Licence-based royalties
- Up-front or milestone payments

Eden is leveraging two technology platforms in order to provide sustainable solutions to challenges in crop protection, animal health and consumer products.

The Company has built a strong portfolio of IP rights and know-how, as well as a growing register of national product authorisations granting access to key markets globally for its customers and partners. Sustainability drives all that we do in the development of our products, business, partnerships and team.

The Value this Creates



For customers

We provide customers in the crop protection, animal health and consumer products sectors with sustainable, cost-efficient and effective alternatives to conventional products.



For shareholders

We are well positioned to deliver long-term shareholder value through further commercialisation and sales of our products.



For partners

We give our partners market access to sustainable, efficient and effective alternatives to conventional chemical products.



For the environment

We use natural chemistries to create environmentally friendly products which support sustainable agriculture.



For employees

We promote the development of our employees through skills enhancement and training programmes.

Our Strategy



Business Line Diversification

We will address this by:

- Pursuing opportunities in the seed treatments market
- Developing insecticide products
- Expanding crops and diseases treated with existing products
- Geographical diversification (seasonal and climate variation)

Key achievements in 2021:

- New crops and diseases added to the Mevalone® label in Spain and Portugal
- Mevalone® authorised for use on apples in France
- Regulatory approval of Cedroz™ in Italy
- Crop trials ongoing for insecticides and seed treatments
- Distributions agreements signed with Sipcam covering key N. African countries
- Commercialisation, Supply and Distribution Agreement signed with Corteva



Research, Development and Operations

We will address this through:

- Supply chain optimisation
- Expansion of in-house screening and field trials capability
- Accelerate commercialization of Sustaine® for conventional actives

Key achievements in 2021:

- Increased capability of biological, analytical and formulation laboratories
- Expansion of in-house technical expertise





Commercial Growth

We will address this through:

- Gaining regulatory clearance in new countries, crops and diseases
- Accelerate Sustaine® business development
- Partnerships for Mevalone® in new territories
- Pursue collaboration with majors

Key achievements in 2021:

- First sales of Cedroz™ in Spain and Greece
- Progression of seed treatment work. Further field trials and initial regulatory steps
- Successful field trials of third-party actives, encapsulated in Sustaine® technology



Strengthening and Growing the Team

We will address this through:

- Analytical & Formulation Chemistry Expertise
- Regulatory Expertise
- Biology Expertise

Key achievements in 2021:

- Screening and pot trials capabilities increased
- Lab team strengthened – formulation, analytical and biology expertise





Not only has Eden been able to move forward apace in new product areas such as seed treatment and insecticides, but product regulatory approvals have also come to fruition which have provided opportunities for sales growth.



Annual Report Statements

- 02 Chairman's Statement
- 04 Chief Executive Officer's Review
- 10 Strategic Report
- 14 ESG Report



Chairman's Statement



“Despite the challenging environment, we remain focused upon the opportunities that exist in our growing industry”

Lykele van der Broek – Non-Executive Chairman

Over the past two years, Eden has continued to steadily progress its development plans and has made strides on several fronts.

March 2020's successful fundraise provided Eden with a firm platform to invest in the development of the Company's product portfolio and broaden its technical capabilities with the opening of a laboratory facility. Not only has Eden been able to move forward apace in new product areas such as seed treatment and insecticides, but product regulatory approvals have also come to fruition which have provided opportunities for sales growth.

Nevertheless, the pace with which we had initially hoped to accelerate our development was hampered by the COVID-19 pandemic which brought a high degree of uncertainty globally. This was particularly challenging for growth companies like Eden, having hired a new team as well as opening a new laboratory facility during lockdown. In 2021, the effects of government-imposed restrictions were still being felt as travel and leisure activities along with wine consumption continued to be significantly lower than in 2019.

The other, and arguably more important, unfortunate consequence of the pandemic has been the slowing down of the regulatory approval process which has particularly affected Eden in the US. Additionally, the Environmental Protection Agency (EPA) suffered resource deficiencies as a consequence of underfunding during the previous Presidential administration which has further compounded the effects of the pandemic.

The knock-on effects from regulatory delays have been particularly impactful as the US represents a significant market opportunity for Eden with growers and consumers there becoming ever more concerned about the use of traditional chemical pesticides and seeking to replace them with effective, lower risk alternatives, such as Eden's.

The seed treatment project, for which Eden has partnered with Corteva Agriscience, has moved into its third year of development and progresses ever closer to commercialisation which is expected in time for the 2024 season.

Field trials of our insecticide formulations have shown consistently good efficacy results; comparable to the traditional chemical products and superior to that of one of the leading biopesticide alternatives.

We should soon be at the stage where we are able to hand over to a long list of interested parties our product for their own testing with a view to entering into what is expected to be a number of commercial agreements for those distribution rights.

In conjunction with its commercial partners, Eden has been able to expand the label of existing products which results in a larger addressable market, which should directly lead to product sales growth, the first results of which we expect to see in a meaningful way in 2022.

New disease targets for existing products have been identified and trials work undertaken in order to verify that these opportunities are viable and commercial success achievable.

The technical capabilities of Eden have increased dramatically, with our ability to develop products, undertake screening and formulation work all now in-house at our laboratory facility in Oxfordshire.



All of this has been achieved during a very challenging period which has hampered supply chains, caused staffing issues and backlogged administrative processes, affecting the team at Eden, the Company itself and the rest of the world. Despite the challenging environment, we remain focused upon the opportunities that exist in our growing industry and we look forward to embracing these in 2022 and beyond. This should begin by leveraging our US OTC listing on receipt of our expected EPA approval for our core products to expand our presence in a significant market. Advancements to also grow our product range represent another exciting avenue for the Company, bringing the potential to broaden our product reach into the consumer products industry. Finally, our recently obtained approvals across a number of geographies will allow Eden to materially grow its revenues in the 2023 growing season and beyond.

I would like to thank our staff for all their hard work and the shareholders for their on-going support. I would like to convey to you all my sincerely held confidence in Eden's future success.

Lykele van der Broek
Non-Executive Chairman
30 May 2022



Chief Executive Officer's Review



“Eden continued to expand its commercial and regulatory footprint by moving into new geographies, increasing our product offerings and forging milestone partnerships”

Sean Smith – Chief Executive Officer

Section one: Introduction

Despite the ongoing, exceptional circumstances and the disruption to the global business landscape, agriculture and regulatory processes, Eden has continued to demonstrate resilience and make tangible progress in advancing our business strategy, capitalising on the rapidly growing global biopesticides market and growing demand for plastic free crop protection solutions.

Eden continued to expand its commercial and regulatory footprint by moving into new geographies, increasing our product offerings and forging milestone partnerships, including a landmark agreement with global major, Corteva Agriscience for our first seed treatment product which uses our Sustaine® encapsulation technology and sustainable active ingredients.

Alongside these advances across the business, we have also focused on bolstering our credentials as a business and investment opportunity with sustainability at its core, building on the award of the London Stock Exchange's Green Economy Mark which we received at the beginning of 2021 in recognition of the role we are playing in supporting the transition to sustainability.

We believe that by expanding our global footprint, we are playing a key role in this transition. Consumers, farmers and regulators are demanding more sustainable and plastic-free agricultural solutions and Eden's products meet this demand.

Section two: Delivering on our strategy

Eden is the only UK-quoted company focused on biopesticides for sustainable agriculture. We are operating in a constantly expanding market, providing sustainable solutions to farmers globally. The biopesticides market is anticipated to be worth over £11 billion by 2027 and Eden is a true innovator in the space.

Our strategic goals remain the same. We are focused on being the leading deliverer of sustainable crop protection solutions through the development and distribution of our two approved products, Mevalone® and Cedroz™, and furthering the use of Sustaine® with third party active ingredients.

Eden's products are capitalising on a global market for solutions that protect high-value crops, whilst improving yields and marketability, without damaging local biodiversity and environmental systems.

In the near term, our strategic focus is on:

- Expanding our commercial growth by:
 - Receiving regulatory clearance for applications already made in new countries, crops and diseases
 - Accelerating the development of our Sustaine® technology
 - Securing new partnerships for Mevalone® in new territories
 - Pursuing further collaborations with majors and selected national partners
 - Optimising our route to market

- Diversifying our business line by:

- Expanding the crops and diseases our products can be applied to through new regulatory applications
- Securing new regulatory approval and distribution agreements in new geographies and climates for products under development
- Pursuing new opportunities in the seed treatment space
- Advancing the development of our first insecticide products
- Launching new products in the consumer products and animal health markets

- Expanding our research and development operations by:

- Optimising our supply chain
- Expanding our in-house screening and field trials capability
- Accelerating the commercialisation of Sustaine® for conventional actives
- Increasing self-reliance for R&D and reducing time to market

- Strengthening and growing our team by:

- Adding to our R&D capacity, including in microbiology, plant biology, agronomy, and analytical chemistry
- Expanding our commercial team
- Building our in-house regulatory expertise in order to accelerate time to market and reducing regulatory costs

We continue to make consistent progress across these areas, to build on what we have achieved to date and develop new commercial growth opportunities.

Notable commercial and operational highlights from 2020 include:

- Development of Eden's foliar biofungicide product, **Mevalone®**, with the expanded authorisation of its use on a variety of key crops including:
 - Pome fruits (such as apples and pears) in France
 - Strawberries, raspberries, blueberries, cranberries, kiwi, aubergines and peppers in Portugal
 - Wine and table grapes in Romania and
 - Strawberries, peppers, courgettes, aubergine, tomatoes, lettuce, brassicas, and raspberries in Spain
- Authorisation of the use of Eden's nematicide formulation, **Cedroz™** for:
 - Tomatoes and cucumbers in Morocco and
 - Tomato, eggplant, pepper, chili, pepino, cucumber, melon, courgette, pumpkin, and strawberries in Italy
- The signing of an exclusive Commercialisation, Supply and Distribution Agreement with Corteva Agriscience, for Eden's first seed treatment product
- The signing of an exclusive agreement with Sipcam for the marketing, distribution and selling rights of Mevalone® (marketed as Araw®) in four North African countries: Egypt, Morocco, Algeria and Tunisia.

Corteva

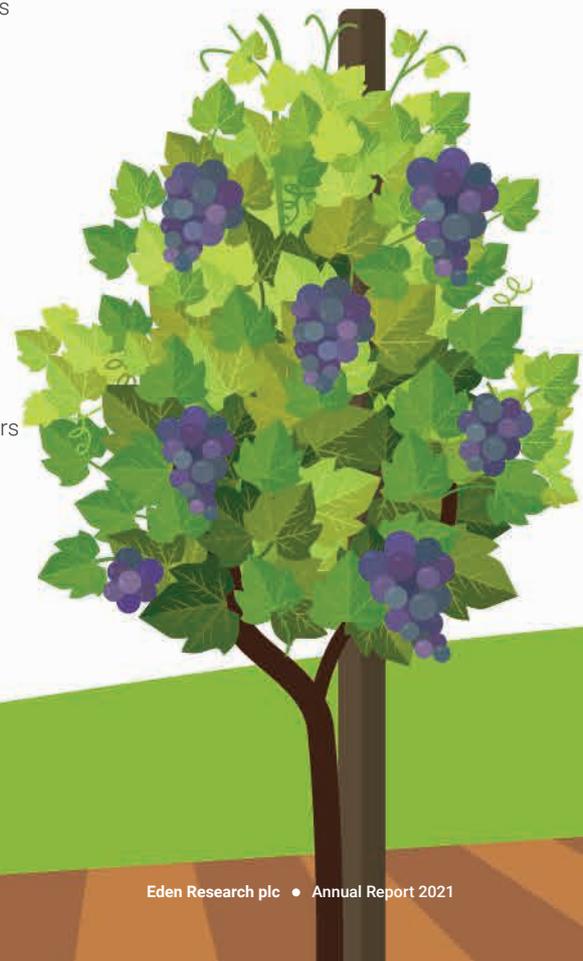
In May 2021, we were delighted to sign an exclusive Commercialisation, Supply and Distribution Agreement with Corteva Agriscience, the fourth largest agriculture company in the world, for Eden's first seed treatment product which uses Eden's proprietary, plastic-free Sustaine® encapsulation technology. This built on a one-year evaluation agreement with Corteva signed in 2020 and successful evaluations of Eden's products and technology by Corteva for select seed treatment applications since late 2019.

The deal is a significant corporate milestone for Eden marking our first foray into the use of our active ingredients and Sustaine® technology in seed treatments and the first use of our products and technology on broad acre crops, which represents significant future revenue potential.

US investor market

In October 2021, Eden announced that its shares will be traded on the U.S. OTCQB market allowing US investors to trade Eden's shares for the first time. This move allows us to diversify our shareholder base in one of the world's biggest agricultural markets. Currently, farmers in the US spend billions of dollars every year on products that help them protect their crops and keep up with food demand.

This move is also in anticipation of expanding our commercial footprint in the US following the regulatory approval for our products, which is expected in 2022. The US has a fast growing, organic, 'green' and eco-label food market and is accelerating regulations against the use of harmful pesticides, mirroring the global drive to reduce, or eliminate, the use of potentially harmful pesticides. Eden's sustainable biopesticides are well placed to capitalise on this significant opportunity, once we have received the anticipated Environmental Protection Agency (EPA) approval.



Chief Executive Officer's Review continued

Section three: Financial review

Revenue for the year was £1.2m (2020: £1.4m).

Our objective is to grow revenue primarily through product sales which will ultimately provide a sustainable, consistent source of income for the Company. In 2021, despite adverse market conditions in many territories, sales of Cedroz™ and Mevalone® increased overall, in volume, by approximately 4% and by 6% on a constant currency basis (using the current year average foreign exchange rate for both current and prior year sales). However, due to adverse foreign currency exchange rates, this growth hasn't translated into an increase in product sales revenue, which remained flat at £1.1m (2020: £1.1m).

Following the successful fundraise in March 2020, the cash position at the year-end has reduced to £3.9m (2020: £7.3m). However, the Company remains sufficiently funded and well placed to implement its ambitious growth strategy, including investing in product trials, pursuing product authorisations and continuing to grow its team of experts.

Administrative expenses in the year increased to £2.6m (2020: £2.2m) with the introduction of new team members. Operating loss increased to £3.2m (2020: £2.2m). The increase in operating loss is due to increased staff costs, as well as share-based payment charges of £0.6m (2020: £0.1m). Throughout the year, the Company remained debt free with no long-term debt or lending facilities in place, or expected to be required.

Section four: 2022 outlook

In 2022, our ambition is to build on the new approvals (and the expanded addressable market that they represent) and partnerships achieved in 2021. Examples include new crop and pest uses for Mevalone® in Spain and Portugal, the use of Cedroz™ in Italy and Morocco, as well as working with our partners such as Sipcam to expand the sales of our products across key countries in North Africa.

The seed treatment project with Corteva continues this year with further field trials taking place which should ultimately be used in the application for regulatory authorisation in the EU.

Eden is awaiting approval of its active ingredients, as well as its products, Cedroz™ and Mevalone®, in the US from the EPA. Expansion into the US will be a major milestone for Eden given the size of the US agricultural market; the world's second largest. Due to the nature of the process and a schedule heavily impacted by the COVID-19 pandemic, it is hard to predict exactly when new approvals will be achieved. However, we are in continual contact with regulators to progress the process as quickly as possible, and we expect to be able to update shareholders with updates on EPA approval in the coming months.

“Expansion into the US will be a major milestone for Eden given the size of the US agricultural market; the world's second largest.”

In addition, now that Eden's shares can be traded in the US via the OTC market, we will be focusing our efforts on increasing visibility to US investors and audiences during the remainder of 2022. Our hope is that there will be increased demand for Eden shares once we achieve the anticipated US EPA approvals.

Section five: Driving positive impact

As a company which works closely with farmers and custodians of nature, we are acutely aware of both the immense power and fragility of the environment and its systems. The deepening impact of climate change and human activity affects farmers globally; from changes in temperature and destruction of critical biodiversity to adverse weather events. We believe that Eden has an important part to play in protecting and helping farmers to work with nature to find sustainable solutions, without adversely impacting their bottom line.



Eden is a company with sustainability at the core of its operations and products. We believe that the most significant way that Eden can make a positive impact on the planet is to grow our business rapidly, bringing our core products and technologies to the mainstream market, and displacing unsustainable alternatives.

We are dedicated to achieving this aim in a sustainable and responsible manner, by ensuring our operations and processes are shaped with the environmental impact in mind at every step.

Our portfolio of products helps farmers to protect natural biological ecosystems, as well as their high value crops, meeting the growing demands of both consumers and regulators. The ingredients we use to formulate our products; geraniol, eugenol and thymol, are naturally occurring and have all been allowed for use in organic agriculture in the European Union.

Our goal is to expand the reach and applications of our products, so more farmers in more markets globally can strike this balance of high crop yield and sustainable production.

In addition to our biopesticide products and ingredients, our patented microencapsulation technology, Sustaine®, directly addresses the growing issue of intentionally-added microplastics use in agriculture which leads to pollution in the soil, water and plant and animal tissues. Sustaine® microcapsules are naturally sourced, plastic-free, biodegradable micro-spheres derived from yeast extract, which enable farmers to deliver crop protection products without releasing microplastics into the environment.

This technology has significant potential to be applied beyond its use in biopesticides and crop protection products and we are exploring a range of applications across the animal and consumer product sectors, where producers are under pressure from consumers and regulators to reduce plastic use.

Brexit

The impact of Brexit is starting to be understood by many UK companies, including Eden.

The Company's ownership of its EU approvals of Mevalone® and its constituent active substances has been unaffected by Brexit, based on guidance that was published stating that the owner of such approvals can continue to be a UK resident company.

We know that seeking regulatory approval in the UK for Eden products has become somewhat more challenging, and the Company continues to weigh up market opportunities and costs post Brexit. We are well placed to navigate what are likely to be dynamic and complex regulatory challenges. From an operational perspective, the Company has not seen any significant issues, rather it has benefited from having toll manufacturing facilities in mainland Europe, though it continues to monitor this situation.

The Company has toll manufacturing capabilities in the UK and the US, which provide some operational flexibility. Raw materials are currently sourced from outside of the EU and there has been manageable impact on this part of the supply chain.

COVID-19

The fallout from the COVID-19 pandemic has continued to represent an unprecedented challenge for the agricultural industry, with global food systems and supply chains put under extreme pressure. Throughout the pandemic, Eden's priority has been to continue developing and supplying its products and technologies for the crop production industry through its global partnership network.

Most significantly, regulatory processes globally have remained behind schedule due to severe backlogs from 2020. This resulted in delays to key regulatory approvals that we were expecting in 2021.

Our position on how we are addressing the COVID-19 pandemic remains as follows:

Chief Executive Officer's Review continued

1. Growth funded

In March 2020, we raised £10.4 million (gross) from investors, a feat that the whole team is proud of given the volatility and uncertainty in the markets at the time. This vote of confidence from our shareholders (both existing and new) helped us capitalise on the global shift towards more environmentally friendly methods of crop protection, driving us to become a leading provider of sustainable solutions for global agriculture. Though the period since has presented challenges for the Company, our employees and our partners, Eden remains debt-free and has carefully managed its cash resources allowing us to continue to execute on our exciting plans. Our outsourced manufacturing model means that we continue to retain maximum flexibility over our choice of manufacturing locations with a relatively low fixed cost base.

2. Our industry has a pivotal role to play

As demand soared for food supply during the lockdown periods across the UK and beyond, the agriculture industry had a vital role to play in feeding the world through the crisis and minimising the economic fallout. Plant protection products play a fundamental role in agricultural production; without them, we would not be able to cope adequately with global emergencies such as COVID-19. The biopesticides market outlook remains undoubtedly positive, with a clear demand from consumers for sustainably grown produce and in response, a notable shift from growers towards greener farming practices. As

we step into the 'new normal', consumer demand for a chemical-free supply chain journey will only be more prevalent. Not only do people need food to survive, they are increasingly conscious of where it comes from and concerned about the supply chain journey. The choices people are making to put healthy food on the table are driving what farmers grow in their fields and how they grow them with an increasing emphasis on sustainable practices and produce that is free from pesticide residues. This is the future of farming, and Eden is at the forefront of the movement towards sustainable farming practices.

3. Supporting our employees and partners

We continue to work closely with our partners as they maintain their business of supplying our product to growers in an increasing number of countries. Our team continues to regularly review the situation so that we can adapt to any changes that may be experienced by our partners, and ensure the health and safety of their workers is paramount. Closer to home, Eden's team are resuming travel, though we continue to work remotely part-time. I want to thank our partners and, of course, the farmers who cannot carry out their work remotely and who are working hard each day to ensure that we have enough to eat now and in the future. Their work cannot stop, and we are grateful now more than ever for all that they do to feed us.

“Despite the ongoing, uncertain backdrop, I am pleased that Eden has made progressive strides in 2021, underpinned by a belief that we are best placed to meet global demands for sustainable and plastic-free agricultural solutions”



TerpeneTech (UK)

TerpeneTech (UK) secured a CE mark for its head-lice treatment product in European Economic Area ("EEA") in 2018, which is the first step in the marketing and sales of such products. The launch of the head-lice product has been delayed by the COVID-19 pandemic, with the closure of schools particularly impacting its potential market. Since schools have re-opened, the UK distributor has not met expectations and, as such, a new partner for the UK market is being sought.

Sales of the head-lice treatment product are expected to commence in other countries around the world in 2022 with TerpeneTech (UK) expected to sign an agreement with a new distribution partner in due course.

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

TerpeneTech (Ireland)

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

Ukraine

Eden does not currently have any business activities in Russia or Ukraine and, as such, does not expect any immediate, direct impact on its business.

The knock-on effect of the conflict on other countries is yet to be understood, though we do not envisage significant disruption to the current business in the short term.

Dividends

There is no dividend to be paid or proposed in 2021. The Board continues to monitor its dividend policy.

Section six: Summary

Despite the ongoing, uncertain backdrop, I am pleased that Eden has made progressive strides in 2021, underpinned by a belief that we are best placed to meet global demands for sustainable and plastic-free agricultural solutions and have a long term positive impact on the health of the planet.

As we move through 2022, I am excited about the commercial opportunities ahead, including the potential expansion into the US market, subject to EPA approval, and the development of our first seed treatment product with Corteva, as well as continuing to grow our regulatory footprint and addressable markets in new territories and on new crops. We look forward to sharing updates on these, and more, positive developments with all our stakeholders.

I would like to take this opportunity to say thank you to Eden's team for the exceptional ingenuity and resilience they have shown this year, in sometimes challenging circumstances.

I remain proud of the work Eden is doing in contributing to more environmentally friendly agricultural practices globally and building a strong, visionary and innovative business with sustainability at its core.

Sean Smith
Chief Executive Officer

30 May 2022

Strategic Report

Review of Business

The review of this year's business activities is as set out in the Chairman's Report and Chief Executive Officer's Report.

An update on TerpeneTech (UK), Eden's associate company, and TerpeneTech (Ireland), Eden's subsidiary, is also included in the Chief Executive Officer's Report.

Key financial performance indicators

The key performance indicators of the business are the development and commercialisation of the Company's products and the management of its cash position.

Revenue derived from product sales and milestone payments are considered to be key financial performance indicators. Maintaining a low overhead base, progress towards profitability and regulatory approvals are also key indicators.

Revenue in 2021 consisted of royalties and product sales and was £1.2 million compared to £1.4 million in 2020. The operating loss for the year was £3.2 million compared to a loss of £2.2 million for the previous year. The loss before tax for 2021 was £3.4 million, up from a loss of £2.5 million in the previous year. More information on the drivers behind the performance is included in the Chief Executive Officer's Report.

The basic loss per share for 2021 was 0.73 pence (2020: a loss of 0.66 pence).

Administrative expenses for the year were £2.6 million (2020: £2.2 million), which is line with maintaining a modest overhead base, whilst ensuring the Company has the necessary skillset to drive growth.

Intellectual property, including development expenditure, is written off over nine years in line with the remaining life of the Company's key patents, taking into account additional protection provided by granted Supplementary Protection Certificates.

The Company has capitalised £1.5m (2020: £1.6m) of development expenditure in the year, which is a reflection of the continued development of the Company's products. A significant proportion of this expenditure relates to regulatory approvals which strengthens the Company's competitive advantage, ultimately supporting sales growth.

An impairment review of Eden's investment in its associate company, TerpeneTech (UK), led to no charge in the year (2020: £0.3m write down). Further details of this review can be found in note 15 to the financial statements.

Cash is safeguarded by close working capital management, including tightly controlling the Company's creditor position. The cash position at the year-end was £3.9m (2020: £7.3m). This is in line with management's expectations which have previously been communicated to shareholders.

Other key non-financial performance indicators

The regulatory approval of products and milestones related to such processes are deemed to be key non-financial performance indicators.

At the end of 2021, 18 (2020: 16) countries had granted product authorisation with 46 (2020: 44) crop use approvals for Eden's biopesticides and 10 (2020: 4) pests and disease targets addressed with Eden's registered products, which shows positive progress in this KPI and translates into an increased addressable market from a product sales perspective.

The progress of the development of the Company's products is measured against internally set timescales as well as against the regulatory process, which are expected to result in the registration of products. The Chief Executive Officer's Report contains an update regarding this progress.

The on-going registrations of the Company's first product, Mevalone®, for use as a pesticide is not only a key milestone in terms of its commercialisation, but is also indicative of future products as the three active substances that are registered in the EU are the basis of Eden's future product portfolio. Thus far, Mevalone® has been approved for use in a number of key countries whilst Eden and its partners pursue regulatory clearance in new territories, thereby seeking to grow Eden's addressable market globally.

Eden's second product, Cedrozä™, is a nematicide which is registered for sale on two continents and Eden's commercial collaborator, Eastman Chemical, is pursuing registration and commercialisation of this important product in numerous countries globally.

Further commercialisation of Eden's products and Sustaine® encapsulation technology through supply, licensing, evaluation and option agreements also serve as a key indicator of the Company's performance.

Finally, successful trial results help demonstrate the technical and commercial viability of our intellectual property.

Principal risks and uncertainties

The Company's prime risk is associated with the on-going commercialisation of its intellectual property, which involves testing of the Company's products, obtaining regulatory approvals, which are required for commercialisation, and reaching a commercially beneficial arrangement for each product to be taken to market. This is measured by comparing actual results with forecasts that have been agreed by the Company's Board of Directors.

The Company's credit risk is primarily attributable to its trade receivables. Credit risk is managed by running credit checks on customers and by monitoring payments against contractual agreements.

The Company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections at its meetings and ensures that the Company has sufficient cash resources to meet its on-going cash flow requirements.

Due to the nature of the business, there is inherent risk of infringement of Eden's intellectual property rights by third parties. The risk of infringement is managed by taking (and acting on) the relevant legal advice as and when required.

There is also inherent uncertainty surrounding the regulatory approval of products in terms of both timing and outcome. This risk is managed by retaining appropriately experienced staff and contracting with expert consultants as needed.

COVID-19

The Board has continued to see some impact on the operations of the business with the restrictions at the beginning and end of 2021 on employees' ability to work at the Company's offices and laboratory facilities, in addition to the restrictions on travel which make logistics in terms of conducting field trials and attending marketing events problematic.

Commercially, there has been some negative impact on the sales of our products due to the reduction in demand for wine grapes, a knock-on effect of the substantial closure of the hospitality industry.

The Company has not seen a significant change on its toll manufacturing operations.

Regulatory authorities have been working at reduced capacity, which has impacted product approval applications that we have around the world, and has led to previously forecast revenues being deferred.

The Company has been careful to manage its cost-base and cash position given the general uncertainties that currently exist due to the global COVID-19 pandemic.

Employee diversity and inclusion

The Board remains committed to developing further a culture that encourages the inclusion and diversity of all of the Company's employees through respecting and appreciating their differences and promoting the continuous development of employees through skills enhancement and training programmes. The Company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the Company) should, as far as reasonably possible, be identical to that of other employees.

Indemnity cover

The Company purchases insurance cover for Directors and Officers to offer protection from third party claims.

Environment

The Company has an environment policy and acknowledges that environmental considerations form an integral part of its corporate social responsibility. The Company's environment committee meets to discuss ways in which the business can contribute more to its local environment by getting involved in local initiatives and also looks at ways of promoting environmental wellbeing amongst the staff. Employees are actively encouraged to ensure conservation of energy and resource through awareness campaigns and positive action.



Strategic Report continued

Section 172 statement

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with s172 of the Companies Act and have acted in accordance with these responsibilities during the year.

The Board has identified that its key stakeholders are its:

- workforce
- shareholders
- customers
- regulators

Eden's core values, which are professionalism, integrity, effectiveness and dynamism, reflect the Company's commitment to do the right thing simply because it is the right thing to do. The requirement to adhere to this principle is embedded within all job descriptions across the group.

Throughout the year, the Board considered the wider impact of strategic and operational decisions on the Company's stakeholders.

Our workforce

Our workforce is fundamental to the long-term success of the Company. We have various engagement mechanisms, many of which have been in place for a number of years. The team at Eden generally meets every Monday morning to review the various on-going projects and plan the week ahead. Annual employee reviews are undertaken and regular communication takes place between management and staff to ensure that any concerns or issues are identified and appropriately addressed. The Company provides training to employees as well as arranging social occasions to promote the well-being and connectivity of the team.

Shareholders

The support and engagement of our shareholders is imperative to the future success of our business. In all of its decision making, the Board ensures that it acts fairly with regard to members of the Company. We have productive, ongoing dialogue with a number of our investors. We are also in touch with all of our shareholders at least three times a year with information about shareholder meetings and the Company's financial results. We have regular meetings with institutional and other investors, research analysts, market commentators and advisors to understand shareholder views and address any concerns.



Customers

The commercial team at Eden is in regular contact with our customers to ensure that they are satisfied with the products that Eden is selling to them, or that any projects that are taking place with them are on track and without issue. Face to face meetings take place, as well as other communication such as emails or video or phone conferences, which allow for an on-going dialogue with the objective of reducing any potential issues or concerns. A project management system is operated by Eden to ensure that all customers are communicated with on a regular basis to keep customers satisfied as much as possible.

Regulators

The regulatory team at Eden, which includes both employees and expert consultants, communicates directly with regulators around the world to promote an efficient and successful relationship. Clearly, regulation is a key factor in Eden's industries and so it is important for the team at Eden to be in regular contact with regulators to promote the long-term success of the business through the approval of product marketing authorisations. The regulatory team also keeps itself up to date on regulatory matters through training and relevant publications.

On behalf of the board:

Sean Smith
Director

30 May 2022



ESG Report

Introducing Our ESG Strategy

The Transition to Sustainable Agriculture Shapes Market Needs

- In agriculture there is an urgent need to move to a safe, equitable and sustainable food system.
- Our food system accounts for over a third of global CO₂ emissions and is a key driver of accelerating biodiversity loss.
- Our innovative products are positioned to serve growing markets with more sustainable solutions. They reduce on-farm impacts on nature, food waste and the risks to human safety and health from conventional agrochemicals.
- Eden's products provide effective crop protection resulting in improved crop yields and produce quality, enhancing the financial sustainability of farming businesses whilst reducing the risk to the environment.

About our ESG Strategy

- Developed with input from ESG experts to ensure that it reflects best-practice.
- Informed by a materiality analysis to identify and prioritise the ESG issues that matter most to the business and are to be addressed.
- Describes our ESG focus areas and sets clear standards that we integrate into our business strategy and management approach.

Our ESG Strategy

We deliver bio-innovation to support sustainable agriculture supported by a resilient and efficient supply chain and our sustainable operations.

We integrate Environmental, Social and Governance (ESG) issues into our business strategy and management approach.

Supporting the UN Sustainable Development Goals (SDGs)

The SDGs are a call to action to end poverty, protect the planet and ensure peace and prosperity for all. They define a framework for action for governments and business. Through our products, innovation expertise and sustainable operations we believe we can make a powerful contribution to support the SDGs. We particularly contribute to:



Integrating ESG Into All that We Do

Sustainability lies at the heart of what we do at Eden. We are focused on providing innovative and sustainable solutions to the global agriculture industry and beyond.

We want to ensure that this mission extends to, and is reflected in, our reporting, and we believe that setting high ESG standards means that we can deliver more value to our stakeholders and accelerate the contribution we make to sustainability.

It also means that we can demonstrate high standards of transparency and accountability, helping our investors understand the contribution that we are making to sustainability outcomes and evaluate our performance.

We recognise that integrating ESG is a journey and, as for all businesses, this is just the start and we have a lot to accomplish.

However, I am confident that our committed team and strong processes, coupled with our sustainable innovation platforms will deliver value for our investors and partners.

Sean Smith
Chief Executive Officer



Reducing food waste



Protecting soil and ecosystems



“ We are committed to delivering high standards of Environmental, Social and Governance (ESG) performance across our business. Our ESG Strategy is designed to integrate ESG into all that we do.



ESG Report continued

A Resilient and Efficient Supply Chain

Working with leading suppliers of raw materials and high-quality manufacturers. We work with our partners to manage ESG issues across our supply chain.

Our Ingredients

Applying high standards to ensure the quality and sustainability of the ingredients used for the manufacture of our innovative products, including yeast extract – a key building block of our Sustaine® microcapsules, and terpenes – the nature identical active substances in our products.

Our Manufacturing

Working with leading manufacturers who apply robust sustainability standards to reduce environmental impacts and ensure safety in the manufacture of our products.

Our Priorities:

Manufacturing Safely

Ensuring high health and safety standards are applied in the manufacture of our products.

Protecting the environment and climate

Reducing greenhouse gas emissions, improving resource efficiency, supporting the circular economy and reducing air pollution.

Protecting Human Rights

Protecting human rights and managing risks associated with modern slavery across our supply chain.

Case Study:

Sipcam

Manufacturing Excellence

We work with partners, such as Sipcam-Oxon, to manufacture a number of our key products.

Our products are manufactured at Sipcam's facility near Milan, Italy.

Sipcam is a specialist in the manufacture and marketing of agrochemicals. Sipcam is a Responsible Care® company, the chemical industry's environmental, health and safety initiative to drive continuous improvement in performance. Its sites are also certified to the ISO14001 environmental management system standard.



Delivering our ESG standards at our laboratory

Our new laboratory facility in Oxfordshire has allowed us to establish high ESG standards in research and testing. We follow best practice standards to manage risks, including to safety, the environment and to ensure high quality standards.

Eden's laboratory also has sophisticated equipment to analyse a wide range of compounds from a chemical and physical standpoint and the ability to perform lab scale formulation development and stability testing (rheometry, homogenization, particle size analysis, etc).

Our in-house capabilities will speed the commercialization and deployment of new sustainable products.



Our Priorities:

Sustainable Operations

We apply high standards in our own operations.

Our operations are centred around the Company's laboratory and office facilities in Milton Park, Oxfordshire.

Eden Research's team brings deep experience in bio-innovation for sustainable agriculture.

Acting Safely

Protecting our team by applying the highest standards of health and safety in our own operations.

Reducing Our Environmental Impacts

Minimising our operational impact by reducing greenhouse gas emissions and reducing waste.

Acting Ethically

Applying best practices in business ethics, including in the prevention of bribery and corruption, fraud and ensuring legal compliance.

Developing a Diverse Team

Building a diverse, engaged and highly skilled team through the attraction, development and retention of the best talent.



ESG Report continued

Bio-Innovation for Sustainable Agriculture

Leading innovation in sustainable biopesticides and plastic-free encapsulation to deliver products that improve agricultural sustainability. Our innovative products are derived from natural plant chemistry and used on high-value fruits and vegetables to improve crop yields and marketability. They address key sustainable agriculture drivers including:



Consumer demand for residue-free produce



Protecting soil health and reducing impact on biodiversity

Our Priorities:

Safe products

Ensuring our products are safe for people and the environment including in use and disposal.

Reducing food waste and toxic residues

Reducing food waste by improving produce treatment and processing and reducing toxic residues.

Protecting soil and water

Reducing the application and release of toxic, bio-accumulative or persistent chemicals and plastic pollution to soil and water.



Case Study:

Our Impact on Food Waste

Eden's product, Mevalone®, can be used to extend the shelf-life of produce. Approved for use on grapes, apples, kiwis, aubergines, pomegranates, spring onions and more, Mevalone® is exempt from pesticide residue limits due to its favourable safety profile. In contrast to many conventional chemistries, it can be applied up to the point of harvest giving flexibility to growers and allowing treatment to extend shelf life.

Extending shelf life can dramatically reduce food waste in the supply chain and consumer homes. Globally, 25-30% of all food produced is wasted. Not only does this have a significant financial impact on the food industry and in homes, but it also has a significant impact on our climate with food waste accounting for up to 10% of global CO₂ emissions. Tackling food waste also means we can protect nature by limiting the need for agricultural land.

25-30%

of food is wasted globally



How we will deliver on ESG

Integrated into the business: We integrate ESG into our business strategy and management practices and consider the implications of key business decisions on our ESG performance.

Integrating ESG into innovation is a key focus:

As an innovation led business our innovation strategy and pipeline are key opportunities to deliver improved ESG outcomes. We actively consider ESG opportunities and risks in our innovation strategy.

Integrating into governance: We integrate ESG considerations into roles and responsibilities of key leaders.

- Delivery of our ESG plan is the responsibility of the Eden Research CEO.
- Our ESG Steering Committee coordinates and drives our ESG actions.
- We report our performance regularly to the Board.

Our future plans

Our next steps on ESG are to:

- 01** Identify and address gaps in our ESG management.
- 02** Establish specific ESG targets, including KPI's and metrics.
- 03** Define reporting output.

ESG Drives our Future Growth

The sustainability challenge

Our agricultural system faces the dual challenge of safely feeding a growing population while decarbonizing and protecting human health and the natural environment.

Leadership in bio-innovation positions Eden Research for growth

Our unique technologies provide important solutions to some of the most pressing sustainable agriculture challenges. As the world transitions towards a sustainable agri-food system, products that can deliver more sustainable outcomes are set for significant growth.

Our ESG approach will drive impact

Our sustainable agriculture solutions, delivered through our integrated ESG platform make Eden Research an exciting opportunity for ESG investors.



Eden's formulations are well suited for a wide range of crop protection applications. The fact that our Sustaine[®] encapsulation technology is completely free from microplastics is just one of the elements that makes them stand out in this rapidly evolving market.

Sean Smith
Chief Executive Officer

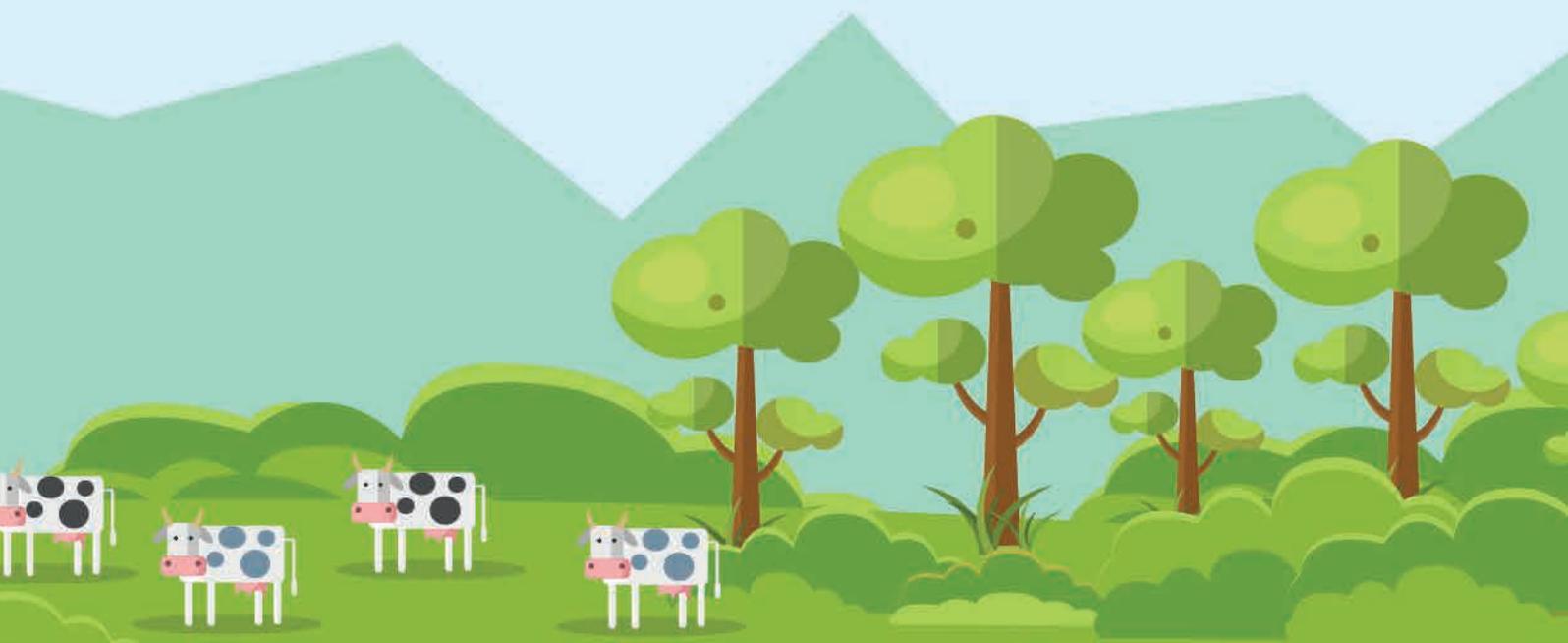


The Directors of Eden champion openness and accountability at every level. This involves focusing on how this takes place throughout the Company and on those who act on its behalf.



Governance

- 22 Board of Directors
- 26 Chairman's letter
- 28 Business model and strategy
- 30 The QCA Corporate Governance Code
- 36 Remuneration Report
- 40 Audit Committee Report
- 42 Directors' Report
- 43 Directors' Responsibilities Statement



Board of Directors

Leading the way, in achieving successful business growth.



Lykele van der Broek
Non-Executive Chairman

Appointed

October 2017 (Board)
January 2018 (Chairman)

Independent

Yes

Full-time (FT) or part-time (PT)

PT – 10 days per year

Background and experience

Lykele retired as a Member of the Board of Management of Bayer CropScience, a division of Bayer AG, in 2014, having been responsible for the commercialisation of innovative agricultural products and services globally. Prior to this, he held senior international roles including the Head of Bayer CropScience's BioScience division and President of the Bayer HealthCare Animal Health division.

Committee membership

- AIM Compliance Committee (Chairman)
- Nominations Committee (Chairman)
- Remuneration Committee (Chairman)
- Audit Committee

External appointments

Genus plc (Non-Executive Director)



Sean Smith
Chief Executive Officer

Appointed

September 2014

Independent

No

Full-time (FT) or part-time (PT)

FT

Background and experience

Sean has a bachelor's degree in microbiology and over 25 years of experience in the speciality chemicals and industrial biotechnology industries. He has held senior commercial leadership roles ranging from sales and marketing to business management and intellectual property licensing in blue chip companies such as Ciba (now BASF) and Honeywell. In recent years, Sean has focused on technology commercialisation through licensing and company formation working with Intellectual Ventures and several start-ups.

Committee membership

- None

External appointments

None



Alex Abrey
Chief Financial Officer

Appointed

September 2007

Independent

No

Full-time (FT) or part-time (PT)

FT

Background and experience

Alex, a Chartered Certified Accountant, joined the Board in September 2007, having been Chief Accountant to Eden for the previous four years. He has acted as Financial Director to a diverse range of businesses including a financial and management consultancy business based in Oxfordshire, a medical waste management company and an intellectual property licensee involved in plastics manufacturing. Alex has over twenty years' experience in both practice and industry.

Committee membership

- None

External appointments

Ricewood Ltd (Director)



Robin Cridland
Non-Executive Director

Appointed

May 2015

Independent

Yes

Full-time (FT) or part-time (PT)

PT – 10 days per year

Background and experience

Rob served as Chief Financial Officer and Company Secretary of Itaconix plc until the end of August 2018. He joined Itaconix in September 2008 from Renovo Group plc where he spent seven years as Executive Director of Finance and Business Development. He began his career at Coopers & Lybrand Deloitte, before moving on to senior transactional roles at Enskilda Securities and senior finance and transactional roles at GlaxoWellcome and GlaxoSmithKline. He was also a Governor and a Non-Executive Director of Cheadle Hulme School, Cheshire.

Committee membership

- Audit Committee (Chairman)
- Nominations Committee
- AIM Compliance Committee
- Remuneration Committee

External appointments

None

Board of Directors continued

Attendance at Board and Committee meetings

Board and Committee meetings are scheduled in advance for each calendar year. Additional meetings are arranged as necessary to review strategic and financial plans.

The scheduled Board and Committee meetings and attendance during the year ended 31 December 2021 were as follows:

Director	Role	Board (12 meetings)	AIM Compliance (1 meeting)	Remuneration & Nominations (9 meetings)	Audit (7 meetings)
A Abrey	Chief Financial Officer	●●●●●●●●●●●●	●	–	–
R Cridland	Non-Executive Director	●●●●●●●●●●●●	●	●●●●●●●●	●●●●●●●
S Smith	Chief Executive Officer	●●●●●●●●●●●●	●	–	–
L van der Broek	Non-Executive Chairman	●●●●●●●●●●●●	●	●●●●●●●●	●●●●●●●

Professional development and training

Alex Abrey is a Chartered Certified Accountant. As part of his professional development, he attends relevant courses and maintains his qualification through Continuing Professional Development under the Association of Certified Chartered Accountants.

Robin Cridland is a Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). As part of his professional development, he attends relevant courses and maintains his qualification through Continuing Professional Development under the ICAEW requirements.

Sean Smith has access to online tools and courses and attends industry conferences including the Association of Biocontrol Industry Manufacturers.

Lykele van der Broek keeps up-to-date by regularly reading economic and management literature, by being briefed by external advisors on matters such as remuneration, corporate governance, and liaising with consultants who inform the board of changes in legislation, best practice or public perception.

Board skill-set

Director	Product supply chain and management	Intellectual Property	Chemicals Industry	General management	Other public Company (Board level)	Funding
A Abrey	●	●		●	●	●
R Cridland	●	●	●	●	●	●
S Smith	●	●	●	●		●
L van der Broek	●		●	●	●	



External advisors

The Company uses external advisors, where necessary, as follows:

Advisor	Role
Nominated Advisor	Provides advice on AIM Compliance
Commercial lawyer	Provides advice on legal issues such as commercial agreements
Regulatory lawyer	Provides advice on regulatory aspects of the business

The Board's Role

The Board, under the Chairman's leadership, is responsible for ensuring our long-term success.

It informs and approves our strategy and corporate goals and monitors our performance against them. It determines that we have the necessary resources, systems and controls to achieve our objectives, and assesses the culture and standards of behaviour throughout Eden.

The Board is also responsible for other critical decisions, including approving strategy, medium term plans and corporate budgets; ensuring we have the right funding; approving material contracts and other third party arrangements; and reporting to shareholders.

The Directors believe that the Board, taken as a whole, has sufficient expertise and a variety of complementary skills for the Company to operate and develop its business satisfactorily for the benefit of the shareholders over the medium to long-term.

As the Company grows, the Board will inevitably grow, which will provide an opportunity for the gender imbalance that the Board currently has, to be addressed.

Internal advisors

The Company Secretary is the only internal advisor that the Company currently has.

The Company Secretary is responsible for the efficient administration of Eden, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented.



Chairman's letter



The quality of our governance is evident in the way we conduct business and how we treat our workforce, customers and suppliers.

Lykele van der Broek
Non-Executive Chairman

Dear shareholder,

The Directors have adopted the principles set out in the Quoted Companies Alliance Governance Code. The Directors have applied these principles, as far as practicable and appropriate for a relatively small public company, as follows:

The Board currently comprises two Executive Directors and two Non-Executive Directors.

The Board meets regularly to consider strategy, performance and the framework of internal controls.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings.

All Directors have access to the advice and services of the Company Secretary and the Chief Financial Officer, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with.

In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.



The Directors of Eden champion openness and accountability at every level. This involves focusing on how this takes place throughout the Company and on those who act on its behalf.

The quality of our governance is evident in the way we conduct business and how we treat our workforce, customers and suppliers.

The Board sets the framework of values within which the desired corporate culture can evolve and thrive.

Ownership of the values is strengthened by a collaborative approach by both the leadership and the workforce being involved in a two-way process to define the Company's values.

Clear messages are given through decisions, strategies and conduct. Directors reinforce values through their own behaviour and decisions. To increase the effectiveness, Executive and Non-Executive Directors have increased visibility.

The Board demonstrates ethical leadership and displays the behaviours it expects from others and communicates what it considers to be acceptable business practice, and it considers appropriate behaviours when setting strategy and financial targets.

The Company seeks to keep its strategy consistent with its purpose and values and its responsibilities for long-term success and to contribute to wider society.

Values are embedded at every level of the organisation and the Board seeks assurance from management that it has effectively embedded the Company's purpose and values in operational policies and practices including aligning incentives, rewards and promotion decisions to values.

Values and expected behaviours are reinforced through our recruitment, promotion, reward, performance management and policies, processes and practices.

Our reward structures produce appropriate incentives to encourage desired behaviours and responsible and appropriate risk-taking and management consistently communicates values and expected behaviours widely and clearly across the company and ensures that they are understood by the workforce.

Management also encourages suppliers to meet the expected standards of behaviour.

Values and expected behaviours include:-

- Honesty
- Openness
- Transparency
- Respect
- Adaptability
- Reliability
- Recognition
- Acceptance of challenge
- Accountability
- A sense of shared purpose

The Board is alert to signs of possible cultural problems and recognises that the workforce is a vital source of insight into the culture of the company.

Monitoring of effectiveness

Monitoring efforts are focused on existing internal capabilities and information:-

- Training data
- Recruitment, reward and promotion decisions
- Use of non-disclosure agreements
- Whistleblowing, grievance and 'speak-up' data
- Board interaction with senior management and workforce
- Health and safety data, including near misses
- Promptness of payments to suppliers
- Attitudes to regulators, internal audit (if applicable) and employees

Areas including human resources, audit and risk, and compliance offer an integrated approach to aid understanding of how behaviours and culture impact performance and offer analysis and advice the Board.

The Board identifies areas of good practice and excellence that are used to drive up standards across the business which reinforces the value that a healthy culture adds.

Lykele van der Broek Non-Executive Chairman



Business model and strategy

The Company's business model can be found on the Company's website www.edenresearch.com.

Key challenges

Our vision is to be the leader in sustainable bioactive products enabled or enhanced by our novel encapsulation and delivery technologies, in crop protection, animal health and consumer products.

Key challenges	We will address these by:
Stable financial base and revenue growth Growing a diverse product development pipeline	<ul style="list-style-type: none"> Continuing to evolve our business model to focus primarily on product sales Signing further agreements with industry partners to expand commercialisation of our products Ensuring a well-funded balance sheet
Product development Growing a diverse product development pipeline	<ul style="list-style-type: none"> Furthering development of the encapsulation technology for new applications Investing in patents for new market opportunities Building our internal technical resources in terms of capability and capacity
Geographic expansion Targeting new geographies where there is a demand for sustainable solutions	<ul style="list-style-type: none"> Extending registrations for product authorisation into new territories Investing in patent protection for our intellectual property in new territories Identifying suitable industrial partners with access to new geographies and customers



Our vision is to be the leader in sustainable bioactive products enabled or enhanced by our novel encapsulation and delivery technologies, in crop protection, animal health and consumer products.



The QCA Corporate Governance Code

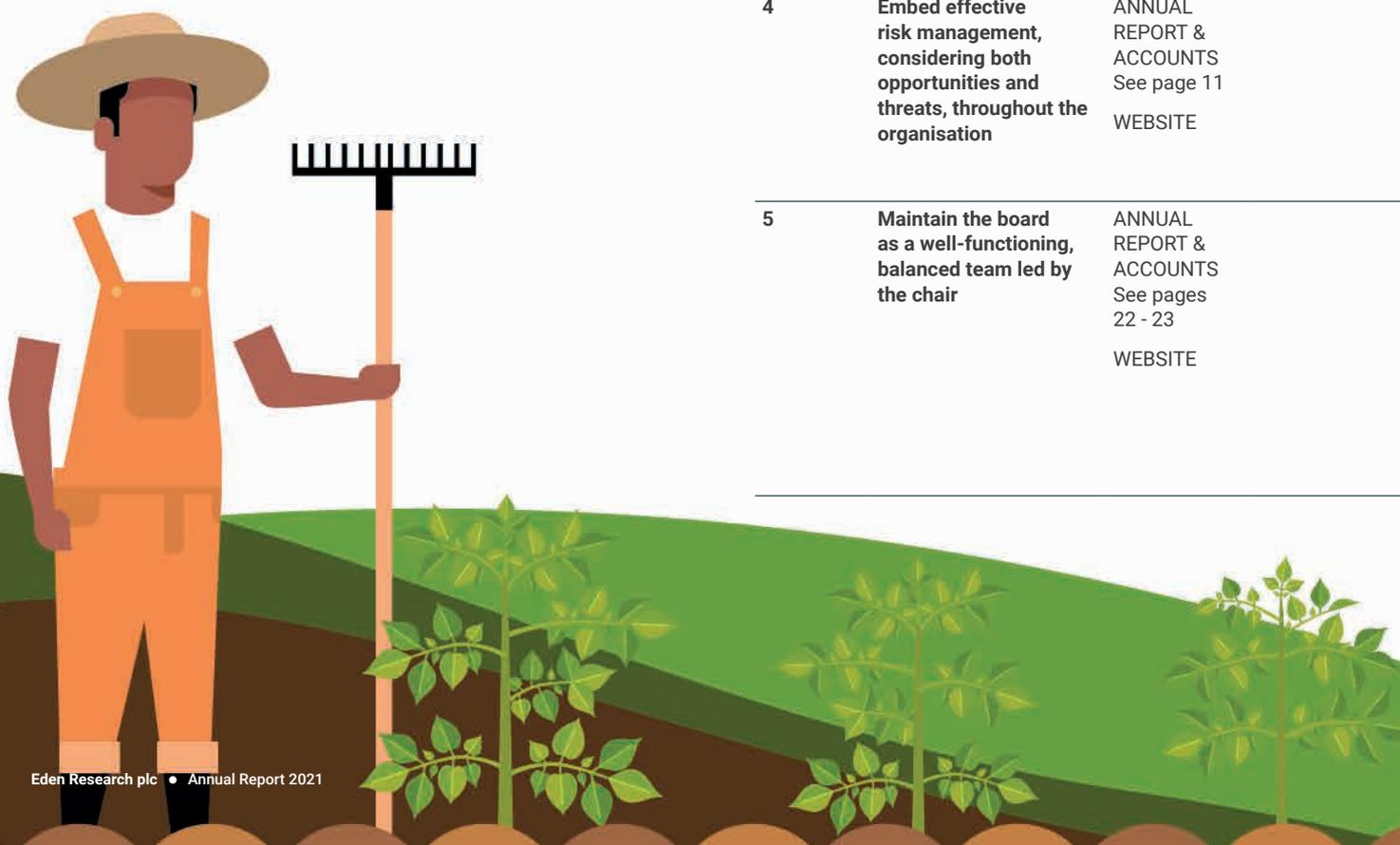
In accordance with Aim Rule 26 of the AIM rules for companies, the corporate governance code that the Board of Directors has chosen to apply and benchmark against is The QCA Corporate Governance Code.

This page contains links to the required compliance documents and published disclosures which explain how Eden Research 'complies with or explains against' the code.

This information is reviewed annually: Last review date 9 March 2022.

Published Disclosures:

Principle No.	Principle	Location of disclosure
1	Establish a strategy and business model which promote long-term value for shareholders	ANNUAL REPORT & ACCOUNTS See page XII. WEBSITE
2	Seek to understand and meet shareholder needs and expectations	ANNUAL REPORT & ACCOUNTS WEBSITE
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	WEBSITE
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	ANNUAL REPORT & ACCOUNTS See page 11 WEBSITE
5	Maintain the board as a well-functioning, balanced team led by the chair	ANNUAL REPORT & ACCOUNTS See pages 22 - 23 WEBSITE



Disclosure Detail Required	Disclosure status	Explanation	Link
<p>DISCLOSURE: Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).</p>	✓ Compliant	The Company seeks to keep its strategy consistent with its purpose and values and its responsibilities for long-term success and to contribute to wider society.	Business model and strategy
<p>DISCLOSURE: Explain the ways in which the company seeks to engage with shareholders and how successful this has been.</p> <p>This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.</p>	✓ Compliant	The CEO + CFO communicate regularly with shareholders, investors and analysts, including at our half yearly results roadshows. The full Board is available at the Annual General Meeting (AGM) to communicate with shareholders.	Shareholder engagement
<p>DISCLOSURE: Explain how the business model identifies the key resources and relationships on which the business relies.</p> <ul style="list-style-type: none"> Explain how the company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products). 	✓ Compliant	<p>The Board has identified the main stakeholders in the business and regularly discusses how employees, suppliers and customers and others might be affected by decisions and developments in the business.</p> <p>We constantly strive to enhance our environmental and social credentials.</p> <p>In order to obtain feedback from stakeholders, management meets regularly with them. The Company's website, email footers and business cards all provide contact details of the relevant person at the Company that they can use, should they need to get in touch.</p>	Stakeholder engagement and social responsibility
<p>DISCLOSURE: Describe how the board has embedded effective risk management in order to execute and deliver strategy.</p> <p>This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.</p>	✓ Compliant	<p>Both the Board and Audit Committee regularly review risks, including new threats and the processes to mitigate and contain them.</p> <p>Whilst the Board is responsible for risk, our culture seeks to encourage all colleagues to manage risk effectively.</p>	Effective risk management
<p>DISCLOSURE: Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.</p> <ul style="list-style-type: none"> Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors). Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director. 	✓ Compliant	<p>The Board works well together as a team.</p> <p>Meetings are characterised by lively discussion and active idea generation and management are rigorously challenged and held to account.</p>	Board composition, Board culture, dynamics and contribution



The QCA Corporate Governance Code continued

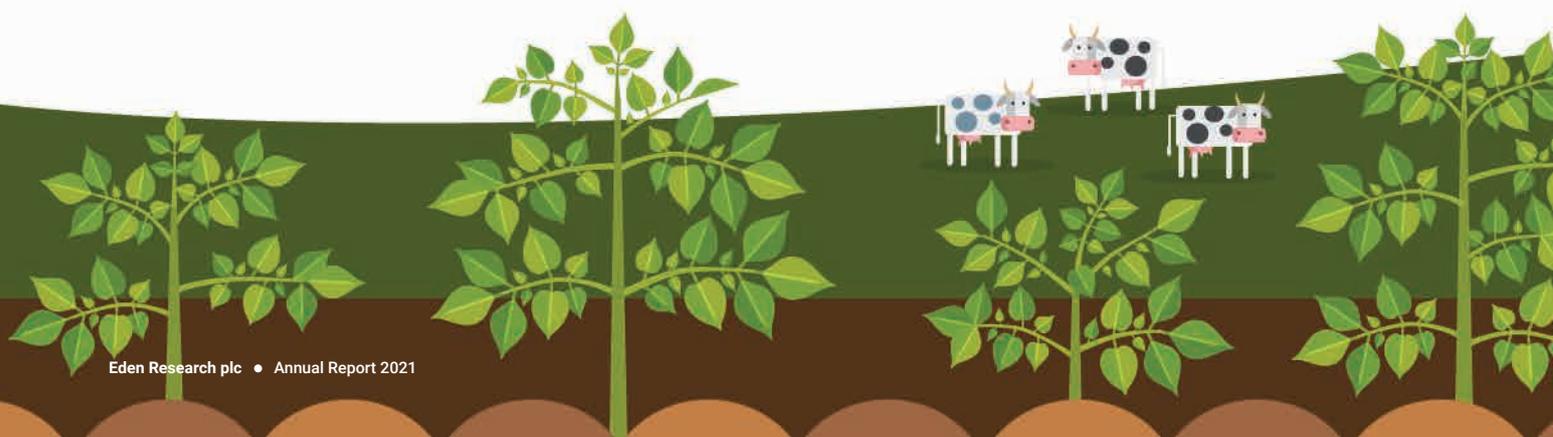
Principle No.	Principle	Location of disclosure	Disclosure Detail Required
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	ANNUAL REPORT & ACCOUNTS See pages 22 - 23 WEBSITE	<p>DISCLOSURE: Identify each director.</p> <p>Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.</p> <ul style="list-style-type: none"> • Explain how each director keeps his/her skillset up-to-date. • Where the board or any committee has sought external advice on a significant matter, this must be described and explained. • Where external advisers to the board or any of its committees have been engaged, explain their role. • Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	WEBSITE	<p>DISCLOSURE: Include a high-level explanation of the board performance effectiveness process.</p> <p>Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.</p> <p>DISCLOSURE: Include a more detailed description of the board performance evaluation process/cycle adopted by the company. This should include a summary of:</p> <ul style="list-style-type: none"> • The criteria against which board, committee, and individual effectiveness is considered; • How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and • How often board evaluations take place. <p>Explain how the company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process.</p>
8	Promote a corporate culture that is based on ethical values and behaviours	ANNUAL REPORT & ACCOUNTS See Chairman's Letter on pages 26 - 27 WEBSITE	<p>DISCLOSURE: Include in the chair's corporate governance statement how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties.</p> <p>The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.</p> <p>DISCLOSURE: Explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected.</p>

Disclosure status	Explanation	Link
✓ Compliant	We assess the adequacy of the Board's collective skills and experience and Directors' individual development needs are discussed annually with the Chairman.	Professional development and training
✓ Compliant	The Board regularly considers the effectiveness and relevance of its contributions. Any learning and development needs are reviewed and continual improvement implemented.	Board performance
✓ Compliant	The Board sets the framework of values within which the desired corporate culture can evolve and thrive. Ownership of the values is strengthened by a collaborative approach by both the leadership and the workforce being involved in a two-way process to define the company's values.	Corporate culture



The QCA Corporate Governance Code continued

Principle No.	Principle	Location of disclosure	Disclosure Detail Required
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	WEBSITE	<p>DISCLOSURE: In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement:</p> <ul style="list-style-type: none"> Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups). Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration. Describe which matters are reserved for the board. Describe any plans for evolution of the governance framework in line with the company's plans for growth.
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	ANNUAL REPORT & ACCOUNTS WEBSITE	<p>DISCLOSURE: Describe the work of any board committees undertaken during the year.</p> <p>Include an audit committee report (or equivalent report if such committee is not in place).</p> <p>Include a remuneration committee report (or equivalent report if such committee is not in place).</p> <ul style="list-style-type: none"> If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained <p>WEBSITE DISCLOSURE: Disclose the outcomes of all votes in a clear and transparent manner.</p> <p>Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.</p> <p>Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.</p>



Disclosure status	Explanation	Link
✓ Compliant	The Board is responsible for the Company's overall strategic direction and management and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Company's operations.	Corporate governance structure
✓ Compliant	The Investors section of our website includes our results, presentations and communications to shareholders. We release the results of general meetings through a regulatory news services and also on the Regulatory News Section of our website.	Audit committee terms of reference Audit committee report Remuneration committee report Remuneration committee terms of reference AGM Voting outcomes Annual reports Notices of general meetings



Remuneration Report



Introduction

The Remuneration Policy for Eden Research plc includes the three main elements of remuneration; salary, cash bonus and equity incentive.

The policy is based on market facing structures, preceded in other AIM listed companies. The policy has been prepared for the Executive Directors, however it is intended that the principles should apply to all staff.

An important principle is that the elements of remuneration should not overlap (to ensure that an Executive is not rewarded more than once for the same achievement).

Salary is a reward for the day to day execution of a role (which is documented in a job description).

The cash bonus is a reward for the achievement of challenging milestones in a year, such as exceeding revenue and EBITDA targets, or signing new distribution agreements over a certain value, over and above the day to day role and linked to significant commercial progress.

The equity incentive should deliver value to the Executive in the medium to long term, based on a sustainable increase in the share price over the corresponding period of time, and of a magnitude related to the actual increase in share price, in order to align management's incentive with the interests of shareholders.

The Remuneration Committee has absolute discretion in the application of these principles and may make adjustments, where appropriate, and acting reasonably.

Salary

A salary review usually occurs in Q4 each year, to take effect from 1 January in the following year, unless a market adjustment is required at a different time.

Generally, salaries should be benchmarked and comparable to similar positions in similar sized AIM listed companies in similar industry segments.

Cash Bonus

Bonuses are paid to the extent their payment does not shorten the funded runway of the business to less than eighteen months, based upon an up-to-date forecast using reasonable assumptions, as agreed by the Board. This figure may be adjusted by the Remuneration Committee.

The Target bonus levels are a percentage of salary.

The Target is generally made up of, and released incrementally by:

- the achievement of new commercial partnership deals and other commercial milestones (e.g. regulatory approvals)
- the return received on such agreements
- meeting or exceeding revenue and EBITDA targets

As the business matures, the balance between deal value, other commercial milestones and revenue / contribution / profit is expected to transition in weighting (i.e. from deals through other milestones towards profit).

Bonus payments are calculated prior to completion of (and included in) the annual report and paid out after the Annual Report has been approved by the Board and the auditors.

Equity Incentive

Unapproved share option scheme

The Company operated an unapproved share option scheme for Executive Directors, senior management and certain employees up to 28 September 2017.

Long-Term Incentive Plan ("LTIP")

Since September 2017 Eden has operated an option scheme for Executive Directors, senior management and certain employees under a LTIP which allows for certain qualifying grants to be HMRC approved.

In 2021, certain changes were made to the LTIP in connection with a financing round completed in 2020, further details of which can be found below.

Application of the Policy

Emoluments

Details of the remuneration of those who served as Directors during the year are set out below.

	Base salary	
	2021 £	2020 £
Executive Directors		
S Smith	253,000	235,000
A Abrey	190,000	180,000
Non-Executive Directors		
L van der Broek	45,000	41,667
R Cridland	40,000	36,665

The Company operates an annual, discretionary cash bonus scheme for the Executive Directors only.

For 2021, the target bonus levels and actual bonus achieved for Executive Directors were:

Sean Smith	70% of base salary, achieved 42%, (2020: 70% of base salary, achieved 49%)
Alex Abrey	70% of base salary, achieved 42%, (2020: 70% of base salary, achieved 49%)

The Committee considers that the performance metrics underpinning the annual, discretionary cash bonus scheme are in line with shareholders' expectations.

Pensions

For the Executive Directors, the Company makes contributions to a defined contribution pension scheme. The Company contributes a maximum of 7% provided that the Director makes a minimum 4% contribution. Below this, the Company contributes the same percentage as the Director.

Share-based payments

The share options granted to individual Directors to date are shown below and include grants made in prior years.

Non-Executive Directors

Non-Executive Directors receive a fee only, with no additional benefits, bonuses or option grants.

Directors' contracts

The Executive Directors have a service contract of indefinite term with a notice period of no more than six months.

Non-Executive Directors have Letters of Appointment which are terminable by the Director or the Company with three months' notice.

Share option scheme grants

Long Term Incentive Plan ("LTIP")

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

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

Remuneration Report continued

Application of the Policy continued

2019 Award

On 28 June 2019, 5,891,111 shares were awarded under the LTIP scheme to the Chief Executive Officer and the Chief Financial Officer (the "2019 Award"), details of which are in the table below.

A Abrey

Year	Number of shares under option	Vesting date	Minimum weighted average share price (p)	Maximum weighted average share price (p)
2017	1,093,333	30/6/2021	23	34.5
2018	1,333,333	30/6/2022	25	37.5

S Smith

Year	Number of shares under option	Vesting date	Minimum weighted average share price (p)	Maximum weighted average share price (p)
2017	1,775,556	30/6/2021	23	34.5
2018	1,688,889	30/6/2022	25	37.5

All of the above nil-priced options only became exercisable if the following share price performance conditions were met: 50% of the options became exercisable if the weighted average Ordinary Share price in the 45 day period ending on the vesting date was at the minimum price (as shown in the table) or above.

Between the weighted average ordinary share prices of the minimum and maximum prices, vesting was pro-rata and on a straight-line basis between 50% and 100%. Below the minimum price, the options were not exercisable and lapsed in full.

LTIP Replacement Award

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

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

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

Further details of the LTIP Replacement Award can be found in note 22.

2021 Award

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

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

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

Accordingly, at 31 December 2021, the Directors had the following interests in share option schemes:

Date from which exercisable	Expiry Date	Exercise price £	Number at 1 January 2021	Granted in year	Exercised in year	Lapsed in year	Number at 31 December 2021
A J Abrey							
17/01/2016	16/01/2021	0.13	1,050,000	–	–	1,050,000	–
30/09/2020	29/09/2027	Nil	960,000	–	–	960,000	–
30/06/2021	29/06/2029	Nil	1,093,333	–	–	1,093,333	–
30/06/2021	29/06/2029	Nil	1,333,333	–	–	1,333,333	–
30/06/2021	30/06/2022	0.06	–	1,500,000	–	–	1,500,000
30/06/2021	30/06/2023	0.06	–	1,500,000	–	–	1,500,000
30/06/2021	30/06/2024	0.06	–	1,500,000	–	–	1,500,000
22/07/2021	31/07/2025	0.10	–	1,027,027	–	–	1,027,027
22/07/2022	31/07/2025	0.10	–	1,027,027	–	–	1,027,027
22/07/2023	31/07/2025	0.10	–	1,027,027	–	–	1,027,027
			4,436,666	7,581,081	–	4,436,666	7,581,081
S M Smith							
30/09/2020	29/09/2027	Nil	1,148,000	–	–	1,148,000	–
30/06/2021	29/06/2029	Nil	1,775,556	–	–	1,775,556	–
30/06/2022	29/06/2029	Nil	1,688,889	–	–	1,688,889	–
30/06/2021	30/06/2022	0.06	–	2,000,000	–	–	2,000,000
30/06/2021	30/06/2023	0.06	–	2,000,000	–	–	2,000,000
30/06/2021	30/06/2024	0.06	–	2,000,000	–	–	2,000,000
22/07/2021	31/07/2025	0.10	–	1,367,567	–	–	1,367,567
22/07/2022	31/07/2025	0.10	–	1,367,568	–	–	1,367,568
22/07/2023	31/07/2025	0.10	–	1,367,568	–	–	1,367,568
			4,612,445	10,102,703	–	4,612,445	10,102,703

Lykele van der Broek

Remuneration Committee Chairman

30 May 2022



Audit Committee Report



Introduction

On behalf of the Audit Committee, I present this report to shareholders. The purpose of the report is to highlight the areas that the Committee has reviewed and how we have discharged our responsibilities effectively during the year.

Responsibilities

The key responsibility of the Committee is to provide effective governance over the Company's financial reporting to ensure its appropriateness. Under its terms of reference, the Committee is required, amongst other things, to:

- monitor the integrity of the financial statements of the Company including the appropriateness of the accounting policies adopted and whether the Annual Report is fair, balanced and understandable;
- review, understand and evaluate the effectiveness of the Company's internal controls and risk management systems, particularly, but not exclusively, as they pertain to financial matters;
- appraise the Board on how the Company's prospects are assessed;
- oversee the relationship with the external auditors, making recommendations to the Board in relation to their appointment, remuneration and terms of engagement;
- monitor and review the effectiveness of the external audit including the external auditors' independence, objectivity and effectiveness and to approve the policy on the engagement of the external auditors to supply non-audit services; and
- monitor and review the requirement for and activities of (as applicable) internal audit activities in the Company.

The Committee's terms of reference can be found on the Company's website www.edenresearch.com.

Composition of Committee and meetings

The Audit Committee comprises the two Non-Executive Directors, Robin Cridland, who is Chairman of the Committee, and Lykele van der Broek. The Chairman of the Committee has recent and relevant financial experience and collectively the members of the Committee have experience of the chemical, agricultural and animal health industries. Details of Committee members' qualifications can be found on pages 22 and 23.

The Audit Committee met seven times during the year, and has a rolling agenda linked to the Company's financial calendar. It invites the Chief Executive Officer, the Chief Financial Officer and the external auditors to attend its meetings. The Committee Chairman met with the external auditors at the conclusion of the audit without the Executive Directors being present. The Committee has met since the end of the financial year to consider the results and the Annual Report for the year ended 31 December 2021.

Main activities during the year

Set out below is a summary of the key areas considered by the Committee during the year and up to the date of this report.

Financial reporting

During the year, the Audit Committee reviewed reports and information provided by the Chief Financial Officer in respect of the half year and by both the Chief Financial Officer and the external auditors in respect of the annual financial report. An important responsibility of the Audit Committee is to review and agree significant estimates and judgements made by management. To satisfy this responsibility, the Committee reviewed a written formal update from the Chief Financial Officer on such issues at the two meetings that reviewed the half year and year end results, as well as reports from the external auditors in respect of the year end results. The Committee carefully considered the content of these reports in evaluating the significant issues and areas of judgement across the Company.

The key areas of review, including those requiring significant judgements to be made, in the year were as follows:

- Revenue recognition
- Going Concern
- Potential impairment of intangible assets including intellectual property and investments
- Management override of controls

Other areas reviewed in the year were as follows:

- Consolidation
- Share based payments
- Accruals and provisions
- Related party transactions

Internal control and risk management

During the year the Committee continued to review the effectiveness of the Company's internal control and risk management systems.

External audit

KPMG LLP has been the external auditor for the Company since 2018. The Audit Committee annually assesses the qualification, expertise and independence of the auditors and the effectiveness of the audit process. KPMG's current engagement partner is Andrew Campbell-Orde, and he has been in place since being appointed for the Company's 2017 year end.

Following approval by shareholders to re-appoint KPMG at last year's AGM, the Audit Committee reviewed and approved the terms of engagement and remuneration of the external auditors for the 2021 financial year.

Auditor effectiveness

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. KPMG presents its detailed audit plan to the Audit Committee each year identifying their assessment of these key risks. The Audit Committee's assessment of the effectiveness and quality of the audit process and addressing these key risks is formed by, amongst other things, the reporting from the auditors. In addition, each year, the Audit Committee assesses its performance and the effectiveness of the external auditor in liaison with the Chief Financial Officer. The Committee was satisfied with the review process, the performance of the Committee and the effectiveness of the external audit.

Auditor independence

The Company meets its obligations for maintaining an appropriate relationship with the external auditors through the Audit Committee, whose terms of reference include an obligation to consider and keep under review the degree of work undertaken by the external auditor other than the statutory audit, to ensure the auditor's objectivity and independence is safeguarded.

In accordance with the Auditing Practices Board Ethical Standards, the Company's external auditor must implement rules and requirements which include that none of their employees working on our audit can hold any shares in Eden.

The external auditor is also required to tell the Company about any significant facts and matters that may reasonably be thought to bear on their independence or on the objectivity of the lead partner and the audit team. The lead partner in the audit team must change every five years.

For the 2021 financial year end, there was no non-audit work undertaken by the Company's auditors.

Internal audit

Due to the size of the business, the Company does not have a separate internal audit function. The Company's Risk Management Team takes this into account when deciding how to mitigate risks associated with not having an internal audit function and manages the situation accordingly. Every year the Audit Committee reviews the appropriateness of this arrangement and specifically whether an internal audit function is necessary.

Other activities

In respect of 2021, and as part of a continuous process, the Committee assessed the clarity of the financial statements and the need for changes in presentation to enable and assist understanding of users of the accounts as the operations of the Group continue to evolve.

During the year, the Committee also worked to its rolling agenda, reviewing areas such as Treasury Policy, Directors' expenses, Disclosures Report, Review of Significant Transactions and Financial Reporting Manual and also undertook a review of the Company's insurance policies, ensuring relevant, adequate coverage of various risks was in place. It also updated its non-audit services policy with respect to the external auditor.

Environmental Impact

The Company is currently reviewing its Environmental, Sustainable and Corporate Governance ("ESG") credentials with external advisors.

In part, the aim of the review is to better understand the impact that Eden, including its supply chain partners, has on the environment.

It is expected that this review and its findings will be completed by the end of 2022.

Robin Cridland

Audit Committee Chairman

30 May 2022

Directors' Report

The Directors present their annual report and financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year after taxation amounted to £2,777,543 (2020: £2,263,024). The Directors are unable to recommend any dividend.

Research and development

An indication of research and development activities is included within the Chief Executive Officer's Report.

Future developments

An indication of future developments is included within the Chief Executive Officer's Report.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Abrey
R Cridland
S Smith
L van der Broek

Corporate Governance

The Directors acknowledge the importance of the principles set out in the Corporate Governance Code.

Although the Corporate Governance Code is not compulsory for AIM quoted companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

The Board currently comprises two Executive Directors and two Non-Executive Directors. The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary and the Chief Financial Officer, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Directors have established Audit, Nominations, Remuneration and AIM Compliance Committees.

The Audit Committee has Robin Cridland as Chairman and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of shareholders. The Audit Committee meets at least twice a year. Lykele van der Broek was the other member of the Audit Committee during the year.

The Nominations Committee had Lykele van der Broek as Chairman during the year and identifies and nominates for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nominations Committee meets at least twice a year. Robin Cridland was the other member of the Nominations Committee during the year.

The Remuneration Committee had Lykele van der Broek as Chairman during the year and reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of shareholders. The Remuneration Committee meets at least twice a year. Robin Cridland was the other member of the Remuneration Committee during the year.

The AIM Compliance Committee had Lykele van der Broek as Chairman during the year and meets at least once a year with the NOMAD to discuss AIM compliance and related issues. The other member of the committee is Robin Cridland. The Directors comply with Rule 21 of the AIM Rules relating to directors' dealings and there are procedures in place to ensure compliance by the Company's applicable employees. The Company has adopted a share dealing code which is appropriate for an AIM quoted company.

The shareholdings of the Directors of the Company are as follows:

	Total Holdings	% of share capital
Alex Abrey	1,302,824	0.34%
Lykele van der Broek	929,500	0.24%
Sean Smith	731,039	0.19%
Robin Cridland	130,167	0.03%

The Company has been notified that the following are substantial shareholders of Eden, each holding more than 3% of the Company's issued share capital, as at 31 December 2021:

Entity	Total Holdings	% of Share Capital
BGF Investment Management	54,933,000	14.44%
Sipcam Oxon SpA	37,614,830	9.89%
Gresham House Asset Management	27,845,445	7.32%
Hargreaves Lansdown	25,725,500	6.76%
Cannacord Genuity Group	22,584,000	5.94%
JM Finn & Co	20,386,275	5.36%
Interactive Investor Services	20,001,808	5.26%
Atul Unadkat	17,350,145	4.56%
Rathbone Nominees	16,095,276	4.23%
Amati AIM VCT	14,282,652	3.76%
HSBC Global Custody Nominee (UK)	13,270,588	3.68%

Directors' Responsibilities Statement

Suppliers

The Company agrees terms and conditions for business transactions with its suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

Directors' responsibility statement

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 the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards. The Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

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 parent Company and of the Group's profit or loss for that period.

In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

Each Director in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the Director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

Sean Smith

Director

30 May 2022





Our objective is to grow revenue primarily through product sales which will ultimately provide a sustainable, consistent source of income for the Company.



Financial Statements

- 46 Independent Auditor's Report
- 52 Consolidated statement of comprehensive income
- 53 Consolidated statement of financial position
- 54 Company statement of financial position
- 55 Consolidated statement of changes in equity
- 56 Company statement of changes in equity
- 57 Consolidated statement of cash flows
- 58 Company statement of cash flows
- 59 Notes to the group financial statements



Independent Auditor's Report

to the members of Eden Research plc

1 Our opinion is unmodified

We have audited the financial statements of Eden Research plc ("the Company") for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows, company statement of cash flows, and the related notes, including the accounting policies in note 1.

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 2021 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 UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: Group financial statements as a whole	£100,000 (2020: £100,000) 0.70% (2020: 0.59%) of Group total assets
---	--

Key audit matters

Vs 2020

Recurring risks

Recoverability of intangible assets relating to Agrochemicals CGU

↔

Revenue

↑

New risks

Going concern

↑

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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 arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Recoverability of intangible assets relating to Agrochemicals CGU

(Group £7,749,910, 2020: £6,610,014 and parent Company £7,749,910, 2020: £6,610,014)

Refer to notes 1.5 and 1.6 on page 62 (accounting policy) and note 12 on pages 75 and 76 (financial disclosures)

The risk – Forecast-based assessment

The carrying amount of intangible assets relating to Agrochemicals CGU, including development costs, is reviewed annually for impairment given that it holds intangibles not yet available for use (in addition to intangible assets which are available for use).

This assessment includes forecasting and discounting future cash flows (based on the key assumption of future level of sales as well as other assumptions, including discount rate) which are inherently judgemental.

In particular, due to uncertainty over the size of the potential market for the Group's and parent Company's products, and the level of growth, there is a risk that the carrying amount of the CGU may not be supported by potential future sales.

The significance of intangible assets to the business and the subjective nature of the assessment also give rise to opportunity and incentive to manipulate the assessment.

The effect of these matters is that, as part of our risk assessment, we determined that recoverable amounts estimated for the Agrochemicals CGU has a high degree of estimation uncertainty with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 12) disclose the sensitivity estimated by the Group.

Our response

Our procedures included:

- **Our sector experience:** we challenged the Group's and the parent Company's selection of discount rates and rates of growth by using our own judgement and experience to determine an appropriate range and comparing the actual rate used to that range;
- **Assessing forecasts:** we evaluated whether the cash flow forecasts are consistent with current business strategies in place;
- **Comparing valuations:** we compared the market capitalisation of the Group to the carrying value of the CGU to assess whether this provides an indicator of possible impairment;
- **Historical comparisons:** we compared the previously forecast cash flows to actuals to assess the historical accuracy of forecasting;
- **Sensitivity analysis:** we performed breakeven analysis to assess the sensitivity of the impairment reviews to changes in the key assumptions noted above; and
- **Assessing transparency:** we critically assessed whether the Group's and parent Company's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount forecast for intangible assets.

We performed the detailed tests above rather than seeking to rely on any of the group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls.

Revenue

Group (£1,228,580, 2020: £1,368,988)

Refer to page 6 (Chief Executive Officer's Review), note 1.4 on pages 60 and 61 (accounting policy) and note 4 on pages 69 and 70 (financial disclosures)

The risk – Revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

The current focus of the Group and the Company is on growth and the Directors are incentivised on performance through a share option scheme and there is lack of segregation of duties.

The Group's agreements with customers are often bespoke and require the Directors to make judgements in identifying the relevant performance obligations and determining the appropriate timing of revenue recognition.

Additionally, a large proportion of revenue arises around the year-end date which increases the risk around appropriate timing of recognition.

The risk is considered to have increased because the Company entered into a new bespoke customer contract in the year where there were no such new contracts in the prior year.

Our response

Our procedures included:

Test of details:

- for the entire population of product sales in the year, we inspected the documentation supporting the date on which the revenue was earned;
- for a sample of product sales invoices raised in the month after the balance sheet date, we inspected the documentation supporting the date on which the revenue was earned to determine whether revenue was recognised in the appropriate financial year;

Independent Auditor's Report continued

to the members of Eden Research plc

2 Key audit matters: our assessment of risks of material misstatement continued

- for the single new bespoke contract, we evaluated the terms and conditions of the contract to assess the identification of performance obligations and the resulting timing of revenue recognition; and
- we obtained 100% of the journals posted in respect of revenue and analysed these to identify and investigate any entries which appeared unusual based upon the specific characteristics of the journal, considering in particular whether the non-revenue side of the journal entry was as expected, based on our business understanding.

We performed the tests above rather than seeking to rely on any of the group's controls because the small number of transactions meant that detailed testing is inherently the most effective means of obtaining audit evidence.

Going Concern

Refer to page 40 (Audit Committee report) and note 1.3 on pages 59 and 60 (accounting policy)

The risk – Disclosure quality

The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and the parent Company.

That judgement is based on an evaluation of the inherent risks to the Group's and the parent Company's business model and how those risks might affect the Group's and the parent Company's financial resources or ability to continue operations over a period of at least 12 months from the date of approval of the financial statements and is intrinsically linked to the valuation of the Group's intangible assets.

The risk most likely to adversely affect the Group's and Company's available financial resources over this period is the potential delay to regulatory approvals for new territories and/or products which would delay the forecast revenue and potentially require a further fundraising to maintain positive cash balances.

There are also less predictable but realistic second order impacts, such as the impact of Brexit and COVID-19 imposed restrictions, the erosion of customer demand, and the erosion of supplier confidence, which could result in a rapid reduction of available financial resources.

The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.

Our response

Our procedures included:

- Our sector experience: We evaluated the Directors' going concern assessment, including the reasonableness of the key assumptions used in the cash flow forecasts and the level of downside sensitivities applied;
- Historical comparisons: We compared previously forecast cash flows against actual cash flows to assess the historical accuracy of forecasting;
- Sensitivity analysis: We considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts, taking account of reasonably possible (but not unrealistic) adverse effects that could arise if the Group's forecast future sales do not materialise;
- Evaluating directors' intent: We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise, which included reductions in research and development expenditure, bonuses as well as expansionary overheads, taking into account the extent to which the Directors can control the timing and outcome of these. We critically assessed whether the underlying forecast in each scenario was achievable without these costs;
- Assessing transparency: We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £100,000 (2020: £100,000), determined with reference to a benchmark of total assets of £14,289,223 (2020: £16,924,364), of which it represents 0.70% (2020: 0.59%). We consider a benchmark of total assets to be appropriate as the Group is in the early stages of development.

Materiality for the parent Company financial statements as a whole was set at £99,000 (2020: £99,000), determined with reference to a benchmark of total parent Company assets of £14,289,223 (2020: £16,852,895), of which it represents 0.70% (2020: 0.59%). We consider a benchmark of total assets to be appropriate as the parent Company is in the early stages of development.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2020: 75%) of materiality for the financial statements as a whole, which equates to £65,000 (2020: £75,000) for the Group and £64,350 (2020: £74,250) for the parent Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £5,000 (2020: £5,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 3 (2020: 3) reporting components, we subjected 1 (2020: 2) to full scope audits for group purposes. The components within the scope of our work accounted for the following percentages of the Group's total assets, revenue and profit before tax:

Total assets	99.8% (2020: 100%)
Revenue	99.9% (2020: 100%)
Loss before tax	98.6% (2020: 98.8%)

For the residual components, we performed analysis at the Group level to re-examine our assessment that there were no significant risks of material misstatement within it.

4 Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit committee and Remuneration committee minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors, including the Long-Term Incentive Plan and Bonus targets.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent Auditor's Report continued

to the members of Eden Research plc

5 Fraud and breaches of laws and regulations – ability to detect continued

As required by auditing standards, and taking into account the possible pressures to meet remuneration policy targets and market expectations, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We also identified a fraud risk related to the recoverability of intangible assets given the incentive and opportunity to manipulate this subjective estimate and the importance of these assets to the users' assessment of the value of the Group.

Further detail in respect of the above areas is set out in the key audit matter disclosures in respect of revenue recognition and recoverability of intangible assets relating to Agrochemicals CGU in section 2 of this report.

We also performed procedures including:

- Identifying the parent Company's journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue journals posted to unrelated accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's patents. We identified the following area as those most likely to have such an effect: plant protection regulations, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 43, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Campbell-Orde (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

30 May 2022

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Notes	2021 £	2020 £
Revenue	4	1,228,580	1,368,988
Cost of sales		(667,343)	(736,509)
Gross profit		561,237	632,479
Other operating income		–	7,601
Amortisation of intangible assets		(434,630)	(552,809)
Administrative expenses		(2,694,290)	(2,202,581)
Share based payments		(640,597)	(120,380)
Operating loss	5	(3,208,280)	(2,235,690)
Investment revenues	8	98	5,725
Finance costs	9	(32,074)	(24,000)
Foreign exchange gains/(losses)	9	(97,247)	35,706
Impairment of investment in associate	15	–	(299,521)
Share of loss of equity accounted Investee, net of tax	15	(58,177)	(30,352)
Loss before taxation		(3,395,680)	(2,548,132)
Income tax income	10	618,137	285,108
Loss and total comprehensive income for the year		(2,777,543)	(2,263,024)
Total comprehensive income for the year is attributable to:			
– Owners of the parent Company		(2,788,973)	(2,270,347)
– Non-controlling interests		11,430	7,323
		(2,777,543)	(2,263,024)
Earnings per share	11		
Basic		(0.73p)	(0.66p)
Diluted		(0.73p)	(0.66p)

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

Consolidated statement of financial position

As at 31 December 2021

	Notes	2021 £	2020 £
Non-current assets			
Intangible assets	12	7,919,780	6,729,483
Property, plant and equipment	13	232,278	188,065
Right-of-Use assets	14	372,787	394,610
Investments	15	361,688	419,865
		8,886,533	7,732,023
Current assets			
Inventories	17	521,351	224,422
Trade and other receivables	18	886,587	1,396,308
Current tax recoverable	10	903,245	285,108
Cash and cash equivalents		3,829,369	7,286,503
		6,140,552	9,192,341
Current liabilities			
Trade and other payables	19	1,711,518	1,454,955
Lease liabilities	20	99,924	84,350
		1,811,442	1,539,305
Net current assets			
		4,329,110	7,653,036
Non-current liabilities			
Trade and other payables	19	87,740	125,212
Lease liabilities	20	298,428	330,898
		386,168	456,110
Net assets			
		12,829,475	14,928,949

	Notes	2021 £	2020 £
Equity			
Called up share capital	23	3,803,402	3,803,402
Share premium account	24	39,308,529	39,308,529
Warrant reserve	25	937,505	429,915
Merger reserve	26	10,209,673	10,209,673
Retained earnings		(41,460,753)	(38,842,259)
Non-controlling interest	27	31,119	19,689
Total equity			
		12,829,475	14,928,949

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2022 and are signed on its behalf by:

Sean Smith
Director

Company statement of financial position

As at 31 December 2021

	Notes	2021 £	2020 £
Non-current assets			
Intangible assets	12	7,813,583	6,610,014
Property, plant and equipment	13	232,278	188,065
Right-of-Use Assets	14	372,787	394,610
Investments	15	361,688	419,865
		8,780,336	7,612,554
Current assets			
Inventories	17	521,351	224,422
Trade and other receivables	18	970,587	1,444,308
Current tax recoverable	10	903,245	285,108
Cash and cash equivalents		3,829,369	7,286,503
		6,224,552	9,240,341
Current liabilities			
Trade and other payables	19	1,667,557	1,374,862
Lease liabilities	20	99,924	84,350
		1,767,481	1,459,212
Net current assets			
		4,457,071	7,781,129
Non-current liabilities			
Trade and other payables	19	87,740	125,212
Lease liabilities	20	298,428	330,898
		386,168	456,110
Net assets			
		12,851,239	14,937,573
Equity			
Called up share capital	23	3,803,402	3,803,402
Share premium account	24	39,308,529	39,308,529
Warrant reserve	25	937,505	429,915
Merger reserve	26	10,209,673	10,209,673
Retained earnings		(41,407,870)	(38,813,946)
Total equity			
		12,851,239	14,937,573

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the year was £2,764,403 (2020: £2,229,669).

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2022 and are signed on its behalf by:

Sean Smith
Director

Company Registration No. 03071324

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Merger reserve £	Warrant reserve £	Retained earnings £	Total £	Non- controlling interest £	Total £
Balance at 1 January 2020		2,071,893	31,289,915	10,209,673	335,739	(36,571,912)	7,335,308	12,366	7,347,674
Year ended 31 December 2020:									
Loss and total comprehensive income for the year		-	-	-	-	(2,270,347)	(2,270,347)	7,323	(2,263,024)
Issue of share capital		1,731,509	8,018,614	-	-	-	9,750,123	-	9,750,123
Options granted		-	-	-	94,176	-	94,176	-	94,176
Balance at 31 December 2020		3,803,402	39,308,529	10,209,673	429,915	(38,842,259)	14,909,260	19,689	14,928,949
Year ended 31 December 2021:									
Loss and total comprehensive income for the year		-	-	-	-	(2,788,973)	(2,788,973)	11,430	(2,777,543)
Issue of share capital	23/24	-	-	-	-	-	-	-	-
Options granted	22	-	-	-	678,069	-	678,069	-	678,069
Options lapsed	22	-	-	-	(170,479)	170,479	-	-	-
Balance at 31 December 2021		3,803,402	39,308,529	10,209,673	937,505	(41,460,753)	12,798,356	31,119	12,829,475

Company statement of changes in equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Merger reserve £	Warrant reserve £	Retained earnings £	Total £
Balance at 1 January 2020		2,071,893	31,289,915	10,209,673	335,739	(36,584,277)	7,322,943
Year ended 31 December 2020:							
Loss and total comprehensive income for the year		-	-	-	-	(2,229,669)	(2,229,669)
Issue of share capital		1,731,509	8,018,614	-	-	-	9,750,123
Options granted		-	-	-	94,176	-	94,176
Balance at 31 December 2020		3,803,402	39,308,529	10,209,673	429,915	(38,813,946)	14,937,573
Year ended 31 December 2021:							
Loss and total comprehensive income for the year		-	-	-	-	(2,764,403)	(2,764,403)
Issue of share capital	23/24	-	-	-	-	-	-
Options granted	22	-	-	-	678,069	-	678,069
Options lapsed	22	-	-	-	(170,479)	170,479	-
Balance at 31 December 2021		3,803,402	39,308,529	10,209,673	937,505	(41,407,870)	12,851,239

Consolidated statement of cash flows

For the year ended 31 December 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	33	(1,586,582)		(1,265,812)	
Interest paid		–		(450)	
Interest on lease liabilities		(32,074)		(23,550)	
Tax refunded		–		268,777	
Net cash outflow from operating activities		(1,618,656)		(1,021,035)	
Investing activities					
Purchase of intangible assets		(1,624,927)		(1,701,287)	
Purchase of property, plant and equipment		(101,269)		(200,758)	
Interest received		98		5,725	
Net cash used in investing activities		(1,726,098)		(1,896,320)	
Financing activities					
Gross proceeds from issue of shares		–		10,389,053	
Expenses from issue of shares		–		(638,930)	
Payment of lease liabilities		(90,387)		(44,457)	
Net cash generated from/(used in) financing activities		(90,387)		9,705,666	
Net increase/(decrease) in cash and cash equivalents		(3,435,141)		6,788,311	
Cash and cash equivalents at beginning of year		7,286,503		501,984	
Effect of foreign exchange rates		(21,993)		(3,792)	
Cash and cash equivalents at end of year		3,829,369		7,286,503	
Relating to:					
Bank balances and short-term deposits		3,829,369		7,286,503	

Company statement of cash flows

For the year ended 31 December 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	33	(1,586,582)		(1,265,812)	
Interest paid		–		(450)	
Interest on lease liabilities		(32,074)		(23,550)	
Tax refunded		–		268,777	
Net cash outflow from operating activities		(1,618,656)		(1,021,035)	
Investing activities					
Purchase of intangible assets		(1,624,927)		(1,701,287)	
Purchase of property, plant and equipment		(101,269)		(200,758)	
Interest received		98		5,725	
Net cash used in investing activities		(1,726,098)		(1,896,320)	
Financing activities					
Gross proceeds from issue of shares		–		10,389,053	
Expenses from issue of shares		–		(638,930)	
Payment of lease liabilities		(90,387)		(44,457)	
Net cash generated from/(used in) financing activities		(90,387)		9,705,666	
Net increase/(decrease) in cash and cash equivalents		3,435,141		6,788,311	
Cash and cash equivalents at beginning of year		7,286,503		501,984	
Effect of foreign exchange rates		(21,993)		(3,792)	
Cash and cash equivalents at end of year		3,829,369		7,286,503	
Relating to:					
Bank balances and short-term deposits		3,829,369		7,286,503	

Notes to the group financial statements

For the year ended 31 December 2021

1 Accounting policies

Company information

Eden Research plc is a public company limited by shares incorporated in England and Wales. The registered office is 67C Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RQ. The Company's principal activities and nature of its operations are disclosed in the Directors' report.

The group consists of Eden Research plc, its subsidiaries, TerpeneTech Limited (Ireland), Eden Research Europe Limited (Ireland) and its associate company, TerpeneTech Limited (UK).

1.1 Accounting convention

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

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

They have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Associates

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

Application of the equity method to associates

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

Changes in presentation of the financial statements

The Directors continue to assess the clarity of the financial statements and the need for changes in presentation to enable and assist understanding of users of the accounts as the operations of the Group continue to evolve.

Following this consideration, however, there have been no changes made in the current year, including changes in comparative figures, to enhance presentation.

1.2 Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December 2021. The profits and losses of the Company and its subsidiary are consolidated from the date from which control is achieved. All members of the group have the same reporting period.

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

1.3 Going concern

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

The Group has reported a loss for the year after taxation of £2,777,543 (2020: £2,263,024). Net current assets at that date amounted to £4,329,111 (2020: £7,653,036). Cash at that date amounted to £3,829,369 (2020: £7,286,503). As at 30 April 2022, the cash balance has reduced further to £2,451,971. The group is reliant on its existing cash balance to fund its working capital.

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

Notes to the group financial statements continued

1 Accounting policies continued

1.3 Going concern continued

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

The impact of COVID has been considered in the forecasts. The Group has not been significantly impacted by the pandemic although it has led to some delays in regulatory approvals, product development process and limited promotional activity. The forecasts reflect this with the development expenditure timing based on the latest experience with regulatory authorities and sales volumes on the latest distributors' information which reflects their post-COVID demand.

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

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

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

The Group's achievement of long-term positive cash generation is reliant on the completion of ongoing product development and successful initial approval and registration of these products with various regulatory bodies, as well as the registration of existing products in new territories. While the Group is forecast to become cash generative in 2024 under the base budget, the Directors consider it reasonably possible that the Group will require a further fundraise prior to that point but beyond the going concern period. The Directors have assessed the likelihood of obtaining such funding, particularly in the context of the successful raise in March 2020, and would expect to be able to raise such funds as necessary.

1.4 Revenue

Revenue is recognised only when the Company has satisfied a performance obligation by transferring control to a customer.

Revenue represents amounts receivable by the Company in respect of services rendered during the year in accordance with the underlying contract of licence, stated net of value added tax.

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

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

Each sale of a licence by the Company is assessed to determine whether the licence is distinct from the sale of other goods and services, and whether the licence granted provides use of the Company's intellectual property as it exists at that point in time, with no ongoing obligation on the Company, or alternatively provides access to the intellectual property as it develops over time. Where the Company has discharged all of its ongoing obligations associated with the licence granted, revenue is recognised on invoicing of the licence fee payment at which point the customer can use and benefit from the licence. Where there is an ongoing obligation on the Company, revenue is recognised in the periods to which the obligations pertain.

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

The following is a description of the principal activities from which the Company generates its revenue.

Licensing fees

The Company receives licensing fees from partners who have taken a licence for the right to use Eden's intellectual property, usually defined by field of use and territory. These are identified as the right to use as the Company does not have an obligation to undertake activities that significantly affect the relevant intellectual property.

Milestone payments

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

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

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

The Corteva agreement entered into in the current year includes milestone payments with £141,293 received in the current year. These milestone payments have been assessed to relate to a performance obligation in respect of provision of R&D services and a licence to the developed product with the performance obligation being satisfied at a point in time. As at year end, this performance obligation had not been reached and, consequently, the amounts received deferred as contract liability (presented within Accruals and Deferred Income in note 19).

Further milestone payments are contractually due in the year ending 31 December 2022. The performance obligation is expected to be met no later than by 31 December 2023.

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

R&D charges

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

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

Royalties

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

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

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

Product sales

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

At that point, Eden has the product manufactured through a third-party, toll manufacturer. At the point at which the product is finished and is made available to the partner to collect, or, if the Company is responsible for the shipping, the product has been shipped, the partner is liable for the product and obliged to pay Eden. Normal terms for product sales are 90 to 120 days. Returns are not accepted and refunds are only made when product supplied is notified as defective within 60 days.

The Group does not have any contract assets or liabilities other than the liability in respect of the Corteva milestone payments noted in the milestone section (2020: none).

Notes to the group financial statements continued

1 Accounting policies continued

1.5 Intangible assets other than goodwill

Intellectual property, including development costs, is capitalised and amortised on a straight-line basis over its remaining estimated useful economic life of 9 years in line with the remaining life of the Company's master patent, which was originally 20 years, with additional Supplementary Protection Certificates having been granted in the majority of the countries in the EU in which Eden is selling Mevalone®. The useful economic life of intangible assets is reviewed on an annual basis.

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

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

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

1.6 Property, plant and equipment

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

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

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

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

1.7 Impairment of tangible and intangible assets

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

1.8 Inventories

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

1.9 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a part to the contractual provisions of the instrument.

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

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

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

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

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

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

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

Cash and cash equivalents

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

(b) Subsequent measurement and gains and losses

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

Financial liabilities and equity

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

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

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

Notes to the group financial statements continued

1 Accounting policies continued

1.9 Financial instruments continued

(iii) Impairment

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

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

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

Write-offs

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

1.10 Taxation

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

Current tax

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

R&D tax credits are accounted for by reference to IAS 12.

Deferred tax

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

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

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

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

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

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 Share-based payments

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

Unapproved share option scheme

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

Long-Term Incentive Plan ('LTIP')

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

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

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

Notes to the group financial statements continued

1 Accounting policies continued

1.13 Share-based payments continued

Long-Term Incentive Plan ('LTIP') continued

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

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

In June 2021, the Company made changes to the LTIP. Details can be found on pages 37 to 39.

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

The Company issued further options under the modified LTIP, in excess of the replacement awards, details of which can be found on page 84. These include graded vesting.

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

Other share options

In addition to the LTIP grant, the Company awarded certain employees approved options. Details of these options can be found on page 84. The accounting treatment for these options is consistent with that indicated under the LTIP section at the start of this page.

1.14 Leases

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

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

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

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

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

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

1.15 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.16 Foreign exchange

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

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

1.17 Research and development

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

1.18 Defined contribution plan

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

1.19 Financial risk management

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

2 Adoption of new and revised standards and changes in accounting policies

(a) New standards, amendments and interpretations

There has been one newly effective amendment to standards during the year.

- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts', IFRS 16 'Leases' related to interest rate benchmark reform (phase two) and the issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Notes to the group financial statements continued

2 Adoption of new and revised standards and changes in accounting policies continued

(b) New standards, amendments and interpretations issued but not effective and not adopted early

A number of new standards, amendments to standards and interpretations which are set out below are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements.

- Amendment to IFRS 3 'Business combinations' to update references to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts', IFRS 16 'Leases' related to interest rate benchmark reform (phase two) and the issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- Amendment to IFRS 16 'Leases' which provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.
- IFRS 17 'Insurance contracts' which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 'Insurance Contracts'.
- Amendments to IAS 1 'Presentation of financial statements' on classification of liabilities which is intended to clarify that liabilities are classified as either current or non-current depending upon the rights that exist at the end of the reporting period.
- Amendments to IAS 16 'Property, plant and equipment' to prohibit the deduction from cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use with any such sales and related cost recognised in profit or loss.
- Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' to specify which costs a company includes when assessing whether a contract will be loss making.
- Annual improvements to make minor amendments to IFRS 1 'First-time adoption of IFRS', IFRS 9 'Financial Instruments', IAS 41 'Agriculture' and amendments to the illustrative examples accompanying IFRS 16 'Leases'.

The Directors anticipate that at the time of this report none of the new standards, amendments to standards and interpretations are expected to have a material effect on the financial statements of the Group or parent Company.

3 Critical accounting estimates and judgements

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

Going concern

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

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

Associate

A judgement has been made that Eden exerts significant influence on TerpeneTech (UK) such that it is an associate company and, as such, adoption of equity accounting is appropriate.

COVID-19

The Company has made accounting judgements and estimates based on there being minimal impact of COVID-19 on the business in the long term. This is impacting, in particular, the forecasts used as the basis for intangibles impairment review, investment impairment review and going concern. Clearly, this is still a degree of uncertainty as to exactly how and if the business could be impacted and the Directors will continue to monitor the situation closely.

Other accounting judgements

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

Capitalised development costs and Intellectual property

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

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

Significant judgement had to be exercised in respect of £nil costs capitalised in the current year (2020: £59,222) and therefore the Directors do not consider this to represent a critical judgement. There has been no research and development expenditure recognised as an expense in the current year in the P&L in excess of the amortisation of intangible assets as disclosed in note 12 (2020: £nil).

4 Revenue and Segmental Information

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

The Executive Directors monitor and then assess the performance of segments based on product type and geographical area using a measure of adjusted EBITDA. This is the result of the segment after excluding the share-based payment charges, other operating income and the amortisation of intangibles. These items, together with interest income and expense are allocated to Agrochemicals, being the Company's primary focus.

The segment information for the year ended 31 December 2021 is as follows:

Revenue	Agrochemicals £	Consumer products £	Animal health £	Total £
Milestone payments	5,250	–	–	5,250
R & D charges	–	7,760	–	7,760
Royalties	57,170	36,131	–	93,301
Product sales	1,122,269	–	–	1,122,269
Total revenue	1,184,689	43,891	–	1,228,580
Adjusted EBITDA	(2,021,602)	43,891	–	(1,977,711)
Share Based Payments	(640,597)	–	–	(640,597)
EBITDA	(2,662,199)	43,891	–	(2,618,308)
Amortisation	(421,358)	(13,272)	–	(434,630)
Depreciation	(155,342)	–	–	(155,342)
Finance costs, foreign exchange and investment revenues	(129,223)	–	–	(129,223)
Impairment of investment in associate	–	–	–	–
Income Tax	618,137	–	–	618,137
Share of Associate's loss	–	(58,177)	–	(58,177)
(Loss)/Profit for the Year	(2,749,985)	(27,558)	–	(2,777,543)
Total Assets	15,004,888	22,197	–	15,027,085
Total assets includes:				
Additions to Non-Current Assets	1,802,660	–	–	1,802,660
Total Liabilities	2,153,649	43,961	–	2,197,610

Please note the Consumer products segment was previously referred to as Human health and biocides.

Notes to the group financial statements continued

4 Revenue and Segmental Information continued

The segment information for the year ended 31 December 2020 is as follows:

Revenue	Agrochemicals £	Consumer products £	Animal health £	Total £
Milestone payments	27,523	–	–	27,523
R & D charges	7,660	8,551	–	16,211
Royalties	180,801	27,919	–	208,720
Product sales	1,116,534	–	–	1,116,534
Total revenue	1,332,518	36,470	–	1,368,988
Adjusted EBITDA	(1,528,934)	36,470	–	(1,492,464)
Share Based Payments	(120,380)	–	–	(120,380)
EBITDA	(1,649,314)	36,470	–	(1,612,844)
Amortisation	(539,535)	(13,274)	–	(552,809)
Depreciation	(70,039)	–	–	(70,039)
Finance costs, foreign exchange and investment revenues	17,433	–	–	17,433
Impairment of investment in associate	(299,521)	–	–	(299,521)
Income Tax	285,108	–	–	285,108
Share of Associate's loss	(30,352)	–	–	(30,352)
(Loss)/Profit for the Year	(2,286,220)	23,196	–	(2,263,024)
Total Assets	16,804,893	119,471	–	16,924,364
Total assets includes:				
Additions to Non-Current Assets	2,319,566	–	–	2,319,566
Total Liabilities	1,915,322	80,093	–	1,995,415

	2021 £	2020 £
Revenue analysed by geographical market		
UK	83,891	16,211
Europe	1,144,689	1,352,777
	1,228,580	1,368,988

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

Revenues of approximately £1,036,156 (2020: £1,297,922) are derived from three customers who each account for greater than 10% of the Group's total revenues:

Customer	2021 £	2021 %	2020 £	2020 %
A	900,364	73.3	741,609	54.2
B	134,192	10.9	230,412	16.8
C	1,600	0.1	325,901	23.8

5 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	–	(7,601)
Fees payable to the Company's auditor for the audit of the Company's financial statements	55,000	40,000
Depreciation of right-of-use assets (included within administrative expenses)	98,287	57,346
Impairment of investment in associate	–	299,521
Amortisation of intangible assets	434,630	552,809
Share-based payments	640,597	120,380

Government grants related to amounts received in respect of the Coronavirus Job Retention Scheme.

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2021 Number	2020 Number
Management	4	4
Operational	12	7
	16	11

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,422,841	1,104,400
Social security costs	172,142	131,158
Pension costs	53,836	51,056
Benefits in kind	5,826	5,562
Share based payment charge	678,069	94,176
	2,332,714	1,386,352

Notes to the group financial statements continued

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	656,194	618,350
Company pension contributions to defined contribution schemes	31,009	28,990
Non-executive Directors' fees	85,000	78,333
Benefits in kind	5,826	5,562
Share based payment charge relating to all Directors	632,836	94,176
	1,410,865	825,411

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 2).

The number of Directors who are entitled to receive shares under long term incentive schemes during the year is 2 (2020: 2).

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

	2021 £	2020 £
Remuneration for qualifying services	376,972	366,602

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

2021	Salary £	Bonus £	Fees £	Pension £	Share Based Payments £	Total £
A Abrey	190,000	79,800	–	13,297	271,256	554,353
S Smith	253,000	106,260	–	17,712	361,580	738,552
R Cridland	–	–	40,000	–	–	40,000
L van der Broek	–	–	45,000	–	–	45,000
	443,000	186,060	85,000	31,009	632,836	1,377,905

2020	Salary £	Bonus £	Fees £	Pension £	Share Based Payments £	Total £
A Abrey	180,000	88,200	–	12,538	39,872	320,610
S Smith	235,000	115,150	–	16,452	54,304	420,906
R Cridland	–	–	36,666	–	–	36,666
L van der Broek	–	–	41,667	–	–	41,667
	415,000	203,350	78,333	28,990	94,176	819,849

8 Investment income

	2021 £	2020 £
Interest income		
Bank deposits	98	5,725

Total interest income for financial assets that are not held at fair value through profit or loss is £98 (2020: £5,725).

9 Finance costs and foreign exchange (gains)/losses

	2021 £	2020 £
Interest on lease liabilities	32,074	23,550
Interest on bank overdrafts and loans	–	450
Finance costs	32,074	24,000
Exchange differences on working capital	75,254	(39,498)
Effect of exchange rate fluctuations on cash	21,993	3,792
Exchange losses and (gains)	97,247	(35,706)

10 Income tax income

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	(572,585)	(285,108)
Adjustments in respect of prior periods	(45,552)	–
Total UK current tax	(618,137)	(285,108)

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

	2021 £	2020 £
Loss	(3,395,680)	(2,548,132)
Expected tax credit based on a corporation tax rate of 19% (2019: 19.00%)	(645,179)	(484,145)
Ineligible fixed asset differences	11,639	32,067
Expenses not deductible for tax purposes	129,845	88,498
Additional deduction for R&D expenditure	(424,074)	(211,159)
Surrender of tax losses for R&D tax credit refund	177,699	88,481
Adjustment in respect of prior years	(45,552)	–
Deferred tax not recognised	177,485	201,150
Taxation credit for the year	(618,137)	(285,108)

Notes to the group financial statements continued

10 Income tax income continued

The March 2020 Budget announced that a corporation tax rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The March 2021 Budget announced that a corporation tax rate of 25% would apply with effect from 1 April 2023. This was substantively enacted on 24 May 2021. As this change was not substantively enacted at the balance sheet date, it has not been reflected in the measurement of deferred tax balances at the period end.

The taxation credit for the year represents the research and development credit for the year ended 31 December 2021.

The current tax recoverable as at 31 December 2021 represents R&D tax credits and is made up as follows:

	2021 £	2020 £
Current tax		
R & D cash tax credit for the current period	(572,585)	(285,108)
R & D cash tax credit for the prior period	(330,660)	–
Total UK current tax recoverable	(903,245)	(285,108)

Deferred Tax

In the year, a deferred tax liability in respect of fixed asset temporary differences of £1,237,820 has been recognised. This has been offset fully by partial recognition of deferred tax asset from trading losses brought forward, resulting in a £nil deferred tax balance in the Statement of Financial Position.

The losses carried forward, after the above offset, for which no deferred tax asset has been recognised, amount to approximately £21,214,533 (2020: £22,379,505).

The unprovided deferred tax asset of £4,030,761 (2020: £4,265,891) arises principally in respect of trading losses. It has been calculated at 19% (2020: 19%) and has not been recognised due to the uncertainty of timing of future profits against which it may be realised.

11 Earnings per share

	2021 £	2020 £
Weighted average number of ordinary shares for basic and diluted earnings per share	380,340,229	344,629,577
Earnings (all attributable to equity shareholders of the Company)		
Loss for the period	(2,777,543)	(2,270,347)
Basic earnings per share	(0.73p)	(0.66p)
Diluted earnings per share	(0.73p)	(0.66p)

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

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

There were 11,018,738 (2020: nil) potential ordinary shares at the year end which were not included in the calculation of the diluted EPS because they were antidilutive for the period presented.

12 Intangible assets

Group	Licences and trademarks £	Development costs £	Intellectual property £	Total £
Cost				
At 1 January 2020	447,351	5,059,621	9,181,324	14,688,296
Additions	1,545	1,564,785	134,957	1,701,287
At 31 December 2020	448,896	6,624,406	9,316,281	16,389,583
Additions	7,788	1,525,734	91,405	1,624,927
At 31 December 2021	456,684	8,150,140	9,407,686	18,014,510
Amortisation and impairment				
At 1 January 2020	437,751	2,179,331	6,490,209	9,107,291
Charge for the year	11,145	315,192	226,472	552,809
At 31 December 2020	448,896	2,494,523	6,716,681	9,660,100
Charge for the year	–	214,682	219,948	434,630
At 31 December 2021	448,896	2,709,205	6,936,629	10,094,730
Carrying amount				
At 31 December 2021	7,788	5,440,935	2,471,057	7,919,780
At 31 December 2020	–	4,129,883	2,599,600	6,729,483

Company	Licences and trademarks £	Development costs £	Intellectual property £	Total £
Cost				
At 1 January 2020	447,351	5,059,621	9,048,581	14,555,553
Additions	1,545	1,564,785	134,957	1,701,287
At 31 December 2020	448,896	6,624,406	9,183,538	16,256,840
Additions	7,788	1,525,734	91,405	1,624,927
At 31 December 2021	456,684	8,150,140	9,274,943	17,881,767
Amortisation and impairment				
At 1 January 2020	437,751	2,179,331	6,490,209	9,107,291
Charge for the year	11,145	315,192	213,198	539,535
At 31 December 2020	448,896	2,494,523	6,703,407	9,646,826
Charge for the year	–	214,682	206,676	421,358
At 31 December 2021	448,896	2,709,205	6,910,083	10,068,184
Carrying amount				
At 31 December 2021	7,788	5,440,935	2,364,860	7,813,583
At 31 December 2020	–	4,129,883	2,480,131	6,610,014

Intellectual property represents intellectual property in relation to use of encapsulated terpenes in agrochemicals. The remaining useful economic life of that asset is 9 years.

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 Company has made in registering its products and other key commercial factors to inform the review.

Notes to the group financial statements continued

12 Intangible assets continued

Of £7,919,780 carrying amount of intangible assets, £7,813,583 has been allocated to the Agrochemicals Cash Generating Unit (CGU). The remaining intangible assets have been allocated to the Consumer products CGU for which no impairment indicators have been identified. The Agrochemicals CGU has been tested for impairment as it is the only CGU with intangible assets not yet available for use.

The Directors have prepared a discounted cash-flow forecast, based on product sales forecasts including those provided by the Company's commercial partners, and have taken into account the market potential for Eden's products and technologies using third party market data that Eden has acquired licences to.

The forecast covers a period of 9 years, with no terminal value, reflecting the useful economic life of the patent in respect of the underlying technology. Financial forecasts for 2022 are based on the approved annual budget. Financial forecasts for 2023-2028 are based on the approved long-term plan. Financial forecasts for 2029-2030 are extrapolated based on the long-term growth rate of 2%.

The estimated recoverable amount of the CGU exceeded its carrying amount by £8.3m and based on the review carried out management is satisfied that intangible assets are not impaired.

As set out in the Strategic Report, the business is in a critical phase of its development as the development of products is transitioned to revenue generation. The value of the CGU is supported by forecasts of continued revenue growth of existing products and the successful introduction and growth of sales of products currently under development.

The key assumptions of the forecast are the future cash flows, driven primarily by level of sales, and the discount rate. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The rate used was 12.4% (2020: 10%). The increase in the rate reflects the wider market movements as based on the comparator group as well as increased forecasting risk given the underperformance in the current year. This is offset by a slight reduction in the discount rate in respect of the impact of COVID-19 which has been incorporated into the forecast cash flows given greater clarity since prior year.

The impact of increasing the discount rate by 1.6%, which is considered a reasonably possible change, would be a decrease in the recoverable amount by £1.9m. The discount rate would have to increase to 28.9% to reduce the headroom to £nil which is not considered likely.

The average annual growth rate has been assumed at 51% (2020: 48%), reflecting the latest forecasts based on information provided by customers and own market analysis. The rate stands at 98% up to 2025, reflecting commercialisation of new products in the period, reducing to 14% from 2026 onwards.

A reduction in growth from year 6 onwards to the long-term growth rate for the Insecticides product (the sole product with growth in excess of the long-term growth rate after year 5), which is considered a reasonably possible change, would reduce the recoverable amount by £5.3m.

Forecast sales would have to reduce by an average of, approximately, 22% per annum to reduce headroom to £nil, which is not considered likely.

13 Property, plant and equipment

Consolidated and Company	Fixtures and fittings £	Total £
Cost		
At 1 January 2020	–	–
Additions – owned	200,758	200,758
At 31 December 2020	200,758	200,758
Additions – owned	101,269	101,269
At 31 December 2021	302,027	302,027
Accumulated depreciation and impairment		
At 1 January 2020	–	–
Charge for the year	12,693	12,693
At 31 December 2020	12,693	12,693
Charge for the year	57,056	57,056
At 31 December 2021	69,749	69,749
Carrying amount		
At 31 December 2021	232,278	232,278
At 31 December 2020	188,065	188,065

14 Right-of-Use Assets

Consolidated and Company	Land and buildings £	Motor vehicles £	Total £
Cost			
At 1 January 2020	78,668	35,865	114,533
Additions	417,521	–	417,521
Disposals	(78,668)	–	(78,668)
At 31 December 2020	417,521	35,865	453,386
Additions	26,256	50,208	76,464
Disposals	–	–	–
At 31 December 2021	443,777	86,073	529,850
Accumulated depreciation and impairment			
At 1 January 2020	39,334	13,449	52,783
Charge for the year	48,380	8,966	57,346
Eliminated on disposal	(51,353)	–	(51,353)
At 31 December 2020	36,361	22,415	58,776
Charge for the year	83,504	14,783	98,287
At 31 December 2021	119,865	37,198	157,063
Carrying amount			
At 31 December 2021	323,912	48,875	372,787
At 31 December 2020	381,160	13,450	394,610

Notes to the group financial statements continued

15 Investments in associates

	Current		Non-current	
	2021 £	2020 £	2021 £	2020 £
Investments in associates	–	–	361,688	419,865

Details of the Group's associates at 31 December 2021 are as follows:

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

	2021 £	2020 £
Non-current assets	440,601	502,954
Current assets	287,576	237,697
Non-current liabilities	(98,806)	(98,806)
Current liabilities	(269,026)	(213,670)
Net assets (100%)	360,345	428,175
Company's share of net assets	107,743	151,352
Separable intangible assets	140,817	155,385
Goodwill	412,649	412,649
Impairment of investment in associate	(299,521)	(299,521)
Carrying value of interest in associate	361,688	419,865
Revenue	361,307	279,185
100% of loss after tax	(145,849)	(52,790)
29.9% of loss after tax	(43,609)	(15,784)
Amortisation of separable intangible	(14,568)	(14,568)
Company's share of loss including amortisation of separable intangible asset	(58,177)	(30,352)

The associate is included in the Consumer Products operating segment.

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

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

The Directors have used discounted cash-flow forecasts, based on product sales forecasts provided by TerpeneTech (UK), and have taken into account the market potential for those products. These forecasts cover a 9-year period, with no terminal value, in line with the patent of the underlying technology.

The key assumptions of the forecast are the growth rate and the discount rate. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the asset. The rate used was 15% (2020: 15%). The use of the same discount rate reflects, in addition to the wider market movements, a reduction in uncertainty in the head-lice sales, reflecting conclusion of negotiations with a distributor as well as in geraniol sales, following another year of double digit growth, offset by increased forecasting risk as the Company failed to fully meet the forecast performance for another year.

Based on the review the Directors carried out, it was determined that the Investment was not impaired and, as such, no impairment charge (2020: £299,521) was recognised.

The impairment in 2020 was primarily due to the impact of COVID-19 which resulted in a delay in the launch of the head-lice product and which significantly impacted the head-lice product market and, consequently, the forecast level of sales. This impact is exacerbated by the limited forecast period.

An increase in the discount rate of 1.9% would result in an increase in impairment of £27,890.

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

The average annual growth rate has been assumed at 21% (2020: 32%). The majority of this growth arises in the first 3 years of the forecast, reflecting primarily the initial commercialisation of the head-lice product, resulting in the average growth rate over that period of 46%, reducing to 9% for the remainder of the forecast period. The average annual growth rate of existing business stands at 13% (2020: 4%).

An annual reduction of 20% in the forecast head-lice product sales over the entire forecast period would result in impairment of £7,101.

A reduction to growth rate of the existing business in the first 5 years of the forecast to the growth observed in the prior year would result in impairment of £91,563.

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

16 Subsidiaries

Details of the Company's subsidiaries at 31 December 2021 are as follows:

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

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

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

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

Notes to the group financial statements continued

16 Subsidiaries continued

Non-controlling interests

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

	2021 £	2020 £
NCI percentage	50%	50%
Non-current assets	106,199	119,471
Current assets	–	–
Non-current liabilities	–	–
Current liabilities	(43,962)	(80,093)
Net (liabilities)/assets (100%)	62,237	39,378
<i>Carrying amount of NCI</i>		
Revenue	36,131	27,919
Profit after tax	22,859	14,647
OCI	–	–
Total comprehensive income	22,859	14,647
Cash flows from operating activities	–	–
Cashflows form investing activities	–	–
Cashflows from financing activities	–	–
Net increase / (decrease) in cash and cash equivalents	–	–
Dividends paid to non-controlling interests	–	–

17 Inventories

	Group and Company	
	2021 £	2020 £
Finished goods	521,351	224,422

18 Trade and other receivables

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Trade receivables	693,948	909,452	693,948	909,452
VAT recoverable	104,760	242,187	104,760	242,187
Other receivables	65,957	57,619	149,957	57,619
Prepayments and accrued income	21,922	187,050	21,922	235,050
	886,587	1,396,308	970,587	1,444,308

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

19 Trade and other payables

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Current				
Trade payables	1,147,823	794,439	1,147,823	794,439
Accruals and deferred income	440,416	250,017	440,416	250,017
Social security and other taxation	45,495	43,186	45,495	43,186
Other payables	77,784	367,313	33,823	287,220
	1,711,518	1,454,955	1,667,557	1,374,862
Non-current				
Other payables (note 22, 'Xinova liability')	87,740	125,212	87,740	125,212
	87,740	125,212	87,740	125,212

20 Lease liabilities

	2021 £	2020 £
Maturity analysis		
Within one year	128,553	117,204
In two to five years	307,275	385,388
Total undiscounted liabilities	435,828	502,592
Future finance charges and other adjustments	(37,476)	(87,344)
Lease liabilities in the financial statements	398,352	415,248

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

	2021 £	2020 £
Current liabilities	99,924	84,350
Non-current liabilities	298,428	330,898
	398,352	415,248
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	32,074	23,550

Other leasing information is included in note 29.

Notes to the group financial statements continued

21 Retirement benefit schemes

Defined contribution schemes

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

The total costs charged to income in respect of defined contribution plans is £53,836 (2020: £51,056).

22 Share-based payment transactions

Long-Term Incentive Plan ("LTIP")

Since September 2017 Eden has operated an option scheme for executive directors, senior management and certain employees under an LTIP which allows for certain qualifying grants to be HMRC approved. Further details can be found on page 37 of the Remuneration Report.

2019 Award

On 28 June 2019, 5,891,111 shares were awarded under the LTIP scheme to the Chief Executive Officer and the Chief Financial Officer ("2019 Award").

The share-based payment charge for the 2019 Award is set out as follows:

Financial year ended 31 December	Share based payment charge £
2017	27,210
2018	85,372
2019	110,743
2020	94,176
2021	51,909
2022	16,959
	386,369

The following information is relevant in the determination of the fair value of options granted under the 2019 Award.

	2017 Award	2018 Award
Grant date	28/06/2019	28/06/2019
Number of awards	2,868,889	3,022,222
Share price	0.115	0.115
Exercise price	£nil	£nil
Expected dividend yield	-%	-%
Expected volatility	50.82%	50.82%
Risk free rate	0.614%	0.614%
Vesting period	2 years	3 years
Expected Life (from date of grant)	2 years	3 years

LTIP Replacement Award

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

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

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

For accounting purposes, the options granted under the LTIP Replacement Award have been treated as a modification of the 2019 Award as per IFRS 2.

Where awards previously granted have been deemed to be modified, IFRS 2 requires the share-based payment charge to comprise the original fair value of the awards, together with an incremental fair value.

A summary of the number of awards modified in the year ended 31 December 2021 and their fair values is set out in the table below:

Fair Value of Awards at 31 December 2021	Incremental Fair Value £	Incremental Fair Value per Award £
2017 Awards	231,846	0.048
2018 Awards	229,998	0.046
Total	461,844	

Share-based payment charge

The total share-based payment charge to be recognised by Eden in respect of the LTIP Replacement Award in the year ended 31 December 2021 and subsequent periods are as follows:

	2017 Awards		2018 Awards		Total
	Original Annual £	Replacement Annual £	Original Annual £	Replacement Annual £	Annual £
Charge for grants during the period					
31 Dec 21	17,735	231,846	34,174	229,998	513,753
31 Dec 22	-	-	16,959	-	16,959

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

	Replacement Awards
Grant date	30/06/2021
Number of awards	10,500,000
Share price	£0.10
Exercise price	£0.06
Expected dividend yield	-%
Expected volatility	70%/59%/67%
Risk free rate	0.02%/0.02%/0.05%
Vesting period	Nil
Expected Life (from date of grant)	0.5/1/1.5 years

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

Notes to the group financial statements continued

22 Share-based payment transactions continued

2021 Award

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

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

1/3 upon grant

1/3 12 months from the date of grant

1/3 24 months from the date of grant

The share-based payment charge for the year ended 31 December 2021 in respect of the above 2021 LTIP awards was £119,083.

In addition to the options granted under the LTIP, certain employees were awarded approved options over a total of 996,220 shares. These have been issued at a strike price of 10-10.37p with expiry date between 30 June 2022 and 30 June 2024. 640,664 of these vested immediately with the remainder vesting over a 3-year period. The share-based payments charge in respect of all these options for the year ended 31 December 2021 was £45,233.

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

Options awards

	Number of share options		Weighted average exercise price (pence)	
	2021	2020	2021	2020
Outstanding at 1 January	5,891,111	5,891,111	–	–
Granted during the year	18,680,004	–	7	–
Exercised during the year	–	–	–	–
Lapsed during the year	(5,891,111)	–	–	–
Exercisable at 31 December	18,680,004	5,891,111	7	–

The exercise price of options outstanding at the end of the year ranged between 1p and 10p (2020: £nil) and their weighted average contractual life was 2.4 years (2020: 1.4 years.)

The share-based payment charge for the year, in respect of options, was £678,069 (2020: £nil).

At the year end, of the options granted 13,680,006 were unapproved (2020: nil) and 4,999,998 were approved (2020: 5,891,111).

Options granted prior to the 2017 LTIP

Prior to the implementation of the LTIP in 2017, Eden had granted options to its Executive Directors, senior management and certain employees, as follows:

	Number of share options		Weighted average exercise price (pence)	
	2021	2020	2021	2020
Outstanding at 1 January	1,050,000	1,050,000	13	13
Granted during the year	–	–	–	–
Exercised during the year	–	–	–	–
Lapsed during the year	(1,050,000)	–	13	–
Exercisable at 31 December	–	1,050,000	–	13

For those options and warrants which were not granted under the Company's LTIP, fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions.

For those options which were granted under the Company's LTIP, Monte Carlo techniques were used to simulate future share price movements of the Company to assess the likelihood of the performance criteria being met and the fair value of the awards upon vesting. The modelling calculates many scenarios in order to estimate the overall fair value based on the average value where awards vest.

Warrants

	Number of share options		Weighted average exercise price (pence)	
	2021	2020	2021	2020
Outstanding at 1 January	2,989,865	2,989,865	19	19
Granted during the year	–	–	–	–
Exercised during the year	–	–	–	–
Lapsed during the year	–	–	–	–
Exercisable at 31 December	2,989,865	2,989,865	19	19

The exercise price of warrants outstanding at the end of the year ranged between 12p and 30p (2020: 12p and 30p) and their weighted average contractual life was 0.4 years (2020: 1.4 years.) None of the warrants have vesting conditions.

The share-based payment charge for the year, in respect of warrants, was £nil (2020: £nil). The weighted average fair value of each warrant granted during the year was £nil (2020: £nil).

Xinova liability

In September 2015, the Company entered into a Collaboration and Licence agreement with Invention Development Management Company LLC (part of Intellectual Ventures, now called Xinova LLC). As part of this agreement, upon successful completion of a number of different tasks, Xinova will be entitled to a payment which is calculated using a percentage (initially 3.17%, reduced to 1.6% following the fundraising in March 2020) of the fully diluted equity value, reduced by cash and cash equivalents, of the Company on the date on which payment becomes due which is expected to be 30 September 2025. This has been accounted for as a cash-settled share-based payment under IFRS 2.

An amount of £67,462, being the estimated fair value of the liability due to Xinova, was recognised during 2016 and included as a non-current liability, as disclosed in note 19 to the accounts. It is not believed that the value of the services provided by Xinova can be reliably measured, and so this amount was calculated based on the Company's market capitalisation at 31 December 2016, adjusted to reflect the percentage of work completed by Xinova at that date based on a pre-determined schedule of tasks.

A reduction of £37,472 was made in the year (2020: charge of £26,204), reflecting a reduction in the share price at the year end, compared to the previous year.

At the year end, an amount of £87,704 (2020: £125,212) was owed to Xinova and is shown in note 19 as non-current other liabilities.

Please see note 34, Post Balance Sheet Events, for further information.

Notes to the group financial statements continued

23 Share capital

Ordinary share capital	2021 Number	2020 Number	2021 £	2020 £
Issued and fully paid				
Ordinary shares of 1p each	380,340,229	380,240,229	3,803,402	3,803,402

On 18 March 2020, the Company issued 86,182,500 ordinary shares at 6p each for a total consideration of £5,170,950 before directly attributable costs.

On 19 March 2020, the Company issued 86,968,392 ordinary shares at 6p each for a total consideration of £5,218,104 before directly attributable costs.

Share issue costs of £nil (2020: £638,930) were incurred and have been charged to the share premium account.

24 Share premium account

	2021 £	2020 £
At the beginning of the year	39,308,529	31,289,915
Issue of new shares	–	8,018,614
At the end of the year	39,308,529	39,308,529

25 Warrant reserve

	£
Balance at 1 January 2021	429,915
Share-based payment expense in respect of options granted	678,069
Share-based payment expense in respect of options lapsed	(170,479)
Balance at 31 December 2021	937,505

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

26 Merger reserve

	2021 £	2020 £
At the beginning and end of the year	10,209,673	10,209,673

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

27 Non-controlling interest

	2021 £	2020 £
Non-controlling interest	31,119	19,689

The non-controlling interest arose from Eden Research plc's 50% share in TerpeneTech (Ireland) Limited.

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

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

	2021 £	2020 £
Balance as at 1 January	415,248	69,499
Changes from financing cashflows		
Payment of lease liabilities	(90,388)	(44,457)
Total changes from financing cashflows	(90,388)	(44,457)
Other changes		
New leases	50,209	417,521
Adjustment to Right of Use Assets	23,283	–
Surrender of lease	–	(27,315)
Total other changes	73,492	390,206
Balance as at 31 December	398,352	415,248

29 Other leasing information

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2021 £	2020 £
Expense relating to leases of low-value assets	740	334

Set out below are the future cash outflows to which the lessee is exposed to that are reflected in the measurement of lease liabilities:

Land and buildings	2021 £	2020 £
Within one year	92,143	74,783
Between two and five years	256,935	325,794
	349,078	400,577
Leases apart from land and buildings	2021 £	2020 £
Within one year	18,361	9,567
Between two and five years	30,914	5,104
	49,275	14,671

The Group holds five leases, for two properties and three vehicles. All leases have fixed lease repayments and remaining terms of 3.5 years for the properties and 2.2 years for the vehicles.

The incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application of IFRS 16 was 4.75%.

Information relating to lease liabilities is included in note 20.

Notes to the group financial statements continued

30 Capital risk management

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

31 Related party transactions

Remuneration of key management personnel

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

Group

During the year, Eden invoiced its associate, TerpeneTech (UK), £7,760 for R&D charges (2020: £8,551) and accrued income of £40,000 (2020: £nil) for minimum royalties due under the head-lice agreement.

Also, during the year Eden paid £8,787 (2020: £6,362) for expenses on behalf of TerpeneTech (UK).

At the year end, a net amount of £165,644 was due from TerpeneTech (UK) (2020: £128,983) to Eden. This amount is included within Trade and Other Receivables.

At the year end, a net amount of £43,962 (2020: £80,093) was due from TerpeneTech (Ireland) to TerpeneTech (UK). It represents the amount due in respect of the intangible asset above, reduced by fees receivable in respect of sales. This amount is included within Trade and Other Payables.

Company

During the year, Eden invoiced its associate, TerpeneTech (UK), £7,760 for R&D charges (2020: £8,551) and accrued income of £40,000 (2020: £nil) for minimum royalties due under the head-lice agreement.

Also, during the year Eden paid £8,787 (2020: £6,362) for expenses on behalf of TerpeneTech (UK).

Further, at year end, £36,000 has been accrued in respect of management recharges from Eden to TerpeneTech (Ireland) (2020: £48,000). An amount of £84,000 (2020: £48,000) is included within the Company Trade and Other Receivables.

At the year end, a net amount of £165,644 was due from TerpeneTech (UK) (2020: £128,983). This amount is included within Trade and Other Receivables.

32 Financial risk management

Credit risk

	2021 £	2020 £
Cash and cash equivalents	3,829,369	7,286,503
Trade receivables	886,587	1,396,308
	4,715,956	8,682,811

The average credit period for sales of goods and services is 178 days (2020: 242). No interest is charged on overdue trade receivables. At 31 December 2021, trade receivables of £272,912 (2020: £200,840) were past due. During the year the Company wrote off bad debts in the amount of £nil (2020: £nil).

Trade receivables of £563,273 (2020: £791,581) at the reporting date were held in Euros and £104,866 (2020: £104,265) were held in USD.

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

The largest trade debtor at the year end is a well-established, profitable business and long-term customer of the Company with whom Eden has had no issue of collecting debts due before and does not expect to have any going forward. In addition, TerpeneTech (UK), Eden's associate company, owed gross £170,279 (2020: £174,952) to Eden at the year-end.

TerpeneTech (UK), is a cash-positive business, albeit in its infancy, with good shareholder support and, again, Eden has had no issue of collecting debtors due from TerpeneTech (UK) before and does not expect to have any going forward.

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

Credit risk

	2021 £	2020 £
Trade payables	1,147,823	794,439
Other payables	77,784	367,313
Other taxes and social security	45,495	43,186
Accruals and deferred income	440,416	250,017
	1,711,518	1,454,955

The carrying amount of trade payables approximates their fair value.

The average credit period on purchases of goods is 95 days. No interest is charged on trade payables. The Company has policies in place to ensure that trade payables are paid within the credit timeframe or as otherwise agreed.

Maturity of financial liabilities (excluding lease liabilities)

The maturity profile of the group's financial liabilities at 31 December 2021 was as follows:

	2021 £	2020 £
In one year or less, or on demand	1,711,518	1,454,955
Over one year	87,740	125,212
	1,799,258	1,580,167

Liquidity risk is managed by regular monitoring of the Company's level of cash and cash equivalents, debtor and creditor management and expected future cash flows. See note 1 for further details on the going concern position of the Company. For details of lease liabilities, see notes 20 and 29.

Market price risk

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

The Company's policy towards currency risk is to eliminate all exposures that will impact on reported results as soon as they arise. This is reflected in the sensitivity analysis, which estimates that five and ten percentage point increases in the value of sterling against all other currencies would have had minimal impact on results before tax.

Notes to the group financial statements continued

32 Financial risk management continued

Capital risk management

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

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 31 December 2020.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 10% (2020: below 10%). The Company includes within net debt, any interest bearing loans and borrowings (none in current or prior year), any loans from a venture partner (none in the current or prior year), trade and other payables, less cash and cash equivalents.

33 Cash absorbed by operations

Consolidated

	2021 £	2020 £
Loss for the year after tax	(2,777,543)	(2,263,024)
Adjustments for:		
Taxation charged/(credited)	(618,137)	(285,108)
Finance costs	122,311	24,000
Investment income	(98)	(5,725)
Foreign exchange currency losses	21,993	3,792
Amortisation and impairment of intangible assets	434,630	552,809
Impairment of investment in associate	–	299,521
Depreciation and impairment of property, plant and equipment and right-of-use assets	155,341	70,039
Share of associate's loss	58,177	30,352
Share-based payment expense	640,597	120,380
Movements in working capital:		
Increase in inventories	(296,929)	(155,999)
Decrease/(increase) in trade and other receivables	509,721	236,784
(Decrease)/increase in trade and other payables	163,355	106,367
Cash absorbed by operations	(1,586,582)	(1,265,812)

Company

	2021 £	2020 £
Loss for the year after tax	(2,764,402)	(2,229,669)
Adjustments for:		
Taxation charged/(credited)	(618,137)	(285,108)
Finance costs	122,311	24,000
Investment income	(98)	(5,725)
Foreign exchange currency losses	21,993	3,792
Amortisation and impairment of intangible assets	421,358	539,535
Impairment of investment in associate	–	299,521
Depreciation and impairment of property, plant and equipment and right-of-use assets	155,341	70,039
Share of associate's loss	58,177	30,352
Share-based payment expense	640,597	120,380
Movements in working capital:		
Increase in inventories	(296,929)	(155,999)
Decrease/(increase) in trade and other receivables	473,721	188,784
(Decrease)/increase in trade and other payables	199,486	134,286
Cash absorbed by operations	(1,586,582)	(1,265,812)

34 Post balance sheet events**Xinova**

After the year end, Eden was informed that Xinova had begun to wind down its operations.

As a consequence, Eden began communications with an agent acting on behalf of Xinova to effect the wind down in respect of the liability owed to Xinova by Eden.

On 22 April 2022, Eden signed a 'full and final' settlement agreement with Xinova which resulted in Eden paying an amount of £43,870, which represented a 50% discount to the liability of £87,740 as at 31 December 2021, in line with the then existing contract.

Company Information

For the year ended 31 December 2021

Directors

A Abrey

R Cridland

S Smith

L Van der Broek

Secretary

A Abrey

Company number

03071324

Registered office

67c Innovation Drive
Milton Park
Abingdon
Oxfordshire
England
OX14 4RQ

Independent auditor

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

EDEN RESEARCH PLC

67C INNOVATION DRIVE
MILTON PARK
ABINGDON
OXFORDSHIRE
ENGLAND
OX14 4RQ
WWW.EDENRESEARCH.COM

