EDEN
THE NATURAL SOLUTION

28 September 2021

**Eden Research plc ("Eden" or "the Company")**

**Half Yearly Report**

Eden Research plc (AIM: EDEN), the AIM-quoted company focused on sustainable biopesticides and plastic-free formulation technology for use in the global crop protection, animal health and consumer products industries, announces its interim results for the six months ended 30 June 2021.

**Financial highlights**

- Revenue for the period of £0.79m (H1 2020: £0.60m*)
- Product sales of £0.66m (H1 2020: £0.56m*)
- Upfront and milestone payments of £0.10m (H1 2020: £0.02m)
- Operating loss for the period of £1.75m (H1 2020: £1.00m)
- Cash and cash equivalents of £5.75m (2020: £7.29m, H1 2020: £8.66m)

*See prior-year adjustment - note 17

**Business & Operational highlights**

- Exclusive Commercialisation, Supply and Distribution Agreement signed with Corteva Agriscience (NYSE: CTVA ("Corteva")), the fourth largest agriculture input company in the world, for Eden's first seed treatment product
- Received the London Stock Exchange's Green Economy Mark in recognition of London-listed companies that derive over 50% of their total annual revenue from products and services that contribute to the global green economy
- Authorisation received for the sale of Eden's bio-fungicide in Spain for use on a range of new crops for the control of an increased number of fungal pathogens
- Eden's commercial collaborator, Eastman Chemical Company ("Eastman"), received authorisation for the sale of Cedroz™ in Italy

**Lykele van der Broek, Chairman, commented:**

"Values based upon sustainability, biodiversity and climate have become increasingly important to consumers, businesses, investors, and campaigners concerned about the future health of the planet and society. Despite the disruption and distraction of the global COVID-19 pandemic, the prioritisation of these issues has actually accelerated as we look to reset and reboot our global economy with a more sustainable approach.

We were, therefore, very pleased to start 2021 by being awarded the London Stock Exchange's Green Economy Mark, which recognises London-listed companies that derive over 50% of their total annual revenue from products and services that contribute to the global green economy. I am proud to state that 100% of our revenue contributes to the global green economy.

In addition, the Company has been working hard to solidify its formal Environmental, Social and Governance ("ESG") credentials, which we hope will be well-received by our stakeholders and, in particular, ESG investors, for whom a concrete sustainability mission, set of goals and impact are paramount.

Of course, a successful business is not simply built on its 'green' credentials and so I am pleased to report that we continue to make commercial progress. Most notably in May, Eden signed a landmark, exclusive Commercialisation, Supply and Distribution Agreement with Corteva, the fourth largest agriculture input company in the world, for Eden's first seed treatment product.

At the same time, the pandemic has continued to hamper regulatory processes, which means we are awaiting product approval in a number of countries for our biopesticide products, Mevalone and Cedroz. Furthermore, the pandemic and associated restrictions on travel and gatherings has hindered some commercial activities, including events and meetings that support the active and direct promotion of our products which are relatively new to the market and, therefore, would have benefited from more aggressive sales campaigns. Nevertheless, there are signs that the pace of regulatory activity is picking up, as we have received a number of key approvals in the first half of 2021, such as Cedroz in Italy and a key label extension for Mevalone in Spain, both major markets for Eden. Meanwhile, we continue to await approval in the vital US market for our three terpene active ingredients, as well as Mevalone and Cedroz. We anticipate there will be material progress to report towards the end of 2021.

Despite the obvious challenges of the past 18 months, impacting the whole of the agricultural sector, I want to reflect on Eden's resilience during this period. Eden has grown significantly over the past few years and the Company boasts high commercial potential, which the team at Eden is working hard to nurture and realise. We now possess internal skills and capabilities that we could only dream of just one year ago, and our operating environment continues to evolve rapidly in Eden's favour. I believe that we are well positioned to seize the market opportunity and truly live up to our full potential."

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**Eden Research plc**
**Chief Executive's Statement for the six months ended 30 June 2021**

**Introduction**

Eden remains the only UK-quoted company focused on biopesticides for sustainable agriculture. We are operating at the heart of a sector on the rise – the biopesticide market specifically is growing at a rate of 15% per annum, due to increasing awareness amongst consumers, and consequently regulators, about the health of the planet and how and where food is produced and sourced.

All the while, as the population of the planet continues to grow and global standards for quality and safety increase, the pressure on our global food systems and farmers is higher than ever.

Eden exists to meet the need of global food producers seeking sustainable and effective alternatives to conventional chemical pesticides. Our mission is to be the leader in sustainable crop protection, supporting farmers by protecting their crops, improving yield and marketability, in order to keep up with rising global demand.

Through the first half of of 2021 the ongoing state of uncertainty and disruption caused by the COVID-19 pandemic globally, as well as the UK's exit from the European Union, persisted. However, despite these factors, Eden has become increasingly resilient as a business in the face of the unprecedented global upheaval and has steadfastly continued to progress its strategy, capabilities and growth plans.

**Meeting our strategic objectives**

In the near term, our strategic focus continues to be on:

- Registering and commercialising our two approved products, Mevalone® and Cedroz™, in new territories and for new applications, including the United States;
- Developing the use of our novel microencapsulation technology, Sustaine®, with third-party active ingredients, including conventional agrochemicals;
- Building on existing opportunities with Corteva Agriscience, Sipcam and other collaborators;
- Advancing the development of our first insecticide product.

These objectives build on the work and achievements of H1 2021, which provide firm foundations from which we will continue to pursue our strategic and commercial goals.

Notable commercial highlights from H1 2021 include:

- New authorisation for the use of our biofungicide, Mevalone®, in Spain, where over 24% of the European Union's production of fruit and vegetables originates;
- Regulatory approval for sale of Cedroz™ in Italy, covering tomato, eggplant, pepper, chilli, pepino, cucumber, melon, courgette, pumpkin, and strawberries;
- The receipt of the London Stock Exchange's Green Economy Mark.

Post period updates include:

- New authorisation for the use of our products:
    - Romania, the sixth largest wine producer in Europe, authorised Mevalone® for use on wine and table grapes;
    - Morocco, which authorised the use of Cedroz on tomatoes and cucumbers. This is Eden's first registration in this important territory

- New distribution agreement with Sipcam covering four North African countries; Egypt, Morocco, Algeria and Tunisia. Sipcam will sell Mevalone locally under the trade name Araw,for use against Botrytis on wine and table grapes, strawberries, tomatoes and cucurbits, including cucumber, courgette, squash, melons.

**Forging landmark partnerships**

In addition to the above, in May 2021, we were delighted to sign an exclusive Commercialisation, Supply and Distribution Agreement with Corteva Agriscience, the fourth largest agriculture input company in the world, for

Eden's first seed treatment product. This deal followed a successful multi-season evaluation of the use of Eden's products and technology. The proposed product is based on our active ingredients and is delivered using our Sustaine® encapsulation technology.

This partnership, with a recognised industry leader, is testament to the potential of Eden's products and technology. It marks a major inflection point for Eden as a company and represents our ambition to expand our technology to new product categories, crops, and applications globally.

**Moving into insecticides**

As well as developing our first seed treatment product, we are investing in the development of an insecticide for future commercialisation.

Open-field and glasshouse trials which will be used for regulatory purposes are underway in various parts of the world and a number of potential partners have shown an interest in undertaking field trials with a view to acquiring distribution rights to the insecticide product.

It is envisaged that commercial discussions with those interested parties will begin in early 2022.

**Driving positive impact through sustainable solutions**

Eden received the London Stock Exchange Green Economy Mark in January 2021, highlighting our credentials as a business driving positive environmental transformation. This accolade is given to London-listed companies that derive over 50% of their total annual revenue from products and services that contribute to the global green economy. The Green Economy Mark accreditation recognises the positive impact Eden's products have on the global agricultural industry and Eden's credentials as a company with sustainability at its core.

As the only AIM quoted company focused on sustainable and plastic-free bio-pesticides, we are ahead of the curve when it comes to offering sustainable alternatives to traditional pesticide chemistries.

We offer farmers effective alternatives to the conventional chemical pesticides which have historically dominated production, so that they can fill the gap created by shifting consumer demands and regulatory changes that have and will continue to remove many pesticides from the market. In addition, our Sustaine® encapsulation technology provides crop protection product companies with a plastic-free alternative technology to encapsulate active ingredients, in response to a greater awareness of the importance of biodiversity and soil/land health, as well as impending regulatory restrictions on the use of microplastics in agricultural products.

**Financial Review**

Revenue for the half-year increased to £0.79m (H1 2020 (restated – see note 17): £0.60m).

The focus for the business remains to grow revenue through product sales which will ultimately provide a sustainable, consistent source of income for the Company. In the first half of 2021, product sales increased to £0.66m (H1 2020 (restated – see note 17): £0.56m).

The cash position at the half-year was £5.75m (H1 2020: £8.66m).

As planned, administrative expenses in the year increased to £1.27m (H1 2020: £0.97m) with the introduction of new team members and additional costs in respect of the new office and laboratory facilities. Consequently, operating loss increased to £1.75m (H1 2020: £1.00m). The increase in operating loss is due to the aforementioned increased staff and facilities costs, as well as amortisation of £0.32m (H1 2020: £0.26m) and share based payment charges of £0.54m (H1 2020 £0.05m).

**Brexit**

As previously stated, the Company understands that the ownership of its EU approvals of Mevalone and its constituent active substances are not impacted by Brexit, since guidance has been published stating that the owner of such approvals can continue to be a UK resident company.

However, seeking regulatory approval in the UK market for Eden products has become somewhat more challenging due to the introduction of parallel, but not identical, regulations and the Company is now weighing up market opportunities and costs under the new regulatory framework. We are now better placed than before to navigate what are likely to be complex regulatory challenges following our investment in an in-house regulatory affairs team.

From an operational perspective, the Company has not experienced any significant issues with continuing to use toll-manufacturing facilities in mainland Europe, though it is monitoring this situation. The Company also has manufacturing capabilities in the UK as well as the US which would provide some flexibility in the event that this situation changes. In addition, it continues to be feasible for Eden to manage some of its operations through its Irish subsidiary, should this be necessary. Raw materials are currently sourced from outside of the EU and so there has been minimal impact on this part of the supply chain.

**COVID-19**

The past 18 months have been an exceptionally challenging period for the industry. Despite disruption, farmers globally had to maintain production levels and a united effort was required to ensure that the provision of fresh food and produce was undisrupted, whilst the COVID-19 pandemic continued. Eden has continued to provide its products and technologies to the global crop production industry through its global partnership network.

At the onset of the pandemic in March 2020, there was no direct operational impact for Eden, and our stakeholders were reassured by our strengthened balance sheet, following our March 2020 fundraising.

Some disruption was experienced as the pandemic unfolded, including reduced import and export activities, limitation on field trial capacity due to reduced workforces, and limited promotional activity. Some regulatory authorities were working at reduced capacity and we experienced delayed product approvals as a result. However, we have continued to make good progress with new authorisations from late May onwards. We have also been able to execute on some key operational plans such as opening our new facilities in Oxfordshire and making key hires.

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

**1 We Are Funded for Future Growth**

In March 2020, we raised £10.4 million (gross) from investors, an achievement that the whole team is proud of particularly given the volatility and uncertainty in the markets at the time. This vote of confidence from our shareholders (both existing and new) has 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 coming months will still present challenges for the Company, our employees and our partners, Eden remains debt-free and has a strengthened balance sheet allowing us to execute on our exciting plans. Our outsourced manufacturing model means that we retain flexibility over our choice of manufacturing locations with a low fixed cost base.

**2 Our Industry Has a Pivotal Role to Play**

The agriculture industry has 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 will only grow further. Not only do people need food to survive, they remain conscious of where it comes from and care about the supply chain. 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 in the forefront of the movement towards sustainable farming practices.

**3 Supporting Our Employees and Partners**

As always, we are working closely with our partners as they continue to maintain their business of supplying our products to growers in an increasing number of countries. Our team is reviewing the situation every day 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 continue to avoid unnecessary travel and work remotely, part of the 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 their efforts.

**Dividend**

There was no dividend paid or proposed for the six-month period. The Board continues to monitor its dividend policy.

**Outlook**

For the first time in 18 months, there are real signs of life and work returning to normal as the effects of mass vaccinations in developed countries come into effect. We are hopeful that a return to pre-pandemic levels of international travel and face to face business meetings will result in new revenue streams in the near future.

Despite these hopeful developments, we are conscious that the disruption to the agricultural industry is likely to remain for many months and years to come with key stakeholders impacted at all levels; from small-scale farmers, to regulators, to agricultural giants. We continue to be realistic about demand for high-value crop inputs, including Eden's products, and expect demand to remain dampened for the remainder of H2 2021, but we are hopeful that conditions will gradually pick up thereafter. Adverse weather has also had an impact in a number of countries, including France, where hard late frosts have significantly impacted grape production.

For Eden, although we are pleased to say that our daily operations remain predominantly unchanged by the pandemic, delays to regulatory processes globally continue to negatively affect the rate of product roll out and commercialisation in most territories. This continues to adversely affect Eden's sales growth. Nevertheless, in the past couple of months, we have already seen pick up in the pace of progress with new approvals for our products across Europe and North Africa and we are hopeful that this will continue as we move into the second half of the year.

In H2 2021, the Company expects to further establish itself and build on the initial sales achieved in the territories where it received approvals in 2021 so far, including Spain, Romania and Morocco.

The Company currently anticipates that the US EPA will approve the sale of Mevalone® and Cedroz™ in the United States in time for the 2022 growing season. However, there is little doubt that the current situation with COVID-19 and the consequential shutdown of certain government services, coupled with a fundamentally changed working dynamic, will have an adverse impact on operations at the regulator and, subsequently, the pace of approvals. Although the Company might expect to see some level of channel stocking, the overall levels of sales in 2021 still depend largely upon the timing of approvals relative to the growing season.

Whilst the various complexities of regulatory approvals, Brexit and a global pandemic have been challenging, in addition to those always faced by any growth company, I am pleased with the progress that we are making and am confident that we will flourish. I am grateful to our new team, our partners and our shareholders for all of their support in helping us to realise Eden's full potential. We are on the right track with the right resources and capabilities, and we are focussed upon exciting opportunites that should reward our efforts and patience in the future.

**Sean Smith, Chief Executive Officer**

**Eden Research plc**
**Consolidated Statement of Comprehensive Income for the six months ended 30 June 2021**

| | **Six months ended 30 June 2021 £ unaudited** | Six months ended 30 June 2020 £ unaudited (restated – see note 17) | Year ended 31 December 2020 £ audited |
|---|---|---|---|
| Revenue (note 16) | **785,294** | 598,858 | 1,368,988 |
| Cost of sales | **(403,570)** | (328,621) | (736,509) |
| **Gross profit** | **381,724** | 270,237 | 632,479 |
| Other operating income | **-** | - | 7,601 |
| Administrative expenses | **(1,272,825)** | (970,275) | (2,202,581) |
| Amortisation of intangible assets | **(316,536)** | (257,446) | (552,809) |
| Share based payments (note 15) | **(544,028)** | (47,088) | (120,380) |
| **Operating loss** | **(1,751,665)** | (1,004,572) | (2,235,690) |
| Investment revenues | **82** | 5,540 | 5,725 |
| Finance costs | **(18,320)** | (2,826) | (24,000) |
| Foreign exchange gains/(losses) | **(54,847)** | (13,463) | 35,706 |
| Impairment of investment in associate | **-** | - | (299,521) |
| Share of loss of equity accounted investee, net of tax (note 11) | **(9,199)** | (7,241) | (30,352) |
| **Loss before taxation** | **(1,833,949)** | (1,022,562) | (2,548,132) |
| **Income tax income** | **261,020** | - | 285,108 |
| **Loss for the financial period** | **(1,572,929)** | (1,022,562) | (2,263,024) |
| Attributable to: | | | |
| Equity holder of the company | **(1,583,887)** | (1,030,753) | (2,270,347) |
| Non-controlling interest | **10,958** | 8,191 | 7,323 |
| Other Comprehensive Income net of tax | **-** | - | - |
| Total Comprehensive Income | **(1,572,929)** | (1,022,562) | (2,263,024) |
| **Earnings per share (note 8)** | | | |
| Basic | **(0.42)** | (0.40) | (0.66) |
| Diluted | **(0.42)** | (0.40) | (0.66) |

**Eden Research plc - Consolidated Statement of Financial Position as at 30 June 2021**

| | 30 June 2021 £ unaudited | 30 June 2020 £ Unaudited (restated – see note 5) | 31 Dec 2020 £ audited |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible assets (note 10) | **7,315,305** | 5,618,764 | 6,729,483 |
| Property, plant & equipment (note 13) | **259,484** | - | 188,065 |
| Right of Use assets (note 14 | **373,968** | 360,421 | 394,610 |
| Investments in equity accounted investee (note 12) | **410,666** | 742,497 | 419,865 |
| | **8,359,423** | 6,721,682 | 7,732,023 |
| **CURRENT ASSETS** | | | |
| Inventories | **264,797** | 355,582 | 224,422 |
| Trade and other receivables | **1,495,898** | 1,675,253 | 1,396,308 |
| Taxation | **546,128** | 268,777 | 285,108 |
| Cash and cash equivalents | **5,748,840** | 8,663,209 | 7,286,503 |
| | **7,770,555** | 10,962,821 | 9,192,341 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | **1,705,285** | 1,095,122 | 1,454,955 |
| Lease liabilities | **94,415** | 58,065 | 84,350 |
| | **1,924,912** | 1,153,187 | 1,539,305 |
| **NET CURRENT ASSETS** | **5,845,643** | 9,809,634 | 7,653,036 |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | **125,212** | 99,008 | 125,212 |
| Lease liabilities | **305,016** | 309,985 | 330,898 |
| | **430,228** | 408,993 | 456,110 |
| **NET ASSETS** | **13,900,050** | 16,122,323 | 14,928,949 |
| **EQUITY** | | | |
| Called up share capital | **3,803,402** | 3,803,402 | 3,803,402 |
| Share premium account | **39,308,529** | 39,308,529 | 39,308,529 |
| Warrant reserve | **876,764** | 382,827 | 429,915 |
| Merger reserve | **10,209,673** | 10,209,673 | 10,209,673 |
| Retained earnings | **(40,328,965)** | (37,598,491) | (38,842,259) |
| Non-controlling interest | **30,647** | 16,383 | 19,689 |
| **TOTAL EQUITY** | **13,900,050** | 16,122,323 | 14,928,949 |

**Company Statement of Financial Position as at 30 June 2021**

| | **30 June 2021**<br><br>**£**<br>**unaudited** | 30 June 2020<br>£ Unaudited<br>(restated – see<br>note 5) | 31 Dec 2020<br><br>£<br>audited |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible assets (note 10) | **7,202,470** | 5,486,021 | 6,610,014 |
| Property, plant & equipment (note 13) | **259,484** | - | 188,065 |
| Right of Use assets (note 14) | **373,968** | 360,421 | 394,610 |
| Investments in equity accounted investee (note 12) | **410,666** | 742,497 | 419,865 |
| | **8,246,588** | 6,588,939 | 7,612,554 |
| **CURRENT ASSETS** | | | |
| Inventories | **264,797** | 355,582 | 224,422 |
| Trade and other receivables | **1,258,790** | 1,675,253 | 1,444,308 |
| Taxation | **546,128** | 268,777 | 285,108 |
| Cash and cash equivalents | **5,748,840** | 8,663,209 | 7,286,503 |
| | **7,818,555** | 10,962,821 | 9,240,341 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | **1,653,743** | 1,003,493 | 1,374,862 |
| Lease liabilities | **94,415** | 58,065 | 84,350 |
| | **1,748,158** | 1,061,558 | 1,459,212 |
| **NET CURRENT ASSETS** | **6,070,397** | 9,901,263 | 7,781,129 |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | **125,212** | 99,008 | 125,212 |
| Lease liabilities | **305,016** | 309,985 | 330,898 |
| | **430,228** | 408,993 | 456,110 |
| **NET ASSETS** | **13,886,757** | 16,081,209 | 14,937,573 |
| **EQUITY** | | | |
| Called up share capital | **3,803,402** | 3,803,402 | 3,803,402 |
| Share premium account | **39,308,529** | 39,308,529 | 39,308,529 |
| Warrant reserve | **876,764** | 382,827 | 429,915 |
| Merger reserve | **10,209,673** | 10,209,673 | 10,209,673 |
| Retained earnings | **(40,311,611)** | (37,623,222) | (38,813,946) |
| **TOTAL EQUITY** | **13,886,757** | 16,081,209 | 14,935,573 |

**Eden Research plc - Consolidated Statement of Changes in Equity as at 30 June 2021**

| | Share capital £ | Share premium £ | Merger reserve £ | Warrant reserve £ | Retained earnings £ | Non-control-ling interest £ | Total £ |
|---|---|---|---|---|---|---|---|
| **<u>Six months ended 30 June 2021</u>** | | | | | | | |
| **Balance at 1 January 2021 (audited)** | **3,803,402** | **39,308,529** | **10,209,673** | **429,915** | **(38,842,259)** | **19,689** | **14,928,949** |
| **Loss and total comprehensive income** | **-** | **-** | **-** | **-** | **(1,583,887)** | **10,958** | **(1,572,929)** |
| **Transactions with owners** | | | | | | | |
| **- Share issue** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **- Options granted** | **-** | **-** | **-** | **544,028** | **-** | **-** | **544,028** |
| **- Options exercised/lapsed** | **-** | **-** | **-** | **(97,179)** | **97,179** | **-** | **-** |
| **Transactions with owners** | **-** | **-** | **-** | **446,849** | **97,179** | **-** | **544,028** |
| **Balance at 30 June 2021 (unaudited)** | **3,803,402** | **39,308,529** | **10,209,673** | **876,764** | **(40,328,965)** | **30,647** | **13,900,050** |
| **<u>Six months ended 30 June 2020</u>** | | | | | | | |
| Balance at 1 January 2020 (audited) | 2,071,893 | 31,289,915 | 10,209,673 | 335,739 | (36,571,912) | 12,366 | 7,347,674 |
| Loss and total comprehensive income | - | - | - | - | (1,030,753) | 8,191 | (1,022,562) |
| Transactions with owners | | | | | | | |
| - Share issue | 1,731,509 | 8,018,614 | - | - | - | - | 9,750,123 |
| - Options granted | - | - | - | 47,088 | - | - | 47,088 |
| - Options exercised/lapsed | - | - | - | - | - | - | - |
| Transactions with owners | 1,731,509 | 8,018,614 | - | 47,088 | - | - | 9,797,211 |
| Balance at 30 June 2020 (unaudited) | 3,803,402 | 39,308,529 | 10,209,673 | 382,827 | (37,598,491) | 20,557 | 16,122,323 |

**Eden Research plc**
**Company Statement of Changes in Equity as at 30 June 2021**

| | Share capital £ | Share premium £ | Merger reserve £ | Warrant reserve £ | Retained earnings £ | Total £ |
|---|---|---|---|---|---|---|
| **Six months ended 30 June 2021** | | | | | | |
| **Balance at 1 January 2021 (audited)** | **3,803,402** | **39,308,529** | **10,209,673** | **429,915** | **(38,813,946)** | **14,937,573** |
| **Loss and total comprehensive income** | **-** | **-** | **-** | **-** | **(1,594,844)** | **(1,594,844)** |
| **Transactions with owners** | | | | | | |
| **- Share issue** | **-** | **-** | **-** | **-** | **-** | **-** |
| **- Options granted** | **-** | **-** | **-** | **544,028** | **-** | **544,028** |
| **- Options exercised/lapsed** | **-** | **-** | **-** | **(97,179)** | **97,179** | **-** |
| **Transactions with owners** | **-** | **-** | **-** | **446,849** | **97,179** | **544,028** |
| **Balance at 30 June 2021 (unaudited)** | **3,803,402** | **39,308,529** | **10,209,673** | **876,764** | **(40,311,611)** | **13,886,757** |
| **Six months ended 30 June 2020** | | | | | | |
| Balance at 1 January 2020 (audited) | 2,071,893 | 31,289,915 | 10,209,673 | 335,739 | (36,584,277) | 7,322,943 |
| Loss and total comprehensive income | - | - | - | - | (1,038,945) | (1,038,945) |
| Transactions with owners | | | | | | |
| - Share issue | 1,731,509 | 8,018,614 | - | - | - | 9,750,123 |
| - Options granted | - | - | - | 47,088 | - | 47,088 |
| - Options exercised/lapsed | - | - | - | - | - | - |
| Transactions with owners | 1,731,509 | 8,018,614 | - | 47,088 | - | 9,797,211 |
| Balance at 30 June 2020 (unaudited) | 3,803,402 | 39,308,529 | 10,209,673 | 382,827 | (37,623,222) | 16,081,209 |

**Eden Research plc - Consolidated Statement of cash flows for the six months ended 30 June 2021**

| | **Six months ended 30 June 2021 £ unaudited** | Six months ended 30 June 2020 £ unaudited (restated – see note 5) | Year ended 31 December 2020 £ audited |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash outflow from operations (note 5) | **(420,027)** | (975,203) | (1,265,812) |
| Interest paid | **-** | (330) | (450) |
| Interest on lease liabilities | **(18,320)** | (2,826) | (23,550) |
| Tax refunded | **-** | - | 268,777 |
| Net cash used in operating activities | **(438,347)** | (978,359) | (1,021,035) |
| **Cash flows from investing activities** | | | |
| Purchase of intangible assets | **(902,356)** | (295,210) | (1,701,287) |
| Purchase of property, plant and equipment | **(98,458)** | - | (200,758) |
| Capitalisation of lease | **-** | (309,710) | - |
| Interest received | **82** | 5,540 | 5,725 |
| Net cash used in investing activities | **(1,000,732)** | (599,380) | (1,896,320) |
| **Cash flows from financing activities** | | | |
| Gross proceeds from issue of shares | **-** | 10,389,053 | 10,389,053 |
| Expenses incurred from issue of shares | **-** | (638,930) | (638,930) |
| Payment of lease liabilities | **(43,737)** | (11,159) | (44,457) |
| Net cash from financing activities | **(43,737)** | 9,738,964 | 9,705,666 |
| **(Decrease)/increase in cash and cash equivalents** | **(1,482,816)** | 8,161,225 | 6,788,311 |
| **Cash and cash equivalents at beginning of period** | **7,286,503** | 501,984 | 501,984 |
| **Effect of exchange rate fluctuations on cash held** | **(54,847)** | - | (3,792) |
| **Cash and cash equivalents at end of period** | **5,748,840** | 8,663,209 | 7,286,503 |

Cash and cash equivalents comprise bank account balances.

**Eden Research plc - Company Statement of cash flows for the six months ended 30 June 2021**

| | **Six months ended 30 June 2021 £ unaudited** | Six months ended 30 June 2020 £ Unaudited (restated – see note 5) | Year ended 31 December 2020 £ audited |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash outflow from operations (note 5) | **(420,027)** | (975,203) | (1,265,812) |
| Interest paid | **-** | (330) | (450) |
| Interest on lease liabilities | **(18,320)** | (2,826) | (23,550) |
| Tax refunded | **-** | - | 268,777 |
| Net cash used in operating activities | **(438,347)** | (978,359) | (1,021,035) |
| **Cash flows from investing activities** | | | |
| Purchase of intangible assets | **(902,356)** | (295,210) | (1,701,287) |
| Purchase of property, plant and equipment | **(98,458)** | - | (200,758) |
| Capitalisation of lease | **-** | (309,710) | - |
| Interest received | **82** | 5,540 | 5,725 |
| Net cash used in investing activities | **(1,000,732)** | (599,380) | (1,896,320) |
| **Cash flows from financing activities** | | | |
| Gross proceeds from issue of shares | **-** | 10,389,053 | 10,389,053 |
| Expenses incurred from issue of shares | **-** | (638,930) | (638,930) |
| Payment of lease liabilities | **(43,737)** | (11,159) | (44,457) |
| Net cash from financing activities | **(43,737)** | 9,738,964 | 9,705,666 |
| **(Decrease)/increase in cash and cash equivalents** | **(1,482,816)** | 8,161,225 | 6,788,311 |
| **Cash and cash equivalents at beginning of period** | **7,286,503** | 501,984 | 501,984 |
| **Effect of exchange rate fluctuations on cash held** | **(54,847)** | - | (3,792) |
| **Cash and cash equivalents at end of period** | **5,748,840** | 8,663,209 | 7,286,503 |

Cash and cash equivalents comprise bank account balances.

**Notes to the Interim Results**

## 1. Reporting Entity

Eden Research plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006. The Company is domiciled in the United Kingdom and is quoted on the Alternative Investment Market (AIM).

These condensed consolidated interim financial statements ('Interims') as at and for the six months ended 30 June 2021 comprise the Company and its Subsidiaries (together referred to as 'the Group'). The principal activities of the Group are the development and commercialisation of encapsulation, terpenes and environmentally friendly technologies to provide naturally occurring solutions for the global agrochemicals, animal health, and consumer product industries.

## 2. Basis of Preparation

These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 which were approved by the Board of Directors on 29 June 2021 and have been delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The interim financial statements do not include all of the information required for a complete set of IFRS financial statements and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Comparative information in the interim financial statements as at and for the year ended 31 December 2020 has been taken from the published audited financial statements as at and for the year ended 31 December 2020. All other periods presented are unaudited.

The Company's auditor in accordance with ISRE 2410 has reviewed the financial information contained in these interim financial statements. This review does not constitute an audit.

The Board of Directors and the Audit Committee approved the interim financial statements on 27 September 2021.

## 3. Going Concern

The directors have, at the time of approving the Interim 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 Interim 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 first half of the year after taxation of £1,572,929 (2020: £1,022,562). Net current assets at that date amounted to £5,845,643 (2020: £7,653,036). Cash at that date amounted to £5,748,840 (2020: £8,663,209). 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 Interims and they consider that the Company will be able to operate with the cash resources that are available to it for this period.

The forecasts adopted include only revenue derived from existing contracts. They do not include potential upside from on-going discussions and negotiations with other parties not yet contracted, as well as other 'blue sky' opportunities.

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 product development processes 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, while mitigating actions are not forecast to be required to support the going concern basis, the Directors have previously demonstrated its ability to delay certain other costs, such as Research and Development expenditure, in the event of unforeseen cash constraints and are willing and able to delay costs in the forecast period should the need arise.

The Directors have also considered a scenario whereby the Company receives no revenue during the forecast period. Under this scenario, a positive cash balance would be maintained over that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its 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

**4. Adoption of new and revised standards and changes in accounting policies**

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2020, except for the application of the following standard at 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (published on 6 January 2021)

The adoption of this new standard would not result in any material changes to the financial statements.

The accounting policies have been applied consistently for the purposes of preparation of these condensed interim financial statements.

**5. Changes in presentation of the financial statements**

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, the following changes have been made in the year ended 31 December 2020, including changes in comparative figures in the 2020 Annual Report and Accounts, to enhance presentation:

- Right-of-use Assets have been presented on the face of the balance sheet (2019 and H1, 2020: as part of Property, plant and equipment). This reflects the increased quantum of this balance, following the move to the new office

- Finance costs have been presented separately from the foreign exchange gains/losses in the consolidated income statement, consolidated and company cash flow statements and note 33 of the 2020 Annual Report and Accounts, reflecting the increase in interest payable, coming chiefly as a result of the new leases.

- Exchange differences on working capital balances have been removed as an adjustment to profit in arriving at Cash absorbed by operations in note 33 of the 2020 Annual Report and Accounts and removed as an adjustment to Cash absorbed by operations in arriving at Net cash outflow from operating activities on the face of the consolidated and company cash flow statements. There is no impact on Net cash outflow from operating activities. This is a best practice improvement, considered by the Directors to result in a more appropriate presentation.

- Change in the EPS calculation to only include profit/loss attributable to the shareholders (which represents a correction of an immaterial error in the prior year).

The above changes have had the following effect on the comparative (2019) figures in the 2020 Annual Report and Accounts and the H1, 2020 figures, which are considered to be immaterial:

- Right-of-use Assets of £61,750 (H1, 2020: £360,421) have been separately presented on the face of the consolidated and company balance sheet.

- Finance costs of £8,397 (H1, 2020: £2,826) have been presented separately from the foreign exchange losses of £73,166 (H1, 2020: £13,436).

- Exchange differences on working capital balances of £44,475 (H1, 2020: £nil) have been removed as an equal and opposite adjusting item in arriving at Net cash outflow from operating activities.

- EPS has been restated from (0.54p) to (0.55p) for the year ended 31 December 2019 (H1, 2020: no change).

## 6. Principal risks and uncertainties

The Company's prime risk is the on-going commercialisation of its intellectual property, which involves testing of the Company's products, obtaining regulatory approvals 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.

## 7. COVID-19

The Board has seen some impact on the operations of the business with the restrictions 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 substantive closure of the hospitality industry.

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

Regulatory authorities are working at reduced capacity, which is expected to impact on-going product approval applications that we have around the world, though it is difficult at this stage to assess what, if any, commercial and financial impact there may be.

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.

## 8. Group profit/(loss) per share

| | **Six months ended 30 June 2021 Pence unaudited** | Six months ended 30 June 2020 Pence unaudited | Year ended 31 December 2020 Pence audited |
|---|---|---|---|
| (Loss)/profit per ordinary share (pence) - basic | **(0.42)** | (0.40) | (0.66) |
| (Loss)/profit per ordinary share (pence) - diluted | **(0.42)** | (0.40) | (0.66) |

Loss per share – basic has been calculated on the net basis on the loss after tax of £1,572,929 (30 June 2020: £1,022,562, 31 December 2020: £2,263,024) using the weighted average number of ordinary shares in issue of 380,340,229 (30 June 2020: 255,812,826, 31 December 2020: 344,629,577).

Loss per share – diluted has been calculated on the net basis on the loss after tax of £1,572,929 (30 June 2020: £1,022,562, 31 December 2020: £2,263,024) using the weighted average number of ordinary shares in issue of 380,340,229 (30 June 2020: 255,812,826, 31 December 2020: 344,629,577).

## 9. Reconciliation of loss before income tax to cash used by operations - Group

| | **Six months ended 30 June 2021 £ unaudited** | Six months ended 30 June 2020 £ Unaudited (restated – see note 5) | Year ended 31 December 2020 £ audited |
|---|---|---|---|
| (Loss)/profit after tax | **(1,572,929)** | (1,022,562) | (2,263,024) |
| **Adjustments for:** | | | |
| Share of associate's losses | **9,199** | 7,241 | 30,352 |
| Amortisation charges | **316,536** | 257,446 | 552,809 |
| Impairment of investment in associate | **-** | - | 299,521 |
| Share based payment charge | **544,028** | 47,088 | 120,380 |
| Depreciation of property, plant and equipment and right of use assets | **75,601** | 11,039 | 70,039 |
| Finance costs | **18,320** | 3,156 | 24,000 |
| Foreign exchange currency losses | **54,847** | 13,133 | 3,792 |
| Finance income | **(82)** | (5,540) | (5,725) |
| Tax credit | **(261,020)** | - | (285,108) |
| **Movements in working capital:** | | | |
| (Decrease)/increase in trade and other receivables | **185,518** | (42,161) | 236,784 |
| Increase/(decrease) in trade and other payables | **250,330** | 43,116 | 106,367 |
| Decrease/(increase) in stock | **(40,375)** | (287,159) | (155,999) |
| **Cash used by operations** | **(420,027)** | (975,203) | (1,265,812) |

**Reconciliation of loss before income tax to cash used by operations - Company**

| | **Six months ended 30 June 2021 £ unaudited** | Six months ended 30 June 2020 £ Unaudited (restated – see note 5) | Year ended 31 December 2020 £ audited |
|---|---|---|---|
| (Loss)/profit after tax | **(1,594,844)** | (1,038,945) | (2,229,669) |
| **Adjustments for:** | | | |
| Share of associate's losses | **9,199** | 7,241 | 30,352 |
| Amortisation charges | **309,900** | 257,446 | 539,535 |
| Impairment of investment in associate | **-** | - | 299,521 |
| Share based payment charge | **544,088** | 47,088 | 120,380 |
| Depreciation of property, plant and equipment and right of use assets | **75,601** | 11,039 | 70,039 |
| Finance costs | **18,320** | 3,156 | 24,000 |
| Foreign exchange currency losses | **54,847** | 13,133 | 3,792 |
| Finance income | **(82)** | (5,540) | (5,725) |
| Tax refunded | **(261,020)** | - | (285,108) |
| **Movements in working capital:** | | | |
| (Decrease)/increase in trade and other receivables | **185,518** | (42,161) | 188,784 |
| Increase/(decrease) in trade and other payables | **278,881** | 59,499 | 134,286 |
| Decrease/(increase) in stock | **(40,375)** | (287,159) | (155,999) |
| **Cash used by operations** | **(420,027)** | (975,203) | (1,265,812) |

## 10. Intangible assets - Group

| | Intellectual property | Licences and trademarks | Development Costs | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **COST** | | | | |
| At 1 January 2020 | 9,181,324 | 447,351 | 5,059,621 | 14,688,296 |
| Additions | - | 1,545 | 293,665 | 295,210 |
| At 30 June 2020 | 9,181,324 | 448,896 | 5,353,286 | 14,983,506 |
| Additions | 134,957 | - | 1,271,120 | 1,406,077 |
| At 31 December 2020 | 9,316,281 | 448,896 | 6,624,406 | 16,389,583 |
| **Additions** | **-** | **-** | **902,356** | **902,356** |
| **At 30 June 2021** | **9,316,281** | **448,896** | **7,526,762** | **17,291,939** |
| **AMORTISATION** | | | | |
| At 1 January 2020 | 6,490,209 | 437,751 | 2,179,329 | 9,107,289 |
| Charge for the period | 106,596 | 11,145 | 139,705 | 257,446 |
| At 30 June 2020 | 6,596,805 | 448,896 | 2,319,034 | 9,364,735 |
| Charge for the period | 119,876 | - | 175,487 | 295,363 |
| At 31 December 2020 | 6,716,681 | 448,896 | 2,494,521 | 9,660,098 |
| **Charge for the period** | **109,974** | **-** | **206,562** | **316,536** |
| **At 30 June 2021** | **6,826,655** | **448,896** | **2,701,083** | **9,976,634** |
| **CARRYING AMOUNT** | | | | |
| **At 30 June 2021** | **2,489,626** | **-** | **4,825,679** | **7,315,305** |
| At 31 December 2020 | 2,599,600 | - | 4,129,883 | 6,729,483 |
| At 30 June 2020 | 2,584,514 | - | 3,034,250 | 5,618,764 |

**Intangible assets - Company**

| | Intellectual property | Licences and trademarks | Development Costs | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **COST** | | | | |
| At 1 January 2020 | 9,048,581 | 447,351 | 5,059,621 | 14,555,553 |
| Additions | - | 1,545 | 293,665 | 295,210 |
| At 30 June 2020 | 9,048,581 | 448,896 | 5,353,286 | 14,849,213 |
| Additions | 134,957 | - | 1,271,120 | 1,406,077 |
| At 31 December 2020 | 9,183,538 | 448,896 | 6,624,406 | 16,256,840 |
| **Additions** | **-** | **-** | **902,356** | **902,356** |
| **At 30 June 2021** | **9,183,538** | **448,896** | **7,526,762** | **17,159,196** |
| **AMORTISATION** | | | | |
| At 1 January 2020 | 6,490,209 | 437,751 | 2,179,331 | 9,107,291 |
| Charge for the period | 106,596 | 11,145 | 139,705 | 257,446 |
| At 30 June 2020 | 6,596,805 | 448,896 | 2,319,036 | 9,364,737 |
| Charge for the period | 106,602 | - | 175,487 | 282,089 |
| At 31 December 2020 | 6,703,407 | 448,896 | 2,494,523 | 9,646,826 |
| **Charge for the period** | **103,338** | **-** | **206,562** | **309,900** |
| **At 30 June 2021** | **6,806,745** | **448,896** | **2,701,085** | **9,956,726** |
| **CARRYING AMOUNT** | | | | |
| **At 30 June 2021** | **2,376,793** | **-** | **4,825,677** | **7,202,470** |
| At 31 December 2020 | 2,480,131 | - | 4,129,883 | 6,610,014 |
| At 30 June 2020 | 2,451,771 | - | 3,034,250 | 5,486,021 |

## 11. Investment in equity accounted investee

| | **Six months ended 30 June 2021 GBP'000 unaudited** | Six months ended 30 June 2020 GBP'000 unaudited (restated – see note 13) | Year ended 31 December 2020 GBP'000 audited |
|---|---|---|---|
| **Percentage ownership interest** | | | |
| and proportion of voting rights | **29.90%** | 29.90% | 29.90% |
| | **£** | **£** | £ |
| Non-current assets | **440,601** | 533,703 | 502,954 |
| Current assets | **333,532** | 241,328 | 237,697 |
| Non-current liabilities | **(98,806)** | (98,806) | (98,806) |
| Current liabilities | **(253,558)** | (195,115) | (213,670) |
| **Net assets (100%)** | **421,769** | 481,111 | 428,175 |
| Company's share of net assets | **149,437** | 167,179 | 151,352 |
| Separable intangible assets | **148,101** | 162,669 | 155,385 |
| Goodwill | **412,649** | 412,649 | 412,649 |
| Impairment of investment in associate | **(299,521)** | - | (299,521) |
| **Carrying amount of interest in associate** | **410,666** | 742,497 | 419,865 |
| Revenue | **270,970** | 147,443 | 279,185 |
| Profit/(loss) from continuing operations | **(6,406)** | 145 | (52,790) |
| Post tax profit from discontinued operations | **-** | - | - |
| 100% of total post-tax profits | **(6,406)** | 145 | (52,790) |
| 29.9% of total post-tax profits | **(1,915)** | 43 | (15,784) |
| Amortisation of separable intangible assets | **(7,284)** | (7,284) | (14,568) |
| **Company's share of loss including amortisation of separable intangible asset** | **(9,199)** | (7,241) | (30,352) |

## 12. Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

| Name of undertaking | Country of incorporation | Ownership interest (%) | Voting power held (%) | Nature of business |
|---|---|---|---|---|
| TerpeneTech Limited | Republic of Ireland | 50.00 | 50.00 | Sale of biocide products |

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).

**Non-controlling interests**

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

| | **30 June 2021** | 30 June 2020 | 31 Dec 2020 |
|---|---|---|---|
| | **£** | £ | £ |
| | **unaudited** | unaudited (restated – see note 13) | audited |
| **NCI percentage** | 50% | 50% | 50% |
| Non-current assets | 112,835 | 132,743 | 119,471 |
| Current assets | - | - | - |
| Non-current liabilities | - | - | - |
| Current liabilities | (55,542) | (91,629) | (80,093) |
| **Net assets** | 61,293 | 41,114 | 39,378 |
| *Carrying amount of NCI* | | - | - |
| Revenue | 28,551 | 16,383 | 27,919 |
| Profit/(loss) | 21,915 | 16,383 | 14,647 |
| OCI | - | - | - |
| **Total comprehensive income** | 21,915 | 16,383 | 14,647 |
| Cash flows from operating activities | - | - | - |

| | | | |
|---|---|---|---|
| Cash flows from investment activities | - | - | - |
| Cash flows from financing activities | - | - | - |
| Net increase/(decrease) in cash and cash equivalents | - | - | - |
| **Dividends paid to non-controlling interests** | - | - | - |

## 13. Property, plant and equipment – Consolidated and Company

| | **Land and buildings £** | **Total £** |
|---|---|---|
| **COST** | | |
| At 1 January 2020 | - | - |
| Additions | - | - |
| At 30 June 2020 | - | - |
| Additions - owned | 200,758 | 200,758 |
| At 31 December 2020 | 200,758 | 200,758 |
| **Additions** | **98,458** | **98,458** |
| **At 30 June 2021** | **299,216** | **299,216** |
| **AMORTISATION** | | |
| At 1 January 2020 | - | - |
| Charge for the period | - | - |
| At 30 June 2020 | - | - |
| Charge for the period | 12,693 | 12,693 |
| At 31 December 2020 | 12,693 | 12,693 |
| **Charge for the period** | **27,039** | **27,039** |
| **At 30 June 2021** | **39,732** | **39,732** |
| **CARRYING AMOUNT** | | |
| **At 30 June 2021** | **259,484** | **259,484** |
| At 31 December 2020 | 188,065 | 188,065 |
| At 30 June 2020 | - | - |

## 14. Right of use assets – Consolidated and Company

| | Land and buildings £ | Vehicles £ | Total £ |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2020 | 78,668 | 35,865 | 114,533 |
| Additions | 309,710 | - | 309,710 |
| At 30 June 2020 | 388,378 | 35,865 | 424,243 |
| Additions | 107,811 | - | 107,811 |
| Disposals | (78,668) | - | (78,668) |
| At 31 December 2020 | 417,521 | 35,865 | 453,386 |
| **Additions** | **-** | **27,920** | **27,920** |
| **At 30 June 2021** | **417,521** | **63,785** | **481,306** |
| **AMORTISATION** | | | |
| At 1 January 2020 | 39,334 | 13,449 | 52,783 |
| Charge for the period | 6,555 | 4,484 | 11,039 |
| At 30 June 2020 | 45,889 | 17,933 | 63,822 |
| Charge for the period | 41,825 | 4,482 | 46,307 |
| Charge for the period | (51,353) | - | (51,353) |
| At 31 December 2020 | 36,361 | 22,415 | 58,776 |
| **Charge for the period** | **41,752** | **6,810** | **48,562** |
| **At 30 June 2021** | **78,113** | **29,225** | **107,338** |
| **CARRYING AMOUNT** | | | |
| **At 30 June 2021** | **339,408** | **34,560** | **373,968** |
| At 31 December 2020 | 381,160 | 13,450 | 394,610 |
| At 30 June 2020 | 342,489 | 17,932 | 360,421 |

## 15. Share based payments

**Share Options**

**Unapproved option scheme**

Eden Research plc operates an unapproved option scheme for executive directors, senior management and certain employees.

| | **Six months ended 30 June 2021** | | Six months ended 30 June 2020 | |
|---|---|---|---|---|
| | **Weighted average exercise price (pence)** | **Number** | Weighted average exercise price (pence) | Number |
| Outstanding at the beginning of the period | **13** | **1,050,000** | 13 | 1,050,000 |
| Granted during the period | **-** | **-** | - | - |
| Exercised during the period | **-** | **-** | - | - |
| Lapsed during the period | **13** | **(1,050,000)** | - | - |
| | **-** | **-** | 13 | 1,050,000 |

The exercise price of options outstanding at the end of the period was nil p (30 June 2020: 63p) and their weighted average contractual life was nil years (30 June 2020: 0.5 years). None of the options have vesting conditions.

The share-based payment charge for the period was £nil (30 June 2020: £47,088).

**Long-Term Incentive Plan ("LTIP")**

'Nil-priced' options

Until April 2021, Eden operated a 'Nil-priced', approved option scheme for executive directors, senior management and certain employees under a LTIP which it adopted in 2017, in respect of the following options:

| | **2015 Award** | **2016 Award** | **2017 Award** | **2018 Award** |
|---|---|---|---|---|
| Grant date | 28/09/2017 | 28/09/2017 | 28/06/2019 | 28/06/2019 |
| Number of awards | 1,908,680 | 2,108,000 | 2,868,889 | 3,022,222 |
| Share price | 0.125 | 0.125 | 0.115 | 0.115 |
| Exercise price | £nil | £nil | £nil | £nil |
| Expected dividend yield | -% | -% | -% | -% |

| | | | | |
|---|---|---|---|---|
| Expected volatility | 73.20% | 73.20% | 50.82% | 50.82% |
| Risk free rate | 0.80% | 0.80% | 0.614% | 0.614% |
| Vesting period | 2 years | 3 years | 2 years | 3 years |
| Expected Life (from date of grant) | | 10 years | 2 years | 3 years |

The above options were cancelled on 31 March 2021 and the LTIP was replaced with a new one at that time, details of which are set out below.

The share-based payment charge for the year ended 31 December 2017 and subsequent years, up to the year ended 31 December 2020, after which the LTIP was replaced with a new one on 31 March 2021, is set out as follows:

| **Financial year ended 31 December** | **Share based payment charge £** |
|---|---|
| 2017 | 27,210 |
| 2018 | 85,370 |
| 2019 | 110,743 |
| 2020 | 94,176 |

For the 'Nil-priced' options which were granted under the Company's previous 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.

'Priced' option scheme

On 31 March 2021, Eden implemented a new LTIP, replacing the previous one, under which 'priced', approved options are granted to the Executive Directors and under which the Company intends to grant options to senior management and certain employees.

During the first half of the year, the Company granted to the Executive Directors a total of 10,500,000 options at an exercise price of 6p per share.

| | **Six months ended 30 June 2021** | | Six months ended 30 June 2020 | |
|---|---|---|---|---|
| | **Weighted average exercise price (pence)** | **Number** | Weighted average exercise price (pence) | Number |
| Outstanding at the beginning of the period | **-** | **-** | - | - |
| Granted during the period | **6** | **10,500,000** | - | - |
| Exercised during the period | **-** | **-** | - | - |
| Lapsed during the period | **-** | **-** | - | - |
| | **6** | **10,500,000** | - | - |

The exercise price of options outstanding at the end of the period was 6p (30 June 2020: nil p) and their weighted average contractual life was 1.5 years (30 June 2020: nil years). None of the options have vesting conditions.

The share-based payment charge for the period, in respect of these options, was £544,028 (30 June 2020: £nil).

The following information is relevant in the determination of the fair value of options granted during the year under the unapproved options scheme under the LTIP operated by Eden Research Plc.

| | **2015 Award** | **2016 Award** | **2017 Award** |
|---|---|---|---|
| Grant date | 30/6/2021 | 30/6/2021 | 31/03/2021 |
| Number of awards | 3,500,000 | 3,500,000 | 3,500,000 |
| Share price | 0.10 | 0.10 | 0.10 |
| Exercise price | £nil | £nil | £nil |
| Expected dividend yield | -% | -% | -% |
| Expected volatility | 63.20% | 63.20% | 63.20% |
| Risk free rate | 0.95% | 0.95% | 0.95% |
| Vesting period | Nil | Nil | Nil |
| Expected Life (from date of grant) | 2 years | 3 years | 4 years |

For the 'priced' options which were granted under the Company's new 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.

**Warrants**

| | **Six months ended 30 June 2021** | | Six months ended 30 June 2020 | |
|---|---|---|---|---|
| | **Weighted average exercise price (pence)** | **Number** | Weighted average exercise price (pence) | Number |
| Outstanding at the beginning of the period | **19** | **2,989,865** | 19 | 2,989,865 |
| Granted during the period | **-** | **-** | - | - |
| Lapsed during the period | **-** | **-** | - | - |
| | **19** | **2,989,865** | 19 | 2,989,865 |

The exercise price of warrants outstanding at the end of the period ranged between 12p and 30p (30 June 2020: 11p and 30p) and their weighted average contractual life was 1.0 year (30 June 2020: 2.0 years).

**16. Revenue**

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 not allocated to a specific segment.

The segmental information for the six months ended 30 June 2021 is as follows:

| | **Agrochemicals** | **Consumer products** | **Animal health** | **Total** |
|---|---|---|---|---|
| **Revenue** | £ | £ | **£** | **£** |
| Milestone payments | 95,025 | - | - | **95,025** |
| R & D charges | - | 3,218 | - | **3,218** |
| Royalties | - | 28,551 | - | **28,551** |
| Product sales | 658,500 | - | - | **658,500** |
| **Total revenue** | **753,525** | **31,769** | **-** | **785,294** |
| **EBITDA** | **(843,969)** | **28,551** | **-** | **(815,418)** |
| Share Based Payments | (544,028) | - | - | **(544,028)** |
| **Adjusted EBITDA** | **(1,387,997)** | **28,551** | **-** | **(1,359,446)** |
| Amortisation | (309,900) | (6,636) | - | **(316,536)** |
| Depreciation | (75,601) | - | - | **(75,601)** |
| Finance costs, foreign exchange and investment revenues | (73,167) | - | - | **(73,167)** |
| Income Tax | 261,020 | - | - | **261,020** |
| Share of Associate's loss | - | (9,199) | - | **(9,199)** |
| **(Loss)/Profit for the Year** | **(1,585,645)** | **12,716** | **-** | **(1,572,929)** |
| **Total Assets** | **16,017,143** | **112,835** | **-** | **16,129,978** |
| Total assets includes: | | | | |
| Additions to Non-Current Assets | 1,028,734 | - | - | **1,028,734** |
| **Total Liabilities** | **2,303,598** | **51,542** | - | **2,355,140** |
| | | | | |

The segmental information for the six months ended 30 June 2020 (restated – see note 17) is as follows:

| | Agrochemicals | Consumer products | Animal health | Total |
|---|---|---|---|---|
| **Revenue** | £ | £ | **£** | **£** |
| Milestone payments | 19,645 | - | - | **19,645** |
| R & D charges | - | - | - | **-** |
| Royalties | - | 16,383 | - | **16,383** |
| Product sales | 562,830 | - | - | **562,830** |
| **Total revenue** | **582,475** | **16,383** | **-** | **598,858** |
| **EBITDA** | **(794,018)** | **16,383** | **-** | **(777,635)** |
| Share Based Payments | (47,088) | - | - | **(47,088)** |
| **Adjusted EBITDA** | **(746,930)** | **16,383** | **-** | **(730,547)** |
| Amortisation | (257,446) | - | - | **(257,446)** |
| Depreciation | (11,039) | - | - | **(11,039)** |
| Finance costs, foreign exchange and investment revenues | (16,289) | - | - | **(10,749)** |
| Impairment of investment in associate | - | - | - | **-** |
| Income Tax | - | - | - | **-** |
| Share of Associate's loss | - | (7,241) | - | **(7,241)** |
| **(Loss)/Profit for the Year** | **(1,031,704)** | **9,142** | **-** | **(1,022,562)** |
| **Total Assets** | **17,551,760** | **132,743** | **-** | **17,684,503** |
| Total assets includes: | | | | |
| Additions to Non-Current Assets | 604,920 | - | - | **604,920** |
| **Total Liabilities** | **1,470,551** | **91,629** | - | **1,562,180** |

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

| | Agrochemicals | Consumer products | Animal health | Total |
|---|---|---|---|---|
| **Revenue** | £ | £ | **£** | **£** |
| 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** |
| **EBITDA** | **(1,528,934)** | **36,470** | **-** | **(1,492,464)** |
| Share Based Payments | (120,380) | - | - | **(120,380)** |
| **Adjusted 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** | **(2,255,868)** | **(7,156)** | **-** | **(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** |

The share of associate's loss has been moved from the agrochemicals to consumer products segment to reflect a change in the operating/reporting structure and reflects a change in internal reporting provided to the chief operating decision maker who receives this information and assesses performance.

**Geographical Reporting**

| | **Six months ended 30 June 2021 £** | Six months ended 30 June 2020 (restated – see note 13) £ | Year ended 31 December 2020 £ |
|---|---|---|---|
| UK | **31,769** | 694 | 16,211 |
| Europe | **753,525** | 598,164 | 1,352,777 |
| | **785,294** | 598,858 | 1,368,988 |

The revenue derived from Milestone Payments relates to agreements which cover a number of countries both in the EU and the rest of the world.

All of the non-current assets are in the UK.

## 17. Prior Year Adjustment

Following the incorporation of TerpeneTech (Ireland) in 2019, the Group is reorganising the roles of TerpeneTech (Ireland) and TerpeneTech (UK) in the sale of geraniol and certain other products.

Following communications with the Financial Reporting Council (refer to the Audit Committee Report on pages 38 – 39 of the 2020 Annual Report and Accounts), the Directors have reconsidered the arrangements that were in place in 2019 (and which remained in place in 2020 and to date) in regard to sales made by TerpeneTech (Ireland).

The Directors have concluded that TerpeneTech (Ireland) was acting as an agent in these transactions and should have recognised sales of £24,730 (H1, 2020: £16,383) being the 10% margin on the sales of geraniol rather than recognising gross sales and cost of sales. As such, they have restated the Group's revenue and cost of sales in 2019.

As a consequence of this restatement, revenue has been reduced by £222,574 (H1, 2020: £163,826) and cost of sales have been reduced by £222,574 (H1, 2020: £163,826) in the Income Statement for the year ending 31 December 2019. There was no impact on loss before or after taxation or net assets and no impact on any opening balances.

As the arrangements change going forward, the Directors will reconsider the revenue recognition.

**Notes to Editors:**

**Eden Research** is the only UK-listed company focused on biopesticides for sustainable agriculture. It develops and supplies innovative biopesticide products and natural microencapsulation technologies to the global crop protection, animal health and consumer products industries.

Eden's products are formulated with terpene active ingredients, based on natural plant defence metabolites. To date, they have been primarily used on high-value fruits and vegetables, improving crop yields and marketability, with equal or better performance when compared with conventional pesticides. Eden has two products currently on the market:

**Mevalone® / Araw®** is a foliar biofungicide which initially targets a key disease affecting grapes and other high-value fruit and vegetable crops. It is approved for sale in a number of key countries whilst Eden and its partners pursue regulatory clearance in new territories thereby growing Eden's addressable market globally.

**Cedroz™** is a bionematicide that targets free living nematodes which are parasitic worms that affect a wide range of high-value fruit and vegetable crops globally. Cedroz is registered for sale on two continents and Eden's commercial collaborator, Eastman Chemical, is pursuing registration and commercialisation of this important new product in numerous countries globally.

Eden's **Sustaine®** encapsulation technology is used to harness the biocidal efficacy of naturally occurring chemicals produced by plants (terpenes) and can also be used with both natural and synthetic compounds to enhance their performance and ease-of-use. Sustaine microcapsules are naturally-derived, plastic-free, biodegradable micro-spheres derived from yeast. It is one of the only viable, proven and immediately registerable solutions to the microplastics problem in formulations requiring encapsulation.

Eden was admitted to trading on AIM on 11 May 2012 and trades under the symbol EDEN. It was awarded the London Stock Exchange **Green Economy Mark** in January 2021, which recognises London-listed companies that derive over 50% of their total annual revenue from products and services that contribute to the global green economy. Eden derives 100% of its total annual revenues from sustainable products and services.

For more information about Eden, please visit: www.edenresearch.com.