

Eden Half Yearly Report

EDEN RESEARCH PLC

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The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

30 September 2022

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 2022.

Financial highlights

- Revenue for the period of £1.04m (H1 2021: £0.79m), an increase of c. 32%
- Product sales of £1.01m (H1 2021: £0.66m), an increase of c. 53%
- Operating loss for the period of £1.3m (H1 2021: £1.8m)
- Cash and cash equivalents of £1.9m (H1 2021: £5.8m)
- Cash and cash equivalents at 31 August 2022 of £2.4m following a tax refund and receipts from half-year end trade debtors

- □□ On track to meet 2022 product sales revenue guidance of £1.4m

Business highlights

Expanding regulatory approvals in key territories, including the US, and leveraging of high-value commercial agreements

- □□ Materially increased Eden's global addressable market with label extensions and new regulatory approvals, most notably the addition of the US following EPA approval, post-period end
 - Other notable approvals included Mevalone® label extensions in Italy (sold under the brand "3logy®", by Sipcam-Oxon)
- □□ Eden's new insecticide product heading towards commercialisation with extensive registration and commercial evaluation field trials ongoing in 2022
- □□ Commercialisation of the seed treatment product developed as part of the Corteva project remains on track with commercial launch possible in advance of the 2024 growing season (subject to regulatory approvals)
- □□ Robust sales of Eden's products indicating that demand is returning to pre-pandemic levels
- □□ New distribution arrangements in key territories expected by year-end

Corporate highlights

New team additions reflecting Eden's next phase of growth and ambition to capitalise on the abundance of new opportunities

- □□ Appointment of Richard Horsman as Non-Executive Director, with effect from 1 September 2022. Richard brings over 25 years of AIM and Main Market experience to the team
- □□ New Development Team Lead and Formulation Team members recruited
- □□ Strengthening of the Commercial Team underway

Lykele van der Broek, Chairman of Eden Research, commented:

"We reached the mid-part of 2022 on a firm footing, expanding our regulatory approvals in key regions, advancing our strategic partnerships with major industry players, and delivering robust sales of our products, indicating a return to pre-pandemic demand levels.

The authorisation of Cedroz™ and Mevalone® and their associated active ingredients in the US after the period end has been a particular highlight for us. As the Environmental Protection Agency ("EPA") continues to ban a number of commonly used conventional chemical pesticide products in recent years,

US-based farmers are in need of viable alternatives to keep up with the growing demand for food. The approval of our biopesticide products, which are based on naturally occurring substances, provide this alternative, without compromising efficacy, yield or production costs.

This development opens up significant revenue and growth opportunities for us, with our total addressable market in the region of \$500 million. We now turn our attention to state level approvals, focusing on California and Florida in the first instance, which we expect to see in the coming months, followed by the start of meaningful sales in 2023.

This year so far has also seen us continue to successfully develop new product ranges, including our insecticide offering, which has produced good field trial results to date in both our own hands, and in the hands of potential commercial partners. Our partnership to develop our seed treatment product with Corteva also goes from strength to strength and we look forward to successfully commercialising this offering as quickly as possible, subject to regulatory clearance.

Despite ongoing macro-economic challenges, we are pleased with the progress that has been made during the year so far. With our new board and team additions, we are confident that we have the talent and capabilities to capitalise on the significant and growing market opportunity available for Eden across the globe. I look forward to reporting further progress in the coming months as we continue to work towards our strategic and financial goals."

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Chief Executive Officer's Statement

The first half of 2022 has represented a period of progress for Eden, and I am delighted to say we are beginning to see the fruits of our commercial efforts with stronger sales.

Executing on our strategic objectives

At our recent AGM, we laid out four key strategic areas that we are pursuing to take the Company forward into its next phase of growth:

- Diversification of our product portfolio, geographic presence, target markets, and product uses
- Enhancing our research, development and operations, and self-reliance, through the expansion of our in-house capabilities, optimising our supply chains, and reducing our time to market
- Growth through new partnerships and collaborations with major global and regional partners, as well as regulatory clearance in new countries, crops, and diseases
- Team expansion with added capacity in key strategic areas such as development and commercial

Eden has been delivering against these objectives in the following ways:

1. Widening our global market opportunities

We are excited to be able to report federal approval from the EPA received after the period end for distribution of our flagship products, Mevalone® and Cedroz™, alongside our three associated active ingredients, in one of the largest agricultural markets in the world. This has been the result of over four years of effort by our experienced regulatory and commercial teams who worked tirelessly to ensure that Eden addressed the EPA's extensive and evolving list of strict requirements. We are the first British crop protection company to receive such approval for a biopesticide, and we are, by far, the smallest company to achieve the ambitious goal of registering three active ingredients and two formulated products at once, thereby opening up one of the world's most important markets for agricultural inputs.

Eden's naturally derived products represent a compelling proposition for American farmers looking to navigate the increasingly restrictive landscape of regulations whilst still maintaining or increasing food production in a sustainable way. We estimate this one addressable market alone to be worth in excess of \$500 million per annum. The next step in the process will be to focus on local regulatory approval in the key states of California and Florida, where many of the country's high-value crops are grown. We expect these regulatory processes to be relatively short, as we target the 2023 growing season.

Eden also received a label extension for Mevalone® in Italy which is sold under the brand name "3logy®" by our commercial partner Sipcam Oxon. This label extension has allowed Eden and Sipcam

to target two new fungal pathogens and add a wide range of new crop types to the label. We estimate that this expansion of the label for 3logy adds thousands of hectares of high-value crops to our addressable market.

We are currently hard at work to further optimise our distribution network, and we anticipate announcing new partnerships in the coming months; all aimed at adding new territories or expanding our market access in existing countries.

2. Expanding our product line and applicable uses

Our product development pipeline continues to progress. Examples include our forthcoming insecticide product which we have been conducting extensive field trials on this year. We are now at the stage of receiving trial results and, in the meantime, we have sent our product to a long list of third parties, including several industry leaders, to undertake field trials of their own. We look forward to sharing the outcome of these field trials in due course as we prepare for registration and commercialisation.

In addition, field trials this growing season on our seed treatment product, developed for commercialisation by Corteva, have so far proven successful. We are looking to move forward with the regulatory process in key markets as swiftly as possible. Our aspiration is to launch this important new product in time for the 2024 growing season, although the process is subject to regulatory approval by the relevant authorities across our targeted geographies.

We are continually assessing applicable use of our biopesticide products across crops outside our existing remit such as cannabis, as well as the use of our proprietary technologies in the consumer products and animal health industries.

3. New team additions to drive next phase of growth

Post-period, we welcomed Richard Horsman as a new Non-Executive Director. Richard possesses an abundance of industry, commercial and corporate acumen and expertise which will help drive Eden through our next phase of growth. This not only applies to maximising the potential of our existing opportunities, but also in driving new opportunities that share synergies with our core business.

Strong revenue and sales performance against year-end guidance

Revenues for the first half of the year increased by approximately 32% to £1.04m compared to £0.79m for H1 2021.

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. Product sales increased by approximately 53% to £1.01m compared to £0.66m for H1 2021.

Earnings improved against H1 2021 with overall loss before tax of £1.3m (H1 2021: £1.8m loss), but were flat against H1 2021 Adjusted EBITDA (i.e. EBITDA excluding Share Based Payments) with a loss of £0.8m (H1 2021: £0.8m loss).

The cash position at half-year was £1.9m (H1 2021: £5.8m) and £2.4m at 31 August 2022 following a tax refund and receipts from half-year end trade debtors.

Our cash generation is supported by the material progress made along various development lines, as well as the growing number of additional commercial agreements and regulatory approvals in new territories.

We continue to aggressively manage our cash position and always aim to achieve operational efficiencies. Much of the work that has been brought in-house was previously contracted to third parties, and so many of our internal costs have offset what were previously larger third-party expenditures. By bringing certain strategic capabilities in-house, we have also been able to significantly reduce development time whilst building internal know-how and strengthening our strategic capabilities in support of future growth.

Dividend

At present, there is currently no near-term plan to pay a dividend. However, the Board continues to review the company's dividend policy.

Maintaining a cautious approach against a promising outlook

The commercial foundations for the remainder of the year have been set in place by the interim period and we remain on track to meet full year product sales revenue market expectations of £1.4 million. As ever, we continue to monitor conditions of the current growing season and any impact this may have on our product sales. Generally dry weather conditions across the south of Europe have, once again, reduced demand for botryticides and certain other agrochemicals. Ultimately this can result in higher-than-desired inventory levels.

Whilst it is premature to assess what impact this will have on the post-season selling period, we are monitoring this situation closely as we are with various supply chain-related issues, including increasing

raw material prices. The well-known potential impact of weather in the short-term, and climate change in the longer term, further highlights the need to expand our product range and the diseases and pests that we target in order to achieve a diversification of risks across the product portfolio. We have made good progress in this area in the last five years, and we will continue to focus upon these efforts as a matter of priority.

On behalf of the Company, I'd like to thank our staff for their outstanding efforts so far this year as well as our shareholders for their continued interest and support.

Sean Smith

Chief Executive Officer

29 September 2022

Eden Research plc - Consolidated Statement of Comprehensive Income for the six months ended 30 June 2022

	Six months ended 30 June 2022 £ unaudited	Six months ended 30 June 2021 £ unaudited	Year ended 31 December 2021 £ audited
Revenue (note 16)	<u>1,040,036</u>	<u>785,294</u>	<u>1,228,580</u>
Cost of sales	<u>(626,342)</u>	<u>(403,570)</u>	<u>(667,343)</u>
Gross profit	<u>413,694</u>	<u>381,724</u>	<u>561,237</u>
Administrative expenses	(1,295,770)	(1,272,825)	(2,694,290)
Amortisation of intangible assets	(246,325)	(316,536)	(434,630)
Share based payments (note 15)	<u>(152,135)</u>	<u>(544,028)</u>	<u>(640,597)</u>
Operating loss	(1,280,536)	(1,751,665)	(3,208,280)
Investment revenues	28	82	98
Finance costs	(9,868)	(18,320)	(32,074)
Foreign exchange gains/(losses)	(33,351)	(54,847)	(97,247)
Share of loss of equity accounted investee, net of tax (note 10)	<u>(9,849)</u>	<u>(9,199)</u>	<u>(58,177)</u>
Loss before taxation	(1,333,576)	(1,833,949)	(3,395,680)
Income tax income	<u>345,424</u>	<u>261,020</u>	<u>618,137</u>
Loss for the financial period	(988,152)	(1,572,929)	(2,777,543)

Attributable to:			
Equity holder of the company	(997,630)	(1,583,887)	(2,788,973)
Non-controlling interest	9,478	10,958	11,430
Other Comprehensive Income net of tax	-	-	-
Total Comprehensive Income	(988,152)	(1,572,929)	(2,777,543)

Earnings per share (note 7)

Basic (pence per share)	(0.26)	(0.42)	(0.73)
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Eden Research plc - Consolidated Statement of Financial Position as at 30 June 2022

	30 June 2022	30 June 2021	31 Dec 2021
	£	£	£
	unaudited	unaudited	audited
NON-CURRENT ASSETS			
Intangible assets (note 9)	8,330,644	7,315,305	7,919,780
Property, plant & equipment (note 12)	222,712	259,484	232,278
Right of Use assets (note 13)	339,179	373,968	372,787
Investments in associate (note 10)	351,839	410,666	361,688
	9,244,374	8,359,423	8,886,533
CURRENT ASSETS			
Inventories	459,424	264,797	521,351
Trade and other receivables	1,564,652	1,495,898	886,587
Taxation	918,009	546,128	903,245
Cash and cash equivalents	1,852,019	5,748,840	3,829,369
	4,794,104	7,770,555	6,140,552
CURRENT LIABILITIES			
Trade and other payables	1,638,945	1,705,285	1,711,518
Lease liabilities	114,478	94,415	99,924

	1,753,423	1,924,912	1,811,442
NET CURRENT ASSETS	3,040,681	5,845,643	4,329,110
NON-CURRENT LIABILITIES			
Trade and other payables	-	125,212	87,740
Lease liabilities	247,742	305,016	298,428
	247,742	430,228	386,168
NET ASSETS	12,037,313	13,900,050	12,829,475
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	769,773	876,764	937,505
Merger reserve	10,209,673	10,209,673	10,209,673
Retained earnings	(42,094,661)	(40,328,965)	(41,460,753)
Non-controlling interest	40,597	30,647	31,119
TOTAL EQUITY	12,037,313	13,900,050	12,829,475

Eden Research plc - Consolidated Statement of Changes in Equity as at 30 June 2022

	Share capital £	Share premium £	Merger reserve £	Warrant reserve £	Retained earnings £	Non- control- ling interest £	Total £
Six months ended 30 June 2022							
Balance at 1 January 2022 (audited)	3,803,402	39,308,529	10,209,673	937,505	(41,460,753)	31,119	12,829,475
Loss and total comprehensi	-	-	-	-	(997,630)	9,478	(988,152)

ve income

Transactions with owners

- Xinova write off	-	-	-	-	43,855	-	43,855
- Options granted	-	-	-	152,135	-	-	152,135
- Options exercised/lapsed	-	-	-	(319,867)	319,867	-	-

Transactions with owners

	-	-	-	(167,732)	363,722	-	195,990
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Balance at 30 June 2022 (unaudited)

	3,803,402	39,308,529	10,209,673	769,773	(42,094,661)	40,597	12,037,313
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Six months ended 30 June 2021

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
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Loss and total comprehensive income	-	-	-	-	(1,583,887)	10,958	(1,572,929)
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Transactions with owner:

- Xinova write off	-	-	-	-	-	-	-
- Options granted	-	-	-	544,028	-	-	544,028
- Options exercised/lapsed	-	-	-	(97,179)	97,179	-	-

Transactions with owners	-	-	-	446,849	97,179	-	544,028
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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
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Eden Research plc - Consolidated Statement of cash flows for the six months ended 30 June 2022

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
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	£ unaudited	£ unaudited	£ audited
Cash flows from operating activities			
Cash outflow from operations (note 8)	(1,528,470)	(420,027)	(1,586,582)
Interest on lease liabilities	(9,868)	(18,320)	(32,074)
Tax refunded	330,660	-	-
	<u>(1,207,678)</u>	<u>(438,347)</u>	<u>(1,618,656)</u>
Cash flows from investing activities			
Purchase of intangible assets	(657,189)	(902,356)	(1,624,927)
Purchase of property, plant and equipment	(21,790)	(98,458)	(101,269)
Interest received	28	82	98
	<u>(678,951)</u>	<u>(1,000,732)</u>	<u>(1,726,098)</u>
Cash flows from financing activities			
Payment of lease liabilities	(57,370)	(43,737)	(90,387)
	<u>(57,370)</u>	<u>(43,737)</u>	<u>(90,387)</u>
Net cash used in financing activities			
(Decrease)/increase in cash and cash equivalents	(1,943,999)	(1,482,816)	(3,435,141)
Cash and cash equivalents at beginning of period	3,829,369	7,286,503	7,286,503
Effect of exchange rate fluctuations on cash held	(33,351)	(54,847)	(21,993)
	<u>(33,351)</u>	<u>(54,847)</u>	<u>(21,993)</u>
Cash and cash equivalents at end of period	1,852,019	5,748,840	3,829,369
	<u><u>1,852,019</u></u>	<u><u>5,748,840</u></u>	<u><u>3,829,369</u></u>

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 2022 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 Interims 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 2021 which were approved by the Board of Directors on 30 May 2022 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 Interims do not include all of the information required for a complete set of financial statements prepared under UK-adopted International Accounting Standards 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 Interims as at and for the year ended 31 December 2021 has been taken from the published audited financial statements as at and for the year ended 31 December 2021. All other periods presented are unaudited.

The Board of Directors and the Audit Committee approved the interims on 29 September 2022.

3. Going Concern

The directors have, at the time of approving the Interims, 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 £988,152 (H1 2021: £1,572,929). Net current assets at that date amounted to £3,040,681 (H1 2021: £5,845,643). Cash at that date amounted to £1,852,019 (H1 2021: £5,748,840). 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-19 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-19 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.

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 Interims have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2021, except for the application of the following standard at 1 January 2022:

- Amendments to IFRS 3, IAS 16, IAS 37 and the 2018-2020 IFRS Annual Improvements cycle

The adoption of these new standards would not result in any material changes to the Interims.

The accounting policies have been applied consistently for the purposes of preparation of these condensed Interims.

5. 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.

6. COVID-19 and Ukraine

COVID-19

As restrictions significantly eased in the first part of 2022, operationally things are returning to normal.

Commercially, there has been some negative impact on the sales of our products due to the on-going 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 on its toll manufacturing operations, though supply of some raw materials continues to be somewhat delayed.

Regulatory authorities were working at reduced capacity, which has impacted on-going product approval applications that we have around the world, though it is still 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.

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.

7. Earnings per share

	Six months ended 30 June 2022 Pence unaudited	Six months ended 30 June 2021 Pence unaudited	Year ended 31 December 2021 Pence audited
(Loss)/profit per ordinary share (pence) - basic	<u>(0.26)</u>	<u>(0.42)</u>	<u>(0.73)</u>

Loss per share - basic has been calculated on the net basis on the loss after tax of £988,152 (30 June 2021: £1,572,929, 31 December 2021: £2,777,543) using the weighted average number of ordinary shares in issue of 380,340,229 (30 June 2021: 380,340,229, 31 December 2021: 380,340,229).

Diluted earnings per share has not been presented as the Group is currently loss making and as a result, any additional equity instruments have the effect of being anti-dilutive.

8. Reconciliation of loss before income tax to cash used by operations

	Six months ended 30 June 2022 £ unaudited	Six months ended 30 June 2021 £ unaudited	Year ended 31 December 2021 £ audited
(Loss)/profit after tax	(988,152)	(1,572,929)	(2,777,543)
Adjustments for:			
Share of associate's losses	9,849	9,199	58,177
Amortisation charges	246,325	316,536	434,630
Share based payment charge	152,135	544,028	640,597
Xinova loan balance written off	43,855	-	-
Depreciation of property, plant and equipment and right of use assets	88,159	75,601	155,341
Finance costs	9,868	18,320	122,311
Foreign exchange currency losses	33,351	54,847	21,993
Finance income	(28)	(82)	(98)
Tax credit	(345,424)	(261,020)	(618,137)
Movements in working capital:			
(Increase)/decrease in trade and other receivables	(678,066)	185,518	509,721
(Decrease)/ Increase in trade and other payables	(162,269)	250,330	163,355
Decrease/(increase) in inventory	61,927	(40,375)	(296,929)
Cash used by operations	(1,528,470)	(420,027)	(1,586,582)

9. Intangible assets

	Intellectual property £	Licences and trademarks £	Development Costs £	Total £
COST				
At 1 January 2021	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
Additions	91,405	7,788	623,378	722,571

At 31 December 2021	9,407,686	456,684	8,150,140	18,014,510
Additions	-	-	657,189	657,189
At 30 June 2022	9,407,686	456,684	8,807,329	18,671,699
AMORTISATION				
At 1 January 2021	6,716,681	448,896	2,494,523	9,660,100
Charge for the period	109,974	-	206,562	316,536
At 30 June 2021	6,826,655	448,896	2,701,085	9,976,636
Charge for the period	109,974	-	8,120	118,094
At 31 December 2021	6,936,629	448,896	2,709,205	10,094,730
Charge for the period	105,174	648	140,503	246,325
At 30 June 2022	7,041,803	449,544	2,849,708	10,341,055
CARRYING AMOUNT				
At 30 June 2022	2,365,883	7,140	5,957,621	8,330,644
At 31 December 2021	2,471,057	7,788	5,440,935	7,919,780
At 30 June 2021	2,489,626	-	4,825,679	7,315,305

10. Investment in associate

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	GBP'000	GBP'000	GBP'000
	unaudited	unaudited	audited
Percentage ownership interest			
and proportion of voting rights	29.90%	29.90%	29.90%
	£	£	£
Non-current assets	409,425	440,601	440,601
Current assets	310,173	333,532	287,576
Non-current liabilities	(98,806)	(98,806)	(98,806)
Current liabilities	(269,026)	(253,558)	(269,026)

Net assets (100%)	351,766	421,769	360,345
Company's share of net assets	105,178	149,437	107,743
Separable intangible assets	133,533	148,101	140,817
Goodwill	412,649	412,649	412,649
Impairment of investment in associate	(299,521)	(299,521)	(299,521)
Carrying amount of interest in associate	351,839	410,666	361,688
Revenue	255,912	270,970	361,307
Profit/(loss) from continuing operations	(8,579)	(6,406)	(145,849)
Post tax profit from discontinued operations	-	-	-
100% of total post-tax profits	(8,579)	(6,406)	(145,849)
29.9% of total post-tax profits	(2,565)	(1,915)	(43,609)
Amortisation of separable intangible assets	(7,284)	(7,284)	(14,568)
Company's share of loss including amortisation of separable intangible asset	(9,849)	(9,199)	(58,177)

11. Subsidiaries

Details of the company's subsidiaries at 30 June 2022 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
Eden Research Europe Limited	Republic of Ireland	100.00	100.00	Dormant

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.

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 2022	30 June 2021	31 Dec 2021
	£	£	£
	unaudited	unaudited	audited
NCI percentage	50%	50%	50%
Non-current assets	99,563	112,835	106,199
Current assets	-	-	-
Non-current liabilities	-	-	-
Current liabilities	(18,371)	(55,542)	(43,962)
Net assets	81,192	61,293	62,237
<i>Carrying amount of NCI</i>			-
Revenue	25,591	28,551	36,131
Profit/(loss)	18,955	21,915	22,859
OCI	-	-	-
Total comprehensive income	18,955	21,915	22,859
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

-	-	-
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12. Property, plant and equipment

	Land and buildings £	Total £
COST		
At 1 January 2021	200,758	200,758
Additions	<u>98,458</u>	<u>98,458</u>
At 30 June 2021	299,216	299,216
Additions - owned	<u>2,811</u>	<u>2,811</u>
At 31 December 2021	302,027	302,027
Additions	<u>21,790</u>	<u>21,790</u>
At 30 June 2022	<u><u>323,817</u></u>	<u><u>323,817</u></u>
AMORTISATION		
At 1 January 2021	12,693	12,693
Charge for the period	<u>27,039</u>	<u>27,039</u>
At 30 June 2021	39,732	39,732
Charge for the period	<u>30,017</u>	<u>30,017</u>
At 31 December 2021	69,749	69,749
Charge for the period	<u>31,356</u>	<u>31,356</u>
At 30 June 2022	<u><u>101,105</u></u>	<u><u>101,105</u></u>
CARRYING AMOUNT		
At 30 June 2022	<u><u>222,712</u></u>	<u><u>222,712</u></u>
At 31 December 2021	<u>232,278</u>	<u>232,278</u>
At 30 June 2021	<u>259,484</u>	<u>259,484</u>

13. Right of use assets

Land and

	buildings £	Vehicles £	Total £
COST			
At 1 January 2021	417,521	35,865	453,386
Additions	-	27,920	27,920
	<hr/>	<hr/>	<hr/>
At 30 June 2021	417,521	63,785	481,306
Additions	26,256	22,288	48,544
	<hr/>	<hr/>	<hr/>
At 31 December 2021	443,777	86,073	529,850
Additions	-	23,194	23,194
Disposals	-	(35,865)	(35,865)
	<hr/>	<hr/>	<hr/>
At 30 June 2022	443,777	73,402	517,179
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
AMORTISATION			
At 1 January 2021	36,361	22,415	58,776
Charge for the period	41,752	6,810	48,562
	<hr/>	<hr/>	<hr/>
At 30 June 2021	78,113	29,225	107,338
Charge for the period	41,752	7,973	49,725
	<hr/>	<hr/>	<hr/>
At 31 December 2021	119,865	37,198	157,063
Charge for the period	45,438	11,364	56,802
Eliminated on disposal	-	(35,865)	(35,865)
	<hr/>	<hr/>	<hr/>
At 30 June 2022	165,303	12,697	178,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
CARRYING AMOUNT			
At 30 June 2022	278,474	60,705	339,179
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2021	323,912	48,875	372,787
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2021	339,408	34,560	373,968
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14. Trade and other receivables

	30 June 2022	30 June 2021	31 December 2021
	£	£	£
Trade receivables	1,166,042	780,215	693,948
VAT recoverable	231,407	164,026	104,760

Other receivables	66,410	319,259	65,957
Prepayments and accrued income	100,793	232,398	21,922
	<u>1,564,652</u>	<u>1,495,898</u>	<u>886,587</u>

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.

15. Share based payments

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. Details on options issued in prior periods can be found in the annual report for the year ended 31 December 2021.

2022 Award

Options

	Number of share options		Weighted average exercise price (pence)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Outstanding at 1 January	18,680,004	5,891,111	7	-
Granted during the period	2,006,939	10,500,000	6	6
Exercised during the period	-	-	-	-
Lapsed during the period	-	(5,891,111)	-	-
Exercisable at 30 June	<u>20,686,943</u>	<u>10,500,000</u>	<u>7</u>	<u>-</u>

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

Grant date	30/06/2022
Number of awards	2,006,939
Share price	£0.04 - £0.05
Exercise price	£0.01 - £0.06

Expected dividend yield	-%
Expected volatility	63%
Risk free rate	0.95%
Vesting period	One year
Expected Life (from date of grant)	3 years

The exercise price of options outstanding at the end of the period ranged between 1p and 10p (H1 2021: 6p) and their weighted average contractual life was 2.1 years (H1 2021: 1.5 years).

The share-based payment charge for the period, in respect of options, was £152,135 (H1 2021: £544,028), £119,083 of which related to options granted in 2021 and £33,052 of which related to options granted in the period.

Warrants

	Number of share options		Weighted average exercise price (pence)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Outstanding at 1 January	2,989,865	2,989,865	19	19
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	(400,000)	-	25	-
	<u>2,589,865</u>	<u>2,989,865</u>	<u>15</u>	<u>15</u>
Exercisable at 30 June	<u>2,589,865</u>	<u>2,989,865</u>	<u>15</u>	<u>15</u>

The exercise price of warrants outstanding at the end of the period ranged between 12p and 30p (H1 2021: 12p and 30p) and their weighted average contractual life was 0.0 years (H1 2021: 1.0 year.) None of the warrants have vesting conditions.

The share-based payment charge for the period, in respect of warrants, was £nil (H1 2021: £nil). The weighted average fair value of each warrant granted during the period 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 became 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. 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.

At 31 December 2021, an amount of £87,704 (30 June 2021: £125,212) was owed to Xinova and is shown as non-current other liabilities.

During the period, 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 £43,855, which represented a c. 50% discount to the liability of £87,740 as at 31 December 2021, in line with the then existing contract.

16. Segmental Reporting

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 2022 is as follows:

	Agrochemicals	Consumer products	Animal health	Total
Revenue	£	£	£	£
Milestone payments	-	-	-	-
R & D charges	-	3,232	-	3,232
Royalties	-	25,591	-	25,591
Product sales	1,011,213	-	-	1,011,213
Total revenue	1,011,213	28,823	-	1,040,036
EBITDA	(822,740)	28,823	-	(793,917)
Share Based Payments	(152,135)	-	-	(152,135)
Adjusted EBITDA	(974,875)	28,823	-	(946,052)
Amortisation	(239,689)	(6,636)	-	(246,325)
Depreciation	(88,159)	-	-	(88,159)
Finance costs, foreign exchange and investment revenues	(43,191)	-	-	(43,191)
Income Tax	345,424	-	-	345,424
Share of Associate's loss	-	(9,849)	-	(9,849)
(Loss)/Profit for the Year	(1,000,490)	12,338	-	(988,152)
Total Assets	13,931,631	99,563	-	14,038,478
Total assets includes:				
Additions to Non-Current Assets	702,173	-	-	702,173
Total Liabilities	1,982,793	18,371	-	2,001,164

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

	Agrochemicals	Consumer products	Animal health	Total
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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 year ended 31 December 2021 is as follows:

	Agrochemicals	Consumer products	Animal health	Total
Revenue	£	£	£	£
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	(129,223)	-	-	(129,223)

investment revenues				
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

Geographical Reporting

	Six months ended 30 June 2022 £	Six months ended 30 June 2021 £	Year ended 31 December 2021 £
UK	28,823	31,769	83,891
Europe	<u>1,011,213</u>	<u>753,525</u>	<u>1,144,689</u>
	<u>1,040,036</u>	<u>785,294</u>	<u>1,228,580</u>

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.

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:

Based on plant-derived active ingredients, **Mevalone®** is a foliar biofungicide which initially targets a key disease affecting grapes and other high-value fruit and vegetable crops. It is a useful tool in crop

defence programmes and is aligned with the requirements of integrated pest management programmes. 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 bio-nematicide 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 .

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