



LEADING THE FIELD



PLANT HEALTH CARE PLC (AIM: PHC)
INVESTOR UPDATE – APRIL 2020

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Why invest?

Leading provider of proprietary biological products for agriculture

Growing Commercial business

Validated technology platforms with strong IP estate: Plant Response Elicitors – PREtec

Planning first product launches of PREtec peptides from 2022 or earlier in US/Brazil

Management highly experienced in agricultural R&D, licensing and sales

Solid cash reserves to weather an uncertain world; progressing towards cash positive



IMPACT OF COVID-19

Impact on agriculture sector

- Agriculture is an 'essential industry' everywhere
- Northern hemisphere growing season proceeding as normal for row crops; US corn crop heading for 97m acres (+9% vs 2019); sales of ag inputs buoyant
- Huge disruption to supply chains: 'food service' sales switching to retail
- Fruit and vegetable crops struggling with lack of labour
- Brazil impacted strongly by collapse in ethanol price (falling 30 - 50%)
- Concern over availability of finance

Impact on Plant Health Care

- Strong Q1 delivered; especially positive in US
- Some impact on revenue in Mexico and Europe; US continuing strong; major impact in Brazil
- Inappropriate to provide forward looking financial guidance to investors and analysts at this time
- In cash preservation mode; OpEx, investment in growth and product launches held back; working capital
- Strong balance sheet and material net cash



2019 financial highlights

- Revenue decreased to \$6.4 million (2018: \$8.0 million); down 18% in constant currency
- Gross Margin decreased to 56% (2018: 65%); increased proportion of third party sales in Mexico.
- Sales in the US declined 18% to \$1.7 million, Brazil declined 64% to \$0.4 million. Spain sales grew 17% to \$0.7 million and Mexico sales grew 6% to \$3.3 million.
- US sales were held back by inventory in corn, due to highly exceptional weather; partially off-set by new sales into Speciality crops.
- Sales in Brazil were held back by delays to obtaining import permits and in-country inventory.
- Sales of core Harpin $\alpha\beta$ products decreased by 34%. Harpin $\alpha\beta$ and Myconate products represented 59% of sales in 2019 (2018: 68%).
- Cash burn reduced to \$4.8 million (2018: \$6.3 million)
- Cash and cash equivalents at 31 December 2019 were \$2.4 million; further \$4.6m raised in March 2020



Harpin $\alpha\beta$: channel inventory obscured underlying growth in 2019

Sales in 2019

- Successful launch into US corn; highly exceptional weather held back sales but 350,000 acres treated with great results
- New agreement with Wilbur Ellis in Specialty crops
- Continuing to deliver exceptional results in cane (yield 20% or more*); Coplacana sales up 3x in 2019; sales growth constrained by limited resources and slow adoption of new approaches
- Continued growth in Mexico, Spain, elsewhere

Prospects for growth in 2020-21

- Strong us corn prospects (97 m acres, up 9%); partner buying in 1Q 2020
- California registration supports strong growth prospects; Covid-19 impact?
- > 40 mills testing, growing > 3 million Ha; collapse of ethanol price leading to crisis in cane
- Some impact of Covid-19 on Specialty crops

* Demonstration field trials conducted in 2016-2019 in Brazil showed an average yield increase of over 20%



PREtec : significant progress in product development

Regulatory applications progressing

- PHC279 submitted to US EPA; approval expected H2 2021; other peptides follow
- PHC279 Asian Soybean Rust submitted in Brazil

Commercial production

- Scale-up of PHC279 progressing well at Penn State University; others follow
- Plans in hand for commercial production at low COGS

Intellectual property approvals

- First of many PREtec peptide patent filings approved by USPTO

Product performance further confirmed

- PHC279 performed well in Asian Soybean Rust in Brazil
- PHC949 and PHC414 showing promising results in vegetable crops

Moving to first sales

- Numerous partners trialling PREtec peptides in many crops; US, Brazil, Europe
- Three leading product concepts, targeting markets with a value greater than \$5 billion
- Aiming for first launch in 2022 or earlier



Forward milestones 2020–22

COMMERCIAL

- Resume growth in Harpin $\alpha\beta$ sales
- Generate meaningful cash from Commercial

NEW TECHNOLOGY

- Achieve regulatory permits in US and Brazil
- Establish cost-effective production
- Close with strong distribution partners
- Achieve first product launches

GROUP

- Strong balance sheet in an uncertain world
- Deliver substantial reduction in cash burn in 2020

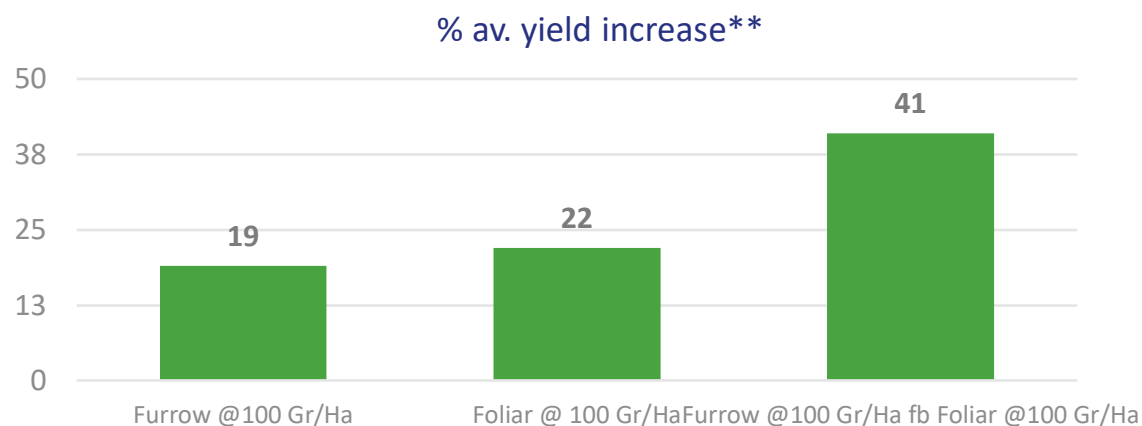


Appendix

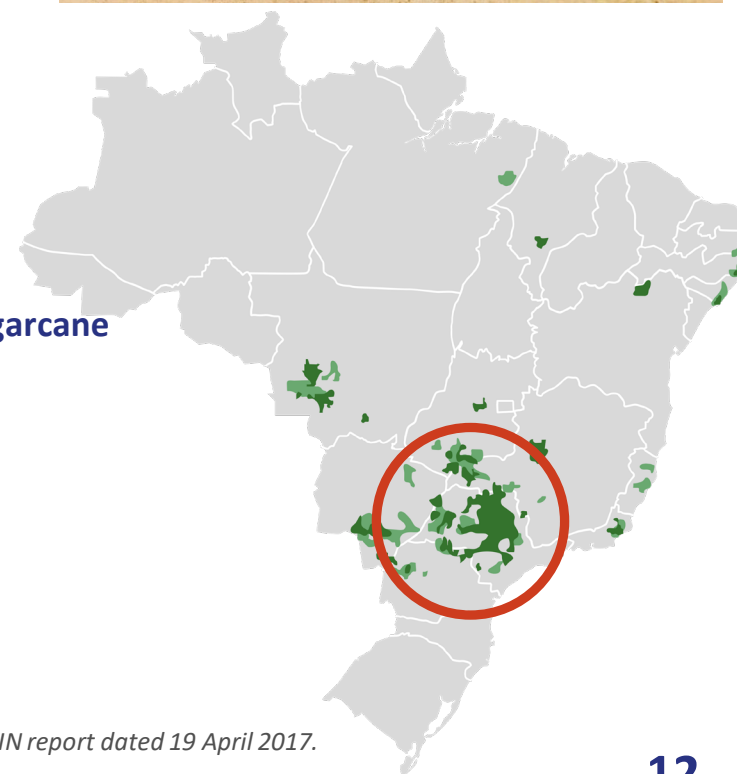


Sugarcane Brazil; Significant growth potential for Harpin $\alpha\beta$

- 10 million Ha cane in Brazil *; deep crisis due to collapse in ethanol price Q1 20
- 2016/19 demonstration trials consistently show average yield increase of 20% or more **, ROI 10x or better
- In-market sales in 2019 up some 3x but from lower base than expected; very long adoption cycle in an annual crop
- Distribution through Coplacana; support logistics and collection; less strong on demand creation
- PHC has limited resources to promote use and support working capital
- 10% market share would represent \$17m sales
- Reviewing way forward



Brazil sugarcane



* Based on 2016 sugarcane harvested data and 2017/18 projected data from USDA Foreign Agricultural Service's GAIN report dated 19 April 2017.

** Yield increase based on Plant Health Care field trials conducted on sugarcane in Brazil in 2018.

Corn & Soybeans, USA: First Year Sales

- Successful partner launch in spring 2019; some 350,000 acres treated
- Very challenging crop year: worst weather in decades plus low commodity prices leave growers struggling
- Partner policy change on inventory end 2019 led to delayed sales; some sales in H1 2020, ahead of expectation
- Very good crop response under stressful conditions in 2019; partner ambitious for growth in 2020
- Good prospects for corn in 2020; 97 million acres, up 9%
- 5% share in corn would represent >\$5m sales ex PHC
- Launching into soybeans, peas, lentil and sunflowers in 2020 season

RESULTS FROM 2019 HARPIN $\alpha\beta$ APPLICATIONS IN CORN



People...Products...Knowledge...

TENKÖZ

Four distributors
represent
80% of US crop
protection
market*

Nutrien
Ag Solutions™

WINFIELD
UNITED

* Source: 2016 CropLife 100 report. PHC is currently selling to two of four distributors listed above.

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