

13 February 2018

Itaconix plc (“Itaconix”) Year End Trading Update - Positioned for Growth

Itaconix, a leading innovator in sustainable performance polymers, today announces a trading update for the year ended 31 December 2017.

Itaconix is a leader in bio-based polymers based on itaconic acid. The Company uses an established proprietary process with break-through economics to produce unique or enhanced ingredients for the homecare, personal care and industrial markets.

Key provisional unaudited financial measures for the year ended 31 December 2017 were:

	2017 (unaudited)	2016
Revenue	£0.6m	£0.3m
Group Operating Loss*	£5.2m	£5.2m
Cash	£3.6m	£8.8m

*: Group Operating Loss is stated before the non cash impairments disclosed below.

Key Developments

- Routes to market established through key partnerships signed with:
 - o Croda Inc
 - o AkzoNobel Performance Additives
 - o AkzoNobel Chelates
- Distributor network established for the Personal Care business
- First sales and repeat sales of:
 - o Itaconix® ZINADOR™ for malodour management
 - o RevCare™ NE 100S hairstyling polymer
- Royalties from first sales of Eureco™ RP103, a product developed by Itaconix and licensed to Solvay SA, and an announcement that Società Chimica Bussi S.p.A. has decided to invest in facilities for the scaled production of this material
- While the new product adoptions and sales partnerships have positioned Itaconix well for the future, sales revenue growth in 2017 was slower than anticipated (as already notified to the market at the time of the interim results in September 2017)

- As a result of the slower than anticipated growth, the goodwill associated with the acquisition of Itaconix Corporation has been fully impaired by £6.1 million. In addition, the valuation of contingent consideration payable in shares to the original shareholders of Itaconix Corporation has been reduced from £3.4m at 31 December 2016 to £1.1m at 31 December 2017. The charges and credits, respectively, associated with these changes are non cash and will be recognised as exceptional items in the income statement for 2017 below the Group Operating Loss stated above**
- Completed \$1m investment programme in polymer production capacity in New Hampshire
- In January 2018, concluded a licence and assignment agreement of non-core polymer assets to tremco-illbruck for use in construction sealants.

Dr Bryan Dobson, Chairman, said

“Itaconix has achieved real commercial progress in 2017, albeit at a slower than anticipated revenue growth rate. The business is now well positioned with products in market and channels in place, both through major strategic partnerships with parties such as Solvay, Croda and AkzoNobel as well as a distribution network for Personal Care. The Board is confident that the Company is now well positioned to deliver revenue growth from 2018.”

***:* Whilst the Board believes that the Company is well positioned to deliver significant revenue growth in the medium to longer term, it is anticipated that this will take longer to deliver than previously envisaged. Goodwill is calculated as the difference between the enterprise value and the fair value of the net assets at the time the business is acquired. Its value is subsequently estimated using discounted cash flow techniques based on medium term board approved forecasts, and consequently delays in revenue and earnings can have a material effect on the value of goodwill and intangibles. The value of the contingent consideration is also impacted by lower medium term board approved revenue forecasts, as the consideration depends on revenue achieved in the four years 2017 to 2020 inclusive.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR).

Ends

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About Itaconix

Itaconix is developing proprietary ingredients that meet the performance and price needs of its customers and offers them improved safety and sustainability, thereby helping to deliver on the global sustainability agenda, with particular emphasis on the Personal Care and Homecare markets.

www.Itaconix.com