Itaconix plc
("Itaconix" or "the Company")
156% Revenue Growth for Full Year Results Ended 31 December 2020

Itaconix plc (AIM: ITX) (OTCQB: ITXXF), a leading innovator in sustainable plant-based polymers used as essential ingredients in everyday consumer products, announces Final Results for the year ended 31 December 2020.

Commenting on the results, John R. Shaw, CEO of Itaconix, said:

"We achieved 155.6% growth in revenues to $3.29 million and reduced adjusted EBITDA losses to under $1 million from progress with new and recurring orders in detergent, odour control, and personal care applications. In addition, having completed a successful fundraise, we have also substantially strengthened our balance sheet and had healthy cash balances at the year end."

"With Polymers for Better Living™, Itaconix is dedicated to decarbonisation to reduce the planet's carbon footprint and address climate change. Our plant-based polymers are essential ingredients in a new generation of safer, more sustainable consumer products.

"2020 was transformational for our Company, as brands increasingly looked to Itaconix to improve the competitive position of their products with new performance and environmental claims. Milestones achieved from major customer projects progressing to launch in 2020 increased our revenues and our revenue potential in a broadening range of home and personal care products. The expanding foundation of formulations among our customers is building a strong base of recurring use to underpin our continued growth."

Financial Highlights

	% difference to previous financial year	**2020** **$'000**	2019 $'000
Revenue	***+155.6%***	**3,292**	1,288
Gross profit	***+156.4%***	**1,154**	450
Gross profit margin	***+0.6%***	**35.1%**	34.9%
Adjusted EBITDA[1]	***+59.6%***	**(993)**	(2,457)
Cash used from operating activities	***+36.8%***	**(1,157)**	(1,831)
Net cash at year-end	***+89.3%***	**1,448**	765

[1] Adjusted for interest, tax, depreciation, amortization, and exceptional items.

Operational Highlights
- Grew revenues by 155.6% and gross profits by 156.4% with a slight improvement in gross profit margins.
- Strong growth in revenues to $3.29 million and gross profits to $1.15 million reduced adjusted EBITDA losses by $1.5 million to less than $1 million.
- Completed successful $2.2 million fundraise in July 2020 via an oversubscribed placing and subscription from existing and new investors.
- New Itaconix® TSI™ 322 polymer launched and is now leading a new generation of dishwashing detergents with excellent performance and high bio-based content, including the launch of two new North American brands in 2020.
- Itaconix's ZINADOR™ polymers sold through Croda, a global specialty chemicals leader, are seeing broader use for odour control in homes. Demand continued to expand with wider adoption in existing brands and initial usage by new brands.

- Demand for Itaconix's bio-based hair fixative polymer sold worldwide by Nouryon, a global specialty chemicals leader, continued to grow.
- VELAFRESH™ polymers gained important initial adoption as key ingredients in specialty underarm deodorant brands.
- Completed expansion of the executive team for a full complement of capabilities and capacity to pursue the next phase of revenue development.
- Strong pipeline, with formulation activity using Itaconix® TSI™322 increasing in the second half of 2020.
- Development of Itaconix's BIO*Asterix™ line of plant-based functional additives presents breakthrough opportunities for increasing the use of safer, sustainable materials through an evolving line of plant-based functional ingredients.

Commenting on the outlook, John R. Shaw, CEO, added:

"With new urgency in consumer markets to address both cleanliness and climate change, our years of development efforts have propelled our commercial activities and results to a new stage of growth. The trend towards sustainable consumer products is only accelerating. As our current customers succeed, we are confident that our products will be increasingly used as ingredients in major brands. Despite some emerging operational headwinds in the supply chain from secondary effects of the Covid-19 pandemic, we expect the commercial momentum in 2020 to progress in 2021, particularly as current customer products succeed in the market and major new customer products continue to launch in 2021."

"With our strong base for continued revenue growth, we look forward with increased confidence toward the Company's goal of sustained profitability in the coming years."

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This announcement contains information which, prior to its disclosure, was inside information as stipulated under Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310 (as amended).

Notes to Editors

Itaconix develops and produces bio-based specialty polymers that improve the safety, performance and sustainability of consumer and industrial products, with technology and market leading positions in non-phosphate detergents, odour control, and hair styling.
www.itaconix.com

CHAIRMAN'S STATEMENT

Polymers for Better Living™

Itaconix plc is dedicated to reducing the planet's carbon footprint and addressing climate change with plant-based polymers that are essential ingredients in a new generation of safer, more sustainable consumer products.

Our principal activities are the production and sale of proprietary plant-based specialty ingredients that satisfy consumers' increasing awareness of how their purchases impact climate change and the environment. Our sustainable plant-based polymers replace fossil-based ingredients while offering uncompromising performance and cost. Most of our efforts are focused on home and personal care applications where consumer interest and desires for safer and more sustainable products are particularly high.

We are continuing to advance the potential for consumer products with near net zero carbon consumption through the plant-based ingredients we produce and are developing, the energy-efficient production processes we use, and more compact consumer products our ingredients enable that use fewer natural resources and release less chemicals into the environment.

We made great strides in 2020 towards fulfilling our potential to make the world a better and safer place. Our polymers are key ingredients in a growing number and range of home and personal care products. Our progress was reflected in 155.6% revenue growth, our leadership in next generation detergents with the launch of two new products by major brands, and the introduction of our Bio*Asterix™ plant-based functional ingredients.

We achieved this progress amid continuous uncertainty from the Covid-19 pandemic that challenged our operations and our funding. I greatly appreciate the unwavering dedication of our customers, our shareholders, our employees, and our vendors to generate such a transformative year of growth and advancement toward our potential.

With Polymers for Better Living™, Itaconix is enabling new generations of consumer products to fight climate change and protect our environment.

James Barber
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview

We completed a transformational year in 2020 as a leader in sustainable plant-based polymers used as essential ingredients in everyday consumer products. Brands increasingly looked to Itaconix to improve the competitive position of their products with new performance and environmental claims.

Major customer projects progressing to launch in 2020 increased our revenues and our revenue potential in a broadening range of home and personal care products. The expanding foundation of formulations among our customers is building a strong base of recurring use to underpin our continued growth.

As a result of this momentum, year on year revenues increased and operating losses decreased from both new and recurring orders in detergent, odour control, and personal care applications.

Having completed a successful fundraise in July 2020, we have also substantially strengthened our balance sheet with healthy cash balances at the year end.

Commercial progress

Our product revenues grew by 155.6% to $3.3m in 2020 compared to $1.3m in 2019.

Revenues increased across all our home and personal care polymers. Although aided by demand for household cleaning during the Covid-19 pandemic, most of our increased revenues came from new customer products entering the market after several years of development.

Our new Itaconix® TSI™ 322 polymer is leading a new generation of dishwashing detergents with excellent performance and high bio-based content, including the launch of two new North American brands in 2020 and another North American brand at the start of 2021. New formulation activity with Itaconix® TSI™322 increased in the second half of 2020 which we expect will lead to additional usage in current and new brands in the second half of 2021. Although our Itaconix® CHT™ 122 polymer has established use in the EU, the focus of formulation development during the Covid-19 pandemic has slowed EU adoption of the added benefits available with Itaconix® TSI™ 322.

In hair styling, we were pleased that demand for our unique bio-based hair fixative polymer sold worldwide by Nouryon, a global specialty chemicals leader, continued to grow despite a general downturn in the personal care market during the Covid-19 pandemic. This growth has come from more brands launching new products containing the ingredient and an expansion in the applications for the ingredient.

In homecare odour control, our ZINADOR™ polymers sold through Croda, a global specialty chemicals leader, are similarly seeing broader use. Demand continues to grow with expanding adoption in existing brands and initial usage by new brands. We are seeing increased focus and activity during the Covid-19 pandemic on home odour control, which we expect to translate into continued revenue growth.

In personal odour control, our VELAFRESH™ polymers are gaining important initial adoption as key ingredients in specialty underarm deodorant brands.

Our major new product development for 2020 was the announcement of our BIO*Asterix™ line of plant-based functional additives. We see breakthrough opportunities for reducing the carbon footprint of consumer products and increasing the use of safer chemicals through an evolving line of BIO*Asterix™ functional ingredients. Our initial commercial work is focused on a joint development agreement for potential use by a leading innovator in biodegradable packaging.

Overall, active customer projects advancing or emerging out of our sales development pipeline present multiple new revenue opportunities as we are increasingly able to turn ingredient "wish lists" into product sales. Growth in the second half of 2020 was particularly strong, driven by both new orders and the increased size of recurring orders.

Covid-19

We have experienced positive and negative effects of the Covid-19 pandemic and continue to closely monitor emerging issues.

The health and safety of our employees is our first and foremost focus. We follow recommended policies and protocols for monitoring individuals' health and mandatory social distancing measures or remote access where possible. We operated continuously and delivered on growing order volumes in 2020 through the extraordinary efforts of our dedicated employees.

We implemented cost saving measures from March 2020 to August 2020 to conserve our available cash resources while receiving a US Paycheck Protection Program loan in May and completing a fundraise in July.

Our rapid responses allowed us to manage effectively through the initial repercussions of the Covid-19 pandemic. Secondary effects are starting to emerge in our and our customers' supply chains around shipping delays, higher shipping costs, higher raw material costs, and the availability of raw materials that may delay the ramp up on some customer projects. We continue to monitor these situations very closely.

Financial Performance, Funding and Cash

Revenues for the year were $3.3m, representing 155.6% growth over 2019. As a result of the increase in revenues, adjusted EBITDA has improved in line with management's expectations to ($1.0m).

Despite an increase in our operating expenses, which rose in the second half to $1.6m compared to H1 2020 $1.0m, we managed to maintain an attractive gross margin of 35.1% (2019: 34.9%). The increase in operating expenses was mainly due to an increase in our staff as we ramped up production volumes to meet demand.

Our operating losses decreased by 51.7% to $1.5m, highlighting that the Company is making significant progress towards break-even profitability.

Net cash balances as at year end were $1.4m. This was in part due to the completion in July 2020 of a successful $2.2 million fundraise via an oversubscribed placing and subscription from existing and new investors. The net proceeds were used to fund working capital requirements and invest in key staff to support our continued growth, and are currently forecasted to provide sufficient funding for our operations for the foreseeable future as of the issuance of these financial statements, although there are continuing uncertainties due to the Covid-19 pandemic as we advance our medium-term plan for break-even net operating cash flow.

Overall, with an improved operating performance and a stronger balance sheet, the Company has a much stronger financial position for its next phase of growth.

People

We expanded and realigned our executive team to fulfil increasing order volumes, create more demand for current products, and add significant new revenue potential from our proprietary itaconate chemistry platform.

In January 2021, after the reporting period, we appointed Helen Cane as Vice President, Operations to manage our fulfilment capabilities. In November 2020, we appointed Monna Manning as Vice President, Marketing & Sales to lead our commercial activities.

Increased experience and knowledge on our executive team offer new opportunities for me and our Chief Technology Officer, Dr Yvon Durant, to build our next phase of revenue development with new products and collaborations for major unmet customer needs.

Shareholder Engagement

We have turned to virtual meetings to engage directly with shareholders and to update the market on our progress towards profitability as our products are more broadly adopted.

We held our first virtual investor meeting on 28 October 2020, with access granted to all current investors, potential investors and interested parties. We plan on continuing to use virtual meetings to maintain open engagement with our shareholders, in particular on our progress.

Outlook

2020 was a positive year of trading in many ways for Itaconix. We experienced continued growth in the use of our proprietary polymers as key ingredients in an expanding range of everyday consumer products. Consumers and brand managers are increasingly aware of the potential for consumer goods to reduce carbon emissions and energy consumption and decrease the release of harmful chemicals into the environment.

With new urgency in consumer markets to address both cleanliness and climate change, our years of development efforts propelled our commercial activities and results to a new stage of growth. We are pleased that brands are recognising the role our plant-based polymers play as sustainable materials within the decarbonisation economy and we expect them to be increasingly adopted as core ingredients by brands.

All indications are that our products will increasingly be taken up by major brands and we expect the commercial momentum experienced in 2020 to continue in 2021, particularly as current customer products succeed in the market and major new customer products continue to launch in 2021.

The expanding foundation of recurring revenues is creating a strong base for continued revenue growth and progress toward the Company’s goal of sustained profitability in the coming years. We look forward with increased optimism and confidence.

John R. Shaw
Chief Executive Officer

OUR STRATEGY

Principal Activities

Itaconix plc is a leading innovator in plant-based ingredients for improving the safety and performance of consumer and industrial products. Its proprietary polymer technologies generate a growing range of new specialty ingredients with unique functionalities that meet consumer demands for value and sustainability.

The Group's principal activities are the development of plant-based polymers, the proprietary production of these materials, and sales of these materials globally either directly or through partners as ingredients in consumer product formulations.

Most of the Group's efforts are focused on home and personal care applications where consumer interest and desires for safer and more sustainable products are particularly high.

Proprietary Ingredients with Unique Functionality

The Group has completed many years of exploratory research and holds an extensive patent portfolio related to the production and use of polymers made from itaconic acid. The commercial potential for these materials as ingredients in consumer products stems from the unique functionalities available through the chemical structure of itaconic acid and from the bio-based production of itaconic acid through fermentation using plant-based sugar sources.

Building on the Group's process of identifying a market need and then developing a product to meet that need, initial products from its itaconate chemistry platform have commercial momentum in non-phosphate detergents, odour control, and hair styling. As these products generate more revenues, Itaconix expects to identify more opportunities for additional new products within its itaconate chemistry platform.

Progress in 2020

The Group advanced its research and commercial activities in its core product areas through its own efforts and commercial collaborations with Nouryon and Croda, as detailed in the Chief Executive Officer's Statement. Most notable was the entry of major new customer products onto the market that drove dramatic revenue growth, particularly in non-phosphate detergent sales. The Group is well positioned for growth in the coming years.

The combination of dramatic revenue growth and continued costs control in 2020 significantly advanced the Group towards its goals of reducing cash use and reaching profitability. The Group's efforts during the year included the elimination of the remaining costs from the UK facility.

Key Performance Indicators (KPIs)

The three key performance indicators for the Group are:

- Revenue
- Adjusted EBITDA, adjusted for interest, tax, depreciation, amortization, and exceptional items.
- Cash

The Directors believe that revenue and adjusted EBITDA are key performance indicators in measuring Group performance. The Group seeks to commercialise its existing and new technologies and generate revenues from a growing number of commercial agreements with users of its products. Revenue performance is detailed in the Chief Executive Officer's Statement above.

The Directors believe that a further important performance measure is the Group's rate of cash expenditure and its effect on cash resources. Net cash inflow for the period to 31 December 2020 was \$0.7m compared to the same period in 2019 with net cash outflow was \$1.9m. Further details of cash flows in 2020 (and 2019) are set out in the Group's Consolidated Cash Flow Statement below.

FINANCIAL REVIEW

Key performance metrics continue to improve as the Group gains commercial momentum. Most notably, revenues for the year increased by 155.6% from 2019. The gross profit margin remained consistently high in 2020 at 35.1% compared to 34.9% in 2019. Cash used in operations decreased from $1.8m in 2019 to $1.1m in 2020. This was all complemented by the Group's successful fundraise in July 2020. Below is a table showing the Group's key performance metrics:

	2020	2019	2018
	$'000	$'000	$'000
Revenue	**3,292**	1,288	881
Gross profit	**1,154**	450	140
Gross profit margin	***35.1%***	*34.9%*	*15.9%*
Adjusted EBITDA[2]	**(993)**	(2,457)	(5,370)
Cash used from operating activities	**(1,157)**	(1,831)	(6,973)
Net cash at year-end	**1,448**	765	2,655

Financial Performance

Revenue

Total revenues for the 12-month period ended 31 December 2020 were $3.3m, representing a 155.6% increase over 2019 revenues of $1.3m. Revenues grew across all major product lines from detergent polymers, hair styling polymers, and odour control. Detergent polymers represented the largest area of growth with several new end user products launched in 2020.

Revenues in all geographical regions increased. North America represents 87.2% of the Group's revenue and grew by 154.3%. North America revenue growth was due largely to the increased product launches that used the Group's detergent polymers. Europe represents 12.8% of the Group's revenue and grew by 164.4%. European revenue growth is due to increased demand for the Group's hair styling polymers supplied through Nouryon.

Gross Profit and Adjusted EBITDA[2]

Gross profit margin remained consistent between 34.9% in 2019 and 35.1% in 2020. As the Group continued to focus efforts on fulfilment and commercialisation of the current itaconate polymer technologies, gross profit increased from $450k in 2019 to $1,154k in 2020, an increase of 156.4%.

Adjusted EBITDA is a non-IFRS measure but is widely recognised in financial markets and it is used within the Group as a key performance indicator. Adjusted EBITDA improved from a loss of $2.5m in 2019 to a loss of $1.0m in 2020. The improvement in EBITDA was due to the Group's gain in commercial momentum, improved gross profit margin and the reduced cost structure from the 2018 Group reorganization.

[2] Adjusted for interest, tax, depreciation, amortization, and exceptional items.

Below is a reconciliation of Loss for the Year to Adjusted EBITDA:

	2020	2019	2018
	$'000	$'000	$'000
Loss for the year	**(1,646)**	(1,358)	(9,868)
Taxation	**7**	1	(187)
Depreciation	**200**	223	296
Amortization	**198**	198	-
Exceptional revaluation of contingent consideration	**339**	(1,474)	3,323
Exceptional organizational restructuring	**(91)**	-	1,190
Finance income	**-**	(1)	(4)
Movement on investment in associate	**-**	(46)	(120)
Adjusted EBITDA	**(993)**	(2,457)	(5,370)

Administrative Expenses

Administrative expenses consist of sales, marketing, operations, research and development, and public company costs such as legal, finance and the Group Board. These expenses were $2.6m in 2020 down from $3.4m in 2019. The reduction in administrative expense was largely due to cost cutting efforts to conserve cash through the Covid-19 pandemic.

Costs and Available Cash

The Group's increasing revenues and overall cost reductions resulted in Net Cash Outflow from Operations of $1.1m, which represents an improvement from 2019 when Net Cash Outflow from Operations was $1.8m. As at 31 December 2020, the Group held cash of $1.4m. In addition to the improved operating cash flow, the Group's cash at year end was higher than the prior year because the Group completed a fund raise of $2.2m and received $0.2m from the US Government Paycheck Protection Program.

Working capital

At year end, overall carrying value of inventory, trade and other receivables, and trade and other payables had increased. However, the working capital as a per cent of revenues had decreased from 69.3% in 2019 to 56.7% in 2020. The most significant increase in the working capital were the inventories and accounts payable. Inventories increased from $0.5m in 2019 to $1.4m in 2020 to address growing customer demand and volume. The accounts payable were increased at year end in relation to the inventory increase. Trade and other payables increased from $0.7m in 2019 to $1.4 m in 2020.

Financial Position

At 31 December 2020, the Group had equity of ($0.6m) as compared to ($1.0m) in 2019. This primarily resulted from a revaluation of the deferred consideration net of the equity raise and stronger operating results.

Revaluation of Deferred Consideration

As a result of revaluing deferred consideration with respect to the acquisition of Itaconix Corporation in 2016, there is an exceptional non-cash expense of $0.3m in 2020, which offsets the exceptional non-cash income of $1.5m (excluding foreign exchange) from 2019. Subsequent to year end, the Group is expecting to issue shares to certain Sellers of Itaconix Corporation in the amount of $0.1m by 31 March 2021.

Exceptional Expense on Reorganization

As part of the Group reorganization in 2018, certain costs to close the UK facility were accrued. The former corporate headquarters in Deeside, UK was leased through July 2021 and the full value remaining on the lease was accrued. In September 2020, the Group was able to surrender the lease to the landlord. This relieved the remaining liability associated with the lease and the Group recognized an income of $91k.

Financial Reporting

There were no new reporting standards adopted for the year end 31 December 2020 that have a material impact on the financial statements.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed the Company's and the Group's going concern position taking account its current business activities, budgeted performance and the factors likely to affect its future development, set out in the Annual Report, and including the Group's objectives, policies and processes for managing its working capital, its financial risk management objectives and its exposure to credit and liquidity risks.

The Directors have also taken into consideration the impact of the Covid-19 pandemic on the Group's revenues and supply chain. While there has not been a significant negative impact through the report date on the Group revenues or supply chain due to the pandemic, the Directors have applied sensitivities to the timing, quantum, and growth of new customer projects in revenue models and have assessed alternate supply chains that have been developed by the Group to mitigate any issues in deliveries to our customers.

As further detailed in the Directors' Report on page 29 and note 2 to the Annual Report available to view on the Company's website, the Directors have reviewed the Group's cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, which foresee that the Group will be able to meet its liabilities as they fall due. However, the success of the business is dependent on customer adoption of our products in order to increase revenue and profit growth. Inability to deliver this could result in the requirement to raise additional funds.

Shareholdings and Earnings per Share

Itaconix had 432,448,253 shares in issue as at 31 December 2020. The undiluted weighted average number of shares for the period to 31 December 2020 was 344,970,117. The difference in the two numbers is the result of the issuance of new shares in July 2020. The undiluted weighted average number of shares was used to calculate the loss per share presented in note 3.

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is a priority for the Group to sustain the future success of the business. Therefore, the Directors have overall responsibility for the Group's risk management process but have delegated responsibility for its implementation, the system of controls which reduce risk and for reviewing their effectiveness to the management team. The risk of uncertainties that the Group face evolve over time, therefore the management team review and monitor the emerging risks and update mitigation effort. The results are reported to the Board.

Commercialisation Activities

Significant progress was made in 2020 toward achieving profitability by increasing revenues and reducing costs. Ultimately, it is uncertain whether the success of Itaconix products will be in sufficient quantities for the Group to generate an overall profit.

Management of risk: The Group has sought to manage this commercialisation risk by partnering with market leaders for the worldwide promotion of our leading products, continued development of end-user formulas to provide customers with packaged solutions, and continuous review of the market needs for Itaconix products.

Dependence on Key Personnel

The Group depends on its ability to attract and retain a limited number of highly qualified managerial and scientific personnel, the competition for whom is intense. While the Group has conventional employment arrangements with key personnel aimed at securing their services for minimum terms, their retention cannot be guaranteed.

Management of risk: The Group expanded its management team with the hiring of two executives and has service contracts in place for John R. Shaw as Chief Executive Officer and Dr. Yvon Durant as Chief Technology Officer. In addition, the Group seeks to retain key personnel in the US using an Equity Incentive Plan for share option grants.

Customer Retention

The ability to retain key customers is critical to maintaining revenue streams. The loss of key customers could impact business results adversely.

Management of risk: Acceptance of our products in our customers' end-product formulations is closely monitored and managed. Our customer service includes regular engagement on the performance of both our products and the end-products to ensure our ingredients are delivering the desired value to our customers and end-users.

Regulatory and Legislation

Regulatory bans on the use of phosphates as ingredients in detergents have transformed the consumer detergent markets in Europe and North America over the last ten years. Phosphates are known to enter waterways through detergent effluent and act as a nutrient for algae growth that subsequently cuts oxygen levels in water and harms aquatic life. We believe that phosphates are likely to be phased out in other jurisdictions around the world over time. Itaconix polymers can act as effective replacements for phosphates in detergent formulations and are used in numerous detergent products in North America and Europe for this purpose.

Management of risk: The Group closely monitors regulatory developments in the use of ingredients in consumer and industrial products to assure compliance and find new revenue potential for Itaconix polymers. Further, the Group regularly assesses the relative performance and cost efficacy of Itaconix polymers to current and emerging phosphate replacements to identify revenue risks and opportunities.

Competition and Technology

The production and use of Itaconix polymers are subject to technological change over time. There can be no assurance that developments by others will not render the Group's product offerings and research activities obsolete or otherwise uncompetitive.

Management of risk: The Group employs experienced and highly-trained polymer chemists to develop and protect the Group's intellectual property. These efforts include continuous work on the performance and cost advantages of Itaconix polymers. In addition, the staff monitors technologies and patents through publications, scientific conferences, and collaborations with other organisations to identify new risks and opportunities.

Covid-19 Risk

The Group faces potential disruption to the demand for its products, the operations of its production facility, the supply of raw materials, and the supply of other ingredients going into customer products due to the Covid-19 pandemic. The US operations continued to operate while implementing recommended CDC guidance to protect our employees and provide a safe work environment. Delayed supply chain issues are emerging in early 2021 from extended shipping times and the availability of other ingredients going into customer products.

Management of risk: Management closely monitors Covid-19 regulatory developments and expected demand from customers. Management and staff actively communicate with all major suppliers and customers about upcoming demand and reliability of the supply chain. The US operations also hold significant stock of long lead raw materials from Asia.

Liquidity Risk

Itaconix seeks to manage financial risk by ensuring adequate liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. In July 2020, the Group completed a $2.2m fundraise to support working capital and revenue growth. In addition, short-term flexibility is achieved by holding significant cash balances in Itaconix's functional currencies, notably UK Sterling and US Dollars.

Credit Risk

The principal credit risk for Itaconix arises from its trade receivables. To manage credit risk, new customers are subject to credit review and all customer accounts are regularly reviewed for debt aging and collection history. As at 31 December 2020, there were no significant credit risk balances.

Foreign Exchange Risk

Itaconix Plc is a publicly traded holding company on the London Stock Exchange. The Group's primary operations are in the US. These US based operations transact trades with customers in North America and internationally. Revenue and costs are exposed to variations in exchange rates and therefore reported losses. In 2019, the Group elected to convert the reporting currency from UK Sterling to US Dollars. The US Dollar transactions represent a significant portion of the functional currency transactions and therefore reduces the Group's overall exposure to translation exchange risk.

Government Risk

The Group has potential exposure to government activities related to Covid-19, Brexit, and US-China trade relations. Risks related to Covid-19 are detailed above.

Brexit has created potential risks to the Group as the UK is no longer part of the European Union. These risks include alignment of various chemical regulations and trade relations between the UK and US.
US trade tariffs with China have caused increases to certain raw material costs and may continue to create volatility. These increases have not caused any major issues with profitability to date. Itaconix has assessed alternative supply sourcing from India and other countries which are not affected by increased tariffs. However, if an alternate supply is not available the Group is prepared to pass cost increases through to customers if needed.

SUSTAINABILITY

Polymers for Better Living™

Our polymers are advanced sustainable materials that can make the world a better and safer place to live as essential ingredients in the next generation of consumer products.

The composition of our polymers, our patented process to produce them, their performance as ingredients in consumer product formulas, and how these formulas are packaged and delivered to consumers contribute to the fight against climate change with plant-based carbon, sequestering carbon, energy efficiency, and lighter consumer products.

Itaconix Ingredient Benefits as Advanced Sustainable Materials

Product	Plant-Based Carbon	Decarbonisation	Energy Efficiency	Lighter Products
Detergents				
Itaconix® DSP 2K™	100%	√	√	√
Itaconix® TSI™	>75%	√	√	√
Itaconix® CHT™	>80%	√	√	√
VELASOFT™	100%	√	√	
Odour Control				
ZINADOR™ (Croda)	80-100%	√	√	
VELAFRESH™	80-100%	√	√	
Hair & Skin Care				
Amaze™ SP (Nouryon)	100%	√	√	

Plant-based carbon

The renewable carbon in the itaconic acid we use to make Itaconix products is captured as carbon dioxide by plants. Corn plants convert carbon dioxide into carbon in sugars that are used to produce itaconic acid via fermentation. We bring this itaconic acid into our patented process at our US operations to produce polymers that have 75-100% plant-based carbon.

Decarbonisation

The increase of carbon dioxide as a greenhouse gas in our atmosphere is a major cause of climate change. Carbon dioxide is sequestered as carbon in Itaconix products for a period of time until, depending on the circumstances, they degrade. During this period, the amount of carbon held contributes to a reduction of carbon dioxide in the atmosphere.

Energy efficiency

Improving energy consumption is a major sustainability goal for Itaconix and within the chemical industry.

Itaconix's efforts start with its patented polymer production process, which is efficient in its use of energy and capital equipment. Less energy use translates into less direct and indirect GHG emissions.

Itaconix is working to extend its energy efficiency efforts across all of its operations and practices with the development of reporting under the Streamlined Energy & Carbon Reporting (SECR) framework. We began in 2020 with the direct and indirect emissions from the purchase of electricity and natural gas. The table below shows the energy consumption and estimated GHG emissions at our US operations for the 12-month period ending 31 December 2020 from these activities.

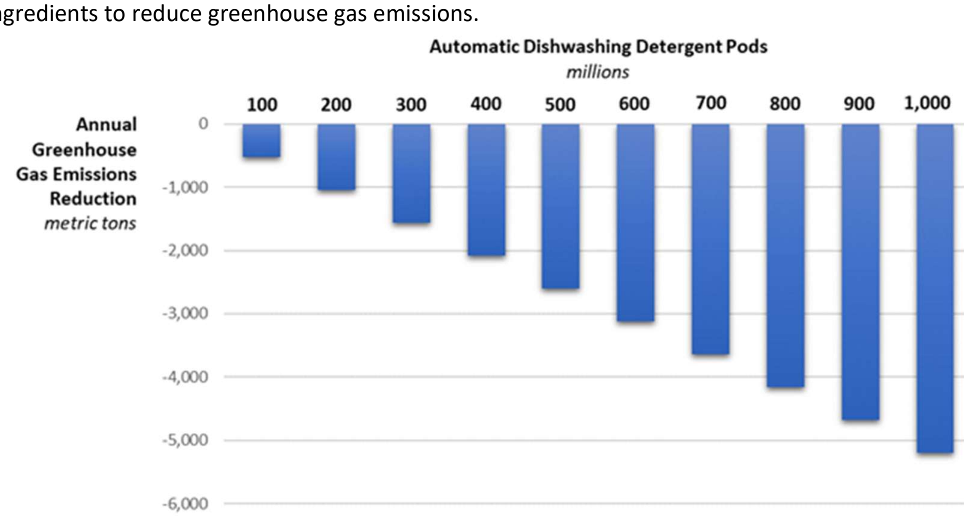
	Energy consumption (kWh)	**GHG Emissions (tCO2e)**
Direct and indirect emissions	162,840	44.59
Intensity ratio: tCO2e per $m Net Revenue		13.51

We have selected an intensity metric based on tonnes of carbon dioxide emissions (tCO2e) per $m Net Revenue. We will use this ratio to monitor and extend our energy efficiency efforts further into our operations and practices.

Lighter products

The multifunctional performance of Itaconix ingredients offers the potential for more compact consumer products, particularly in detergents. Compact products are lighter and can reduce greenhouse gas emissions by using less chemicals, less packaging, and more efficient transportation.

A study by a leading third-party sustainability research firm estimated the potential for dishwashing detergents using Itaconix ingredients to reduce greenhouse gas emissions.



Carbon dioxide emissions from 17 gram North American automatic dishwashing detergent versus 14 gram Itaconix automatic dishwashing detergent formula in stand-up pouch. Does not include emission reductions from plant-based carbon in Itaconix polymer.

Source: Pure Strategies analysis

Revenues from Advanced Sustainable Materials

Itaconix plc is dedicated to reducing the planet's carbon footprint and addressing climate change with plant-based polymers that are essential ingredients in a new generation of safer, more sustainable consumer products.

Our financial results demonstrate that commercial and environmental progress can advance equally through the value and adoption of our ingredients. We are pleased to announce that 96% percent of our 2020 revenues were derived from advanced sustainable materials. This means that 96% of our revenues are related specifically to the design, development, and manufacture of materials that during their manufacture or through their use allow for considerable increases in the efficiency of resource usage.

SECTION 172 STATEMENT

Statement of Compliance with Section 172 of the Companies Act 2006

The Directors are required to include a separate statement in the Annual Report that explains how they have considered broader stakeholder needs when performing their duty under Section 172(1) of the Companies Act 2006. This duty requires that a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers, and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company to maintain a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

In connection with its statement, the Board describes in general terms how key stakeholders, as well as issues relevant to key decisions are identified, and also the processes for engaging with key stakeholders including employees and suppliers, and understanding those issues. It is the board's view that these requirements are predominantly addressed in the corporate governance disclosures we have made in the directors' report, which are themselves discussed more extensively on the company's website.

A more detailed description is limited to matters that are of strategic importance in order to remain meaningful and informative for shareholders. The Board believes that two decisions taken during the year fall into this category, and engaged with internal and external stakeholders on these decisions:

- 2020 Fundraise – The Directors, along with the Group's NOMAD and broker, assessed the market for its appetite to support the Group's fundraising efforts. Strategy and work were completed to launch a fundraise in early 2020. This was determined to be the optimal time to execute a fundraise as the 2019 revenue numbers reflected the growth in polymer sales that shareholders were expecting. These efforts in March 2020 were unsuccessful due to the impact of Covid-19 on the London Stock Exchange. The fundraise was completed in July 2020.
- Covid-19 – The Group continually assesses the impact Covid-19 has on customer orders, supply chain and employees. Efforts have been put in place to support customer demand, ensure safety stock, and safeguard employees' wellness during these unprecedented times.

James Barber	John R. Shaw
Chairman	Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Revenue	2	**3,292**	1,288
Cost of sales		**(2,138)**	(838)
Gross profit		**1,154**	450
Other operating income		**50**	62
Administrative expenses		**(2,595)**	(3,390)
Group operating loss before exceptional items		**(1,391)**	(2,878)
Exceptional (expense) / income on revaluation of contingent consideration		**(339)**	1,474
Exceptional income on organizational restructuring		**91**	-
Finance income		**-**	1
Gain on sale of associate		**-**	84
Share of loss of associate		**-**	(38)
Operating Loss before tax from operations		**(1,639)**	(1,357)
Taxation		**(7)**	(1)
Loss for the year from operations		**(1,646)**	(1,358)
Loss for the year		**(1,646)**	(1,358)
Basic and diluted loss per share	3	**(0.5)**	(0.5)
Diluted loss per share	3	**(0.5)**	(0.5)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	$'000	$'000
Loss for the year	**(1,646)**	(1,358)
Items that will be reclassified subsequently to profit or loss		
Exchange gains in translation of foreign operations	**8**	48
Total comprehensive loss for the year, net of tax	**(1,638)**	(1,310)
Attributable to:		
Equity holders of parent	**(1,638)**	(1,310)

CONSOLIDATED BALANCE SHEET

At 31 December 2020

	31 Dec 2020 $'000	31 Dec 2019 $'000
Non-current assets		
Property, plant and equipment	501	701
Right-of-use assets	746	920
Investment in subsidiary undertakings	-	-
	1,247	1,621
Current assets		
Inventories	**1,361**	504
Trade and other receivables	**463**	331
Cash and cash equivalents	**1,448**	765
	3,272	1,600
Total assets	**4,519**	3,221
Financed by		
Equity shareholders' funds		
Equity share capital	**5,718**	3,677
Equity share premium	**46,135**	46,135
Own shares reserve	**(5)**	(5)
Merger reserve	**31,343**	31,343
Share based payment reserve	**10,335**	10,317
Foreign translation reserve	**(211)**	(219)
Retained deficit	**(93,940)**	(92,245)
Total equity	**(625)**	(997)
Non-current liabilities		
Contingent consideration	**2,707**	2,441
Note payable	**51**	-
Lease liabilities	**476**	750
	3,234	3,191
Current liabilities		
Trade and other payables	**1,404**	707
Notes payable	**132**	-
Contingent consideration	**146**	-
Lease liabilities	**228**	320
	1,910	1,027
Total liabilities	**5,144**	4,218
Total equity and liabilities	**4,519**	3,221

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2020

	Equity share capital $'000	Equity share premium $'000	Own shares reserve $'000	Merger reserve $'000	Share based payment reserve $'000	Foreign translation reserve $'000	Retained deficit $'000	Total $'000
At 1 January 2019	3,677	46,135	(5)	31,343	10,293	(267)	(90,887)	289
Loss for the year	–	–	–	–	–	–	(1,358)	(1,358)
Exchange differences on translation of foreign operations	–	–	–	–	–	48	–	48
Share based payments	–	–	–	–	24	–	–	24
At 31 December 2019	**3,677**	**46,135**	**(5)**	**31,343**	**10,317**	**(219)**	**(92,245)**	**(997)**
Loss for the year	–	–	–	–	–	–	(1,646)	(1,646)
Share issuance proceeds	2,041	205	–	–	–	–	–	2,246
Share issuance expenses	–	(205)	–	–	–	–	(49)	(254)
Exchange differences on translation of foreign operations	–	–	–	–	–	8	–	8
Share based payments	–	–	–	–	18	-	–	18
At 31 December 2020	**5,718**	**46,135**	**(5)**	**31,343**	**10,335**	**(211)**	**(93,940)**	**(625)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020	2019
	$'000	**$'000**
Net cash outflow from operating activities	**(1,157)**	(1,831)
Proceeds from sale of property, plant and equipment	**20**	40
Purchase of property, plant and equipment	**-**	(39)
Proceeds from sales of associate investment, net of transaction costs	**-**	211
Repayment on the loan to associate	**-**	57
Interest received - loan to associate	**-**	6
Cash loaned to subsidiary undertakings	**-**	-
Net cash inflow from investing activities	**20**	275
Cash received from issue of shares	**2,246**	-
Transactions costs paid on the issue of shares	**(254)**	-
Proceeds from government secured debt	**183**	-
Repayment of lease liability	**(327)**	(320)
Interest paid - leases	**(28)**	(14)
Net cash inflow / (outflow) from financing activities	**1,820**	(334)
Net inflow / (outflow) in cash and cash equivalents	**683**	(1,890)
Cash and cash equivalents at beginning of year	**765**	2,655
Cash and cash equivalents at end of year	**1,448**	765

NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

Basis of presentation

The financial information set out in this document does not constitute the Group's statutory accounts for the years ended 31 December 2019 or 2020. Statutory accounts for the years ended 31 December 2019 and 31 December 2020, which were approved by the directors on 29 March 2021, have been reported on by the Independent Auditors. The Independent Auditor's Reports on the Annual Report and Financial Statements for each of 2019 and 2020 were unqualified, did draw attention to a matter by way of emphasis, being going concern and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2019 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2020 will be delivered to the Registrar of Companies in due course and will be posted to shareholders shortly, and thereafter will be available from the Group's registered office at Fieldfisher Riverbank House, 2 Swan Lane, London, United Kingdom, EC4R 3TT and from the Group's website https://itaconix.com/investor/reports-documents/

The financial information set out in these results has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations in conformity with the requirements of the Companies Act 2006. The accounting policies adopted in these results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 December 2019, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019. There are deemed to be no new standards, amendments and interpretations to existing standards, which have been adopted by the Group, that have had a material impact on the financial statements.

The Group's financial information has been presented in US Dollars (USD).

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed the Company's and the Group's going concern position taking account its current business activities, budgeted performance and the factors likely to affect its future development, set out in the Annual Report, and including the Group's objectives, policies and processes for managing its working capital, its financial risk management objectives and its exposure to credit and liquidity risks.

The Group made a loss before exceptional items for the year of $1,391k, had Net Current Assets at the period end of $1,308k and a Net Cash Outflow from Operating Activities of $1,157k. Primarily, the Group meets its day to day working capital requirements through existing cash resources and had on hand cash, cash equivalents and short-term deposits at the balance sheet date of $1,448k.

During the year, the Group reduced its expenditures and successfully raised funds of $2,246k.

The Directors have reviewed the Group's cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, which foresee that the Group will be able to meet its liabilities as they fall due. However, the success of the business is dependent on customer adoption of our products in order to increase revenue and profit growth. Inability to deliver this could result in the requirement to raise additional funds.

The Directors have also taken into consideration the impact of the Covid-19 pandemic on the Group's revenues and supply chain. While there has not been a negative impact through the report date on the Group revenues or supply chain due to the pandemic, the Directors have applied sensitivities to the revenue models and have assessed alternate supply chains that have been developed by the Group to mitigate any issues to our customers.

The Directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the Company and Group's ability to continue as a going concern. However, they believe that, taken as a whole, the factors described above enable the Company and Group to continue as a going concern for the foreseeable future. The financial statements do not include the adjustments that would be required if the Company and the Group were unable to continue as a going concern.

2. Revenue

Revenue recognised in the Group income statement is analysed as follows:

	2020	2019
	$'000	$'000
Sale of goods	**3,292**	1,288
	3,292	1,288

Geographical information

	2020	2019
	$'000	$'000
North America	**2,869**	1,128
Europe	**423**	160
	3,292	1,288

The revenue information is based on the location of the customer.

Segmental information

The revenue information above is derived from the continuing operations. The Group therefore has one segment, the Specialty Chemicals segment, which designs and manufactures proprietary specialty polymers to meet customers' needs in the home care and industrial markets and in personal care being the Group's principal activities.

Net assets of the Group (being total assets less total liabilities) are attributable to geographical locations as at 31 December 2020 as follows:

	2020	2019
	$'000	$'000
North America	**932**	1,251
Europe	**(1,557)**	(2,248)
	(625)	(997)

3. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Loss	**$'000**	$'000
Loss for the purposes of basic and diluted loss per share	**(1,646)**	(1,358)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	**344,970**	269,130
Basic and diluted loss per share	**(0.5)¢**	(0.5)¢

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share for the period to 31 December 2020 are identical to those used for the basic earnings per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

4. Cautionary Statement

This document contains certain forward-looking statements relating to Itaconix plc (the "Group"). The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the

Group to differ materially from those contained in any forward-looking statement. These statements are made by the Directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.