Itaconix plc ("Itaconix" or "the Company")

Full Year Results for the Year Ended 31 December 2019

Annual Report & Accounts

Itaconix (LSE: ITX) (OTCQB: ITXXF), a leading innovator in sustainable specialty polymers, is pleased to announce its audited results for the year ended December 2019 ("2019").

A copy of the Annual Report & Accounts is available for download on Itaconix's website at www.itaconix.com.

2019 Financial Highlights

Financial results for 2019 show increased demand for the Company's products, significant cost savings from the restructuring of operations in 2018, and the full exit from the nicotine gum business. The Company transitioned its reporting currency from UK Sterling to US Dollars.

- Total revenues increased by 46.2% to $1.3m from $0.9m in 2018.
- Gross profits increased by 221.4% to $0.45m in 2019 from $0.14m in 2018 reflecting an increase in gross profit margin to 34.9% in 2019 from 15.9% in 2018.
- Net losses decreased by 86.2% to $1.4m in 2019 from $9.9m in 2018.
- Losses before interest, tax and non-cash items decreased 58.8% to $2.8m in 2019 from $6.8m in 2018.
- Cash reserves at the end of 2019 were $0.8m, down from $2.7m at the end of 2018.
- In May 2019, Itaconix completed its divestment of its minority interest in Alkalon for a total cash consideration of c. £242,000.

2019 Operational Highlights

The Company achieved important progress and major milestones in establishing the value of its core products and developing a broad base of customers for continued revenue growth in its major application areas:

- Use of the Company's detergent polymers increased, including new orders from customers in Europe.
- The Company transitioned the marketing and sales of its hairstyling polymer to Nouryon to expand global awareness and usage.
- The Company added a new odour control product and saw expanded use of its products through its global marketing and sales collaboration with Croda.

In addition, the Company continued to develop its organisation with the appointment of Laura Denner as Chief Financial Officer. Mike Townend stepped down as a Non-Executive Director after many years of dedicated service to the Company.

Post Year End

- In May 2020, Itaconix Corporation received a US Government Paycheck Protection Program Loan for $0.2m to support the business through the Covid-19 pandemic.
- In July 2020, the Company provided a trading update on unaudited revenues and revenue growth for the first six months of 2020. Full interim results are expected to be released by the end of October.
- In July 2020, the Company completed an equity raise with gross proceeds of $2.2 million to fund operating losses and working capital needs as revenues advance toward break-even profitability.

Outlook

John R. Shaw, CEO of Itaconix, stated: "Our 2019 results show the transformation in revenue and profit potential that we created from our focus on sustainable specialty ingredients and the restructuring of operations in 2018. We exited 2019 as a lean commercial operation with a growing base of customers and recurring revenues from our direct success in detergents and our blue-chip collaborations with Croda and Nouryon. With product demand in the first half of 2020 reflecting the ramp up we expected to start in late 2019 and the proceeds from our July equity raise, we have the commercial momentum and operations in place for continued strong revenue growth."

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About Itaconix

Itaconix develops and produces bio-based functional ingredient that improve the safety, performance or sustainability of consumer and industrial products, with technology and market leadership positions in non-phosphate detergents, odour control, and hair styling.

www.itaconix.com

CHIEF EXECUTIVE OFFICER'S REPORT

Polymers for Better Living™

Our sustainable polymers 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, the way we produce them, how they are used as ingredients in consumer product formulas, and how these formulas are packaged and delivered to consumers can reduce the depletion of natural resources, increase the use of safer chemicals, and reduce the release of chemicals into the environment.

Consumers are increasingly aware of the role that their purchases may have on the environment, natural resource use, and climate. New buying behaviours, regulations, and product certifications emerging from this growing awareness are driving consumer product companies to respond and formulate new products or reformulate existing products. Our sustainable polymers allow product and brand managers to meet new customer needs in a growing range of home and personal care products.

Our bio-based polymers reduce the depletion of natural resources by replacing petroleum-based chemicals as ingredients in consumer products, by using energy-efficient production, and by enabling more concentrated consumer products that require less chemicals and less packaging.

Most importantly, the renewable carbon in the composition of our polymers is captured by plants from carbon dioxide in the air. The plants use the carbon dioxide to produce sugars that are fed to microorganisms to yield the itaconic acid we use to make our polymers. When one of our products replaces the function of a petroleum-based ingredient in a formulation, the circular process of capturing and reusing carbon dioxide in the air displaces fossil-based carbon.

With Polymers for Better Living™, Itaconix meets the demands of new formulations with the transformative potential of sustainable ingredients from renewable sources.

Commercial Progress

From detergents to shampoos, our polymers are validated as disruptive ingredients in a new generation of everyday products that have the performance, cost, and sustainability to meet emerging consumer demands. The expanding foundation of formulations is building a strong base of recurring use and orders to accelerate Itaconix's commercial momentum and revenue growth.

Our product revenues grew by 46.2% to $1.3m in 2019 from $0.9m in 2018 from steady progress on a strong customer base to build from into 2020. Financial details on the operating losses and going concern related to our commercial progress in the Strategic Report.

Our growth in 2019 was led by advances in the use of our polymers in non-phosphate detergents in North America and Europe, particularly in automatic dishwashing applications. In North America, increased use in detergent brands found our polymers in more products at major, discount, and ecommerce retailers. In May 2019, we announced our first order for use of Itaconix® CHT™ 122 in European detergents.

We entered 2020 with further progress in our revenue potential in non-phosphate detergents. In January 2020, we launched our new Itaconix® TSI™ 322 detergent polymer that offers further value in detergents and received a patent on novel automatic dish detergents to protect our intellectual property until at least 2037. In February 2020, we announced a new agreement with New Wave Global Services, a leading Canadian supplier of innovative detergents to North American retailers, to supply up to 1 million lbs of our detergent polymers through 2021 to meet growing volumes for its detergents from existing and new customers.

In Personal Care, we expanded our global sales effort by transitioning from the direct sale of our RevCare NE100S product to supplying the polymer for Nouryon to market globally as Amaze™ SP within its world leading hair styling polymer product line. With the first order delivered to Nouryon in June 2019, the polymer is gaining greater awareness and adoption as a bio-based ingredient with excellent curl retention, volumising, and frizz control performance.

In odour control, we expanded our supply agreement with Croda and the market potential for our odour control technology with the introduction of ZINADOR™ 35L. While demand for the current ZINADOR™ 22L continues to grow, the new polymer offers performance and cost advantages that create broader opportunities in home care and hygiene applications.

In May, June, and July 2020, we announced continued commercial progress in demand for our polymers, reflecting additional recognition and use of our polymers in a new generation of consumer products.

We completed our transition to a sustainable specialty ingredient company in May 2019 with the sale of our minority interest in Alkalon A/S, a Danish nicotine gum company, for $0.3m in cash.

Profitability

We made major steps towards profitability with Net Losses decreasing to $1.4m in 2019 from $9.9m in 2018 based on the positive effects of increased product volumes and the restructuring of operations in 2018.

The higher product volumes increased gross profit margins to 34.9% in 2019 from 15.9% in 2018 to generate Gross Profits of $0.45m in 2019 compared to $0.14m in 2018.

Decreases in operating expenses from the restructuring of operations, reduced Losses before Interest, Tax and Non-Cash Items to $2.8m from $6.8m in 2018.

Funding

As we progress in developing our commercial base and achieving our strategic growth plans, we rely on access to additional funding to meet our working capital requirements.

Cash at the end of 2019 was $0.8m, down from $2.7m at the end of 2018.

In July 2020, we completed a new placement of ordinary shares with gross proceeds of $2.2m.

Covid-19

The Group has maintained operations as an essential business throughout the Covid-19 pandemic. Efforts to conserve available cash were taken in March 2020 until the new funding in July 2020. While some customer formulation activities have slowed, the surge in demand for household detergents has significantly increased order volumes for the Group's detergent polymers. Effective customer engagement has continued without travel through adaptation and innovation in customer communication and engagement.

In May 2020, the Group's US subsidiary received a $0.2m loan through the US Paychecks Protection Program to support its operations and employees during the Covid-19 pandemic, as further detailed in the Annual Report.

People

Effective September 2019, Laura Denner was promoted from Group Director, Finance and Operations to Chief Financial Officer. I appreciate the efforts of our former Interim Chief Financial Officer Michael Norris in managing and facilitating this transition.

I wish to thank our former Non-Executive Director, Mike Townend, for his guidance and valuable contributions from the Group's earliest days through becoming a leading innovator in sustainable specialty ingredients.

Further details of the development of the Executive Team and Board of Directors in 2019 are detailed in the Annual Report.

As of February 2019, the Group completed the closing of its former headquarters and operations in Deeside, Wales and had no employees at the facility. As of September 2020, the Group completed the surrender of its lease for the facility.

Share Trading

Itaconix shares commenced cross-trading publicly on the US OTCQB Market under the symbol ITXXF on 18 December 2019. Cross-trading on the OTCQB Market simplifies the trading process for US investors, enabling them to trade in the Group's shares on the AIM Market, in US dollars and during US trading hours.

Shareholders at the 2019 AGM authorized the Board to undertake a 50:1 share consolidation subject to certain share trading conditions. The Board did not pursue this consolidation and is not seeking to renew the authorisation at the 2020 AGM.

Shareholder Engagement

The Notice of Annual General Meeting ("AGM") that accompanies the Annual Report sets out the business for our forthcoming AGM on 23 October 2020. I encourage all shareholders to cast votes by proxy either via mail or electronically by 21 October 2020. Due to Covid-19, we cannot have shareholders attend the meeting in person, but we will have an open-access corporate presentation immediately following the AGM.

John R. Shaw
Chief Executive Officer

STRATEGIC REPORT

Principal Activities

Itaconix plc is a leading innovator in bio-based functional ingredients for improving the safety and performance of homecare, personal care, and industrial products. Its proprietary polymer technology generates a growing range of new ingredients with unique functionalities that meet consumer demands for value and sustainability.

The principal activities of the Group are the production and sale of proprietary specialty polymers that meet significant customer needs, with a strategy of direct selling efforts to establish initial use of new polymers, and then partner development to scale global demand.

Most of the Group's efforts are focused on homecare 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 ingredients stems from the unique functionalities available through the chemical structure of itaconic acid and its derived polymers, and from the bio-based production of itaconic acid through fermentation using renewable 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 2019

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 increase in non-phosphate detergent sales, which drove significant growth in top line revenues. The Group is well positioned for growth in the coming years.

The focus on revenue growth and costs control in 2019 has progressed the Group towards its goals of reducing cash use and reaching profitability sooner. The Group's efforts during the year to eliminate the remaining costs from the UK facility and the nicotine gum business (Alkalon) will continue to streamline the business in the near term.

Board and Executive Changes

There were continued developments to the Executive Team and Board of Directors in 2019.

Mike Townend stepped down as a Non-Executive Director in May 2019.

Michael Norris stepped down as Interim Chief Financial Officer in August 2019.

Laura Denner was appointed as Chief Financial Officer and Company Secretary in September 2019.

Financial Review

Results and Dividends

The Group results are stated in the Consolidated Income Statement and are reviewed below. The Directors do not recommend the payment of a dividend (2018: nil).

Financial Performance

Revenue

Total revenues for the 12-month period ended 31 December 2019 were $1.3m, representing a 46.2% increase over 2018 revenues of $0.9m. Revenues grew primarily from increased demand for the Group's detergent and personal care products.

Gross Profit and Loss after Tax

Gross profit margins have improved as expected due to increased plant utilization and a reduced overhead cost structure. As the Group continued to focus efforts on fulfilment and commercialisation of the current itaconate polymer technologies, gross profit increased from $140k in 2018 to $450k, in 2019, an increase of 221.4%. Gross profit margin more than doubled from 15.9% in 2018 to 34.9% in 2019.

The Operating Loss before Exceptional Items decreased from $5.7m 2018 to $2.9m for 2019, based heavily on administrative expenses declining from $5.9m in 2018 to $3.4m in 2019. This 42.9% decrease derived mainly from the full-year realization of the reorganization of the Group in 2018, consolidating all research and administrative activities into the New Hampshire, USA operations.

Costs and Available Cash

The Group's increasing revenues and overall cost reductions resulted in Net Cash Outflow from Operations of $1.8m, which represents a significant decrease from 2018 when Net Cash Outflow from Operations was $7.0m. As at 31 December 2019, the Group held cash of $0.8m. These reduction in cash flows were partially offset by proceeds of $0.3m from the sale of the Group's minority interest in Alkalon. Subsequent to the year end, the Group completed a fund raise of $2.2m and received $0.2m from the US Government Paycheck Protection Program.

Financial Position

At 31 December 2019, the Group had equity of ($1.0m) as compared to $0.3m in 2018, this was due to significant unwinding of the deferred consideration (see Note 19 to the Annual Report) net of stronger operating results.

As required under IFRS 16, the Group recognized a right-of-use asset and a lease liability of $1.4m on implementation of the new accounting standard on 1 January 2019. Included in the calculation was a lease extension, executed in 2019 that extends the lease of the Group's primary operating facility and headquarters by 5 years. In respect of the Group's former headquarters in the UK, the group has applied practical expedient to retain the IAS 17 valuation of this onerous lease of $0.3m, this being set off against the right-of-use asset at 1 January 2019. See Note 5.

Inventory increased from $0.4m to $0.5m in 2019 to support increased growth in customer demand.

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 income of $1.5m in 2019, which offset the exceptional non-cash expense of $3.3m (excluding foreign exchange) from 2018 that resulted from the renegotiated terms of the deferred consideration as part of the 2018 fundraise.

Financial Reporting

In the financial year commencing 1 January 2019, the Group changed the reporting currency from the UK Sterling to the US Dollar and applied a new accounting standard for leases (IFRS 16).

Change in Group's reporting currency

In this period, the Directors decided to change the reporting currency due to the growing exposure to the US dollar in our operating activities, including the majority of customer transactions, raw material purchases, payroll, and operating expenses.

IFRS 16 "Leases"

The Group adopted IFRS 16: Leases and has replaced IAS 17: Leases. The Group has elected to apply the modified retrospective method. Following the adoption of IFRS 16, right-of-use assets of $1.1m and lease liabilities of $1.4m were recognized at the date of transition. Lease costs have been replaced by depreciation of the right-of-use asset and interest arising on the lease liability in this reporting period.

Key Performance Indicators (KPI's)

The Group considers its three key performance indicators to be:

- Revenue
- Profits before interest, taxes, and non-cash expenses
- Cash

The Directors believe that revenue and profits are KPI's 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 the products. Revenue performance is detailed in the Chief Executive Officer's Statement.

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 outflow for the period to 31 December 2019 was $1.9m (2018: $2.2m). Further details of cash flows in 2019 (and 2018) are set out in the Group's Consolidated Cash Flow Statement.

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 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 to our customers.

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. Subsequent to year end, the Group successfully raised funds of $2,246k.

Shareholdings and Earnings per Share

Itaconix had 269,130,071 shares in issue as at 31 December 2019. The undiluted weighted average number of shares for the period to 31 December 2019 was 269,130,071. The undiluted weighted average number of shares was used to calculate the loss per share.

Principal Risks and Uncertainties

Commercialisation Activities

Significant progress was made in 2019 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 has a share incentive agreement as disclosed in Annual Report, and service contracts in place for John R. Shaw as Chief Executive Officer and Dr. Yvon Durant as Chief Technology Officer. In addition, the Group use an Equity Incentive Plan for share option grants to other key personnel at its New Hampshire, US operations.

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, operations of its production facility, and supply of raw materials due to the Covid-19 pandemic.

Management of risk: The Group has not experienced any significant disruptions to date. The US operations are designated as an "essential business" for continued operations under any government orders. Management closely monitors Covid-19 regulatory developments, expected demand from customers, and the reliability of its raw materials supply chain.

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, subsequent to year end, 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 2019, there were no significant credit risk balances.

Foreign Exchange Risk

Itaconix has operations in the UK and US, and trades with customers 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.

The Group has potential risks under Brexit to lack of alignment in chemical regulations that may emerge over time between the UK and the European Community.

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.

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 four decisions taken during the year fall into this category, and engaged with internal and external stakeholders on these decisions:

- Change in reporting currency – The decision to change the Group’s reporting currency mitigates the effects of translating the reporting currency from the functional currency. As approximately 90% of the Group’s activities are transacted in the US Dollar; this presentation will be beneficial to shareholders, suppliers, and customers as it eliminates the need for consideration of hedging or translation differences.
- Sale of Alkalon – The Group sold its minority holding in the nicotine gum business during the year. The decision to sell the Group’s investment in Alkalon concludes a 2016 divestment in the Group’s gum technology. This decision allows the Group to focus on its itaconate polymers and reduce potential exposure to contingent liabilities that existed as part of the agreement in the sale of this technology. This will benefit shareholders as all resources are now committed to the Group’s primary business of itaconate products.
- Listing on OTCQB Market – As discussed in the Chief Executive's Statement, the cross-listing of the Company’s stock on the OTCQB Market provides additional access to the US equity market that has developed as the US investor base continues to grow. Shareholders in the US were historically limited in their ability to trade shares on the AIM market without a UK broker. Cross trading on the US OTCQB market allows the US shareholders direct access to real time trading.
- 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 Market. The fundraise was completed in July 2020.

James Barber	John R. Shaw
Chairman	Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Notes	2019 $'000	2018 (Restated) $'000
Continuing operations			
Revenue	3	**1,288**	881
Cost of sales		**(838)**	(741)
Gross profit		**450**	140
Other operating income		**62**	129
Administrative expenses		**(3,390)**	(5,935)
Group operating loss before exceptional items		**(2,878)**	(5,666)
Exceptional income/ (expense) on revaluation of contingent consideration		**1,474**	(3,323)
Exceptional expense on organizational restructuring		-	(1,190)
Finance income		**1**	4
Gain on sale of associate		**84**	-
Share of (loss) / profit of associate		**(38)**	120
Operating Loss before tax from operations		**(1,357)**	(10,055)
Taxation (charge)/credit		**(1)**	187
Loss for the year from operations		**(1,358)**	(9,868)
Loss for the year		**(1,358)**	(9,868)
Basic and diluted loss per share	4	**(0.5)**	(6.3)
Diluted loss per share	4	**(0.5)**	(6.3)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 $'000	2018 (Restated) $'000
Loss for the year		**(1,358)**	(9,868)
Items that will be reclassified subsequently to profit or loss			
Exchange gains / (losses) in translation of foreign operations		**48**	(193)
Total comprehensive loss for the year, net of tax		**(1,310)**	(10,061)
Attributable to:			
Equity holders of parent		**(1,310)**	(10,061)

CONSOLIDATED BALANCE SHEET

At 31 December 2019

	Notes	31 Dec 2019 $'000	31 Dec 2018 (Restated) $'000	1 Jan 2018 (Restated) $'000
Non-current assets				
Property, plant and equipment		**701**	972	1,323
Right-of-use assets	5	**920**	–	–
Trade and other receivables		**–**	–	–
Investment in subsidiary undertakings		**–**	–	–
Investment in associate undertakings		**–**	167	–
		1,621	1,139	1,323
Current assets				
Inventories		**504**	387	366
Trade and other receivables		**331**	907	953
Cash and cash equivalents		**765**	2,655	4,869
		1,600	3,949	6,188
Total assets		**3,221**	5,088	7,511
Financed by				
Equity shareholders' funds				
Equity share capital		**3,677**	3,677	1,205
Equity share premium		**46,135**	46,135	43,923
Own shares reserve		**(5)**	(5)	(7)
Merger reserve		**31,343**	31,343	31,343
Share based payment reserve		**10,317**	10,293	9,989
Foreign translation reserve		**(219)**	(267)	(74)
Retained earnings		**(92,245)**	(90,887)	(81,019)
Total equity		**(997)**	289	5,360
Non-current liabilities				
Contingent consideration		**2,441**	3,891	819
Lease liabilities	5	**750**	–	–
		3,191	3,891	819
Current liabilities				
Trade and other payables		**707**	908	1,332
Lease liabilities	5	**320**	–	–
		1,027	908	1,332
Total liabilities		**4,218**	4,799	2,151
Total equity and liabilities		**3,221**	5,088	7,511

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

At 31 December 2019

	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 2018 (Restated)	1,205	43,923	(7)	31,343	9,989	(74)	(81,019)	5,360
Loss for the year	–	–	–	–	–	–	(9,868)	(9,868)
Share issuance, net of expenses	2,472	2,212	–	–	–	–	–	4,684
Exchange differences on translation of foreign operations	–	–	–	–	–	(193)	–	(193)
Exercise of share options	–	–	2	–	–	–	–	2
Share based payments	–	–	–	–	304	–	–	304
At 31 December 2018 (Restated)	**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)**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Notes	**2019**	2018 (Restated)
		$'000	**$'000**
Net cash (outflow) / inflow from operating activities		**(1,831)**	(6,973)
Proceeds from sale of property, plant and equipment		**40**	74
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 / (outflow) from investing activities		**275**	74
Cash received from issue of shares		**–**	4,946
Transactions costs paid on the issue of shares		**–**	(261)
Repayment of lease liability		**(320)**	–
Interest paid - leases		**(14)**	
Net cash (outflow) / inflow from financing activities		**(334)**	4,685
Net (outflow) in cash and cash equivalents		**(1,890)**	(2,214)
Cash and cash equivalents at beginning of year		**2,655**	4,869
Cash and cash equivalents at end of year		**765**	2,655

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Basis

The financial information set out in this document does not constitute the Group's statutory accounts for the years ended 31 December 2018 or 31 December 2019. Statutory accounts for the years ended 31 December 2018 and 31 December 2019, which were approved by the directors on 29 September 2020, have been reported on by the Independent Auditors. The Independent Auditor's report on the Annual Report and Financial Statements for years ended 31 December 2018 and 31 December 2019 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.

The statutory accounts for the year ended 31 December 2019 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, and International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The Group has applied the same accounting policies and methods of computation in its financial statements as in its 2018 annual financial statements, except for the change in the Group's reporting currency and those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019, which have been adopted in the current year's financial statements. New standards that have impacted the Group for the year ended 31 December 2019 are IFRS 16 Leases (See note 5).

Presentational currency

In this period, the Board decided to change the reporting currency due to the growing exposure to the US Dollar (USD), as all major contracts and most of the new agreements for the Company are denominated in this currency. The Board therefore believes that USD financial reporting provides a reliable and more relevant presentation of the Group's financial position, funding and treasury functions, financial performance, and its cash flows. Coupled with the evolution of the business, the Group's shareholder base is now largely comprised of foreign investors to whom financial reporting in GBP is of limited relevance. Internally, the Board also bases its performance evaluation and many investment decisions on USD financial information.

It should be noted that the functional currencies of the Group's underlying businesses - functional currencies referring to the currencies of the primary economic environments in which underlying businesses operate - remain unchanged and that foreign exchange exposures will therefore be unaffected by the change, albeit that the effects of such exposures are presented in USD.

To assist investors in understanding the change in accounting policy, restated statements of financial position have been presented, providing restated USD financial information for the financial years ended 31 December 2018 and 2017.

A change in reporting currency represents a change in an accounting policy in terms of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* requiring the restatement of comparative information. In accordance *with IAS 21 The Effects of Changes in Foreign Exchange Rates,* the following methodology was followed in restating historical financial information from GBP into USD:

- Non-USD assets and liabilities were translated at the relevant closing exchange rate at the end of the reporting period. Non-USD items of income and expenditure and cash flows were translated at average exchange rates for the reporting period disclosed;

- Share capital, premium, and other reserves, as appropriate, were translated at the historic rates prevailing at the dates of underlying transactions, and

- The effects of translating the group's financial results and financial position into USD were recognised in the foreign currency translation reserve.

2. 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 $2,878k, had Net Current Assets at the period end of $573k and a Net Cash Outflow from Operating Activities of $1,831k. 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 $765k (2018: $2,655k).

Subsequent to year end, the Group 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.

3. Revenue and Segment Information

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

	2019 $'000	2018 $'000
Sale of goods	**1,288**	881
	1,288	881

Geographical information

	2019 $'000	2018 $'000
North America	**1,128**	650
Europe	**160**	222
Asia	**-**	9
	1,288	881

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.

Net assets of the Group are attributable to geographical location as at 31 December 2019.

	2019 $'000	2018 $'000
Europe	**(2,195)**	115
North America	**1,198**	174
	(997)	289

4. 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.

Loss	2019 $'000	2018 $'000
Loss for the purposes of basic and diluted loss per share	**(1,358)**	(9,868)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	**269,130**	156,971
Basic and diluted loss per share	**(0.5)**	(6.3)

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 2019 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.

5. Leases

The Group leases all its facilities from which it operates. The headquarters, production, and main offices are located in Stratham, NH, USA. The facility is approximately 31,000 square feet and the lease expired in September 2019. Management renewed the lease for a 5-year extension, through to September 2024. Lease payments to September 2024 have been included in the initial recognition of the lease liability. There is another office facility in Deeside, Flintshire, UK that expires in July 2021. At 31 December 2018 and under IAS 17, the Group recognized this lease as an onerous lease.

With effect from 1 January 2019, the Group has adopted IFRS 16 Leases, which specifies how to recognize, measure, and present leases liabilities and the associated right-of-use assets. The Group has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new accounting standard are therefore recognized in the opening balance sheet on 1 January 2019 and comparatives have not been restated. In respect of the Group's former headquarters in the UK, the group has applied practical expedient to retain the IAS 17 valuation of this onerous lease of $0.3m, this being set off against the right-of-use asset at 1 January 2019.

On initial application, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17: Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's weighted average incremental borrowing rate as at 1 January 2019 of 7.75%. The Group has elected to record right-of-use assets as equal to the corresponding lease liabilities as the impact of potential additional costs or deductions to the assets are immaterial.

In applying IFRS 16 for the first time, the Group used practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the application date, the Group has relied on its assessment made applying IAS 17 and IFRIC 4 in determining whether an arrangement is or contains a lease.

Right-of-use asset

	Leased Building $'000
At 1 January 2019	1,118
Amortisation	(198)
Exchange differences	-
At 31 December 2019	920

Lease liability

	Leased Building $'000
At 1 January 2019	1,384
Additions in year	-
Interest expense	14
Lease payments	(334)
Exchange differences	6
At 31 December 2019	1,070

The above table also provides an evaluation of the material changes in the Group's liabilities arising from financial activities, as noted in the Group's Cashflow.

At 31 December 2019, the maturity of the lease liability is as follows:

	Up to 3 months	Between 3 months and 12 months	One to two years	Two to five years
	$'000	$'000	$'000	$'000
Leased building	82	238	274	476

The following table sets out the impact of adopting IFRS 16 on the financial position of the Group at 1 January 2019:

	As presented at 31 December 2018	IFRS 16 Adjustments	At 1 January 2019
Asset			
Right-of-use asset (a)	-	1,384	1,384
Accrual – IAS 17 (c)	-	(266)	(266)
	-	1,118	1,118
Liability			
Lease liability (b)	-	(1,384)	(1,384)
Accrual – IAS 17(c)	(266)	266	-
	(266)	(1,118)	(1,384)
Equity			
Retained earnings	(90,887)	-	(90,887)

(a) The adjustment to right-of-use asset is related to all operating type lease assets

(b) The table below reconciles the minimum lease commitments disclosed in the Group's 31 December 2019 annual financial statements to the amount of the lease liabilities recognized on 1 January 2019.

(c) The adjustment to provisions related to an onerous lease provision reclassified to the right-of-use asset on the adoption of IFRS 16.

The following table sets out the impact of adopting IFRS 16 on the financial position of the Group at 1 January 2019:

	Leased Building
	$'000
Minimum operating lease commitment at 31 December 2019	441
Effect of extension options reasonably likely exercised	1,235
Undiscounted lease payments	(292)
Effect of discounted at Group's incremental borrowing rate	-
Lease liabilities recognized at 1 January 2019	1,384

6. Cautionary Statement

Itaconix has made forward-looking statements in this press release, including statements about the market for and benefits of its products and services; financial results; product development plans; the potential benefits of business relationships with third parties and business strategies. These statements about future events are subject to risks and uncertainties that could cause Itaconix's actual results to differ materially from those that might be inferred from the forward-looking statements, Itaconix can make no assurance that any forward-looking statements will prove correct.