

Itaconix plc

("Itaconix" or the "Company")

Preliminary Results for the Year Ended 31 December 2023

Notice of AGM

Itaconix (AIM: ITX) (OTCQB: ITXXF), a leading innovator in sustainable plant-based polymers used to decarbonise everyday consumer products, announces its Preliminary Results for the year ended 31 December 2023.

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

"FY2023 marked another year that validated both our technology and our growth potential. We have delivered revenues in line with market expectations at \$7.9m, representing 40.5% growth when compared to revenues of \$5.6m in FY2022. We also continued to improve our gross margin percentage, reduce our Adjusted EBITDA losses, and make substantial operational and financial progress. In 2023, we continued to build the foundations for a large, high gross margin, specialty ingredients business.

"Our balance sheet now gives us freedom to drive revenue growth from our current ingredients, the opportunity for us to develop new ingredients, and the ability to grow revenues from our itaconate technology platform.

"Major purpose-driven and private label brands use our ingredients to both formulate new products and reformulate existing ones. These new formulations boost the performance and reduce the cost of their product while also increasing their sustainability claims. From dishwashing detergents and carpet cleaners to curl sprays and dog shampoos, these brands form a broad base of recurring revenues which should continue to grow as they secure placements in more retailers."

Financial and Operational Highlights

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
Revenue	7,866	5,600	2,596	3,292	1,288
Gross profit	2,437	1,487	700	1,154	450
Gross profit margin	31.0%	26.6%	27.0%	35.1%	34.9%
Adjusted EBITDA ¹	(925)	(1,395)	(1,640)	(993)	(2,457)
Cash used from operating activities	(1,923)	(219)	(2,023)	(1,157)	(1,831)
Net cash and investments at year-end	10,023	597	683	1,448	765

¹ Adjusted for interest, tax, depreciation, amortization, share based payment charge, and exceptional items.

- Gross profits increased by 63.9%, driven by improved volumes and margin, and higher production utilization.
- New and recurring orders increased revenues to \$7.9m in 2023, from \$5.6m in 2022.
- Revenue growth from 2019 to 2023 grew at a compound annual growth rate of 57.2%.
- Revenues increased by 40.5%, as all segments of our end market increased but primarily driven by success in the cleaning segment in North America and Europe.
- Substantial progress in cleaning was notably advanced by Itaconix detergent polymers in Europe. Itaconix® TSI® 322 is driving a new and exciting cohort of non-phosphate dishwashing detergents.
- In beauty, Itaconix ingredients are gaining use in hair care products based on excellent curl retention, novel soft feel for "weightless" hairstyling, and high plant-based content. These ingredients are sold through Nouryon as Amaze® SP and by Itaconix as VELASOFT® NE 100.
- In hygiene, continued production of polymers for odour neutralisation that are sold through Croda Inc. as ZINADOR® 22L and 35L and by Itaconix as VELAFRESH® ZP20 and ZP30.
- In innovation, continued work to extend the technology platform with new applications and new ingredients.

- Polymers generated increased interest for use in leather tanning as a plant-based replacement for acrylic acid polymers.
- Production and testing of prototypes for plant-based artist paints.
- Advanced the performance of a plant-based superabsorbent to match current acrylic acid superabsorbent polymers more closely.
- In February 2023 gross proceeds of \$12.7 million raised through fundraise.
- In August 2023 a share consolidation 50:1 was completed in efforts to improve share trading dynamics.
- Products, resources, and customer pipeline in place for continued growth.
- Paul LeBlanc was appointed as an independent Non-Executive Director and Chair of the Audit Committee. Paul has valuable operating experience from his role as CFO and Treasurer of Bemis Associates, a global manufacturer of specialty films and adhesives for the apparel and industrial markets.
- After the period end, Jonathan Brooks was appointed as independent Non-Executive Director and Chair of the Nomination Committee. Jonathan had a distinguished career as a corporate lawyer in the City of London and brings extensive capital markets and growth company experience.

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

“As already announced on 2 April, we expect lower 2024 revenues due to not reaching satisfactory commercial terms with an existing North American customer. We are pursuing growth from other existing customers and from new accounts with a view to replenishing this revised expectation with higher margin revenues.

“Our balance sheet provides us with new opportunities to target higher revenue growth. There are many exciting opportunities for us to develop new ingredients and increase revenues and we are positioning ourselves to better capture the commercial value of our performance ingredients with new customer wins, new volumes in non-detergent uses, and important new product development initiatives.”

-Ends-

Itaconix plc	+1 603 775-4400
John R. Shaw / Laura Denner	
Belvedere Communications	+44 (0)20 7653 8702
John West / Llewellyn Angus	
Canaccord Genuity – Nominated Adviser and Sole Broker	+44 (0) 20 7523 8000
Adam James / Harry Pardoe	

About Itaconix

Itaconix uses its proprietary plant-based polymer technology platform to produce and sell specialty ingredients that improve the safety, performance, and sustainability of consumer products. The Company’s current ingredients are enabling and leading new generations of products in cleaning, hygiene, and beauty.

www.itaconix.com

Report & Accounts and Notice of AGM

The Company's statutory accounts, together with a Notice of Annual General Meeting, are due to be made available on the Company's website (www.itaconix.com) and posted to shareholders on 19 April 2024. Copies will also be available at the Company's registered office, Fieldfisher LLP, 9th Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT, United Kingdom. The Annual General Meeting is due to be held at 2:00 pm BST on 20 May 2024 at Fieldfisher LLP, 9th Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT, United Kingdom.

CHAIR'S STATEMENT

For Nature With Nature

Everyday consumer products can exist in balance and harmony with nature and protect the safety and health of our environment.

We believe that new generations of consumer products will make the world a better and safer place by how they are produced, how they are transported, how they are used, and how they are disposed of. They will be less toxic to humans and the environment. They will not persist in the environment. They will contribute to rebalancing the planet's carbon cycle to maintain the continuity of all lifeforms.

We believe nature offers opportunities to make the world a better and safer place without placing costly new burdens on consumers and society.

Itaconic acid is a natural ingredient produced in the human and plant world. We believe that itaconic acid has the potential as an ingredient to displace acrylic acid or styrene across \$20B of possible applications ranging from cleaning and hygiene to paints and composites.

Our innovations in the production and use of consumer product ingredients using itaconic acid as a starting material are enabling new generations of safer consumer products with improved levels of performance, affordability, and sustainability.

With sixteen (16) patent families, we have by far the broadest proprietary technology platform for harnessing the value of itaconic acid within this \$20B of possible uses.

With a product line of 12 ingredients used in consumer products in households around the world, we are pursuing the largest new market opportunities for itaconic acid.

We are dedicated to further developing the unique functionality of itaconic acid as a base for plant-based solutions that are safer and more sustainable without compromising on performance or cost.

Our Business Plan

Our goal is to build a large, profitable company with recurring attractive-margin revenues from a large and broad base of customers which purchase Itaconix products as key enabling ingredients in new generations of consumer products.

We employ our technology platform to create new itaconic acid-based ingredients that meet specific customer needs or opportunities in leading consumer product categories such as cleaning, beauty and hygiene.

Our primary focus is on selling our products directly to consumer product brands and manufacturers in North America and Europe. We work directly with customers and collaborate with category leaders on broader opportunities. Increasing usage in everyday products, particularly in the 360 million North American and European households, will form a broad growing base of recurring revenues with attractive margins from consumer brands that rely on our ingredients for safety, performance, cost, and sustainability credentials.

Our Progress

I am pleased to report another year of sustained progress for Itaconix, validating the technology platform and setting the stage for further growth.

Our polymers continue to be incorporated as key functional ingredients in cleaning, beauty, and hygiene products. From detergents and air fresheners to pet care and hair sprays, our products are found in consumer brands and major retailers across both North America and Europe.

New and recurring orders from our growing customer base increased our revenues to \$7.9m in 2023 from \$5.6m in 2022. We generate a loss at these levels of revenues and need to grow gross profits while continuing to manage our operating expenses in order to achieve profitability. With our successful fundraise in early 2023, we have the products, resources, and customer pipeline for continued growth towards profitability.

Corporate Governance

We continued to evolve our corporate structure in 2023.

Paul LeBlanc was appointed on 5 January 2023 as an independent Non-Executive Director and Chair of the Audit Committee. Paul has valuable operating experience for the Company's next stage of growth from his role as Chief Financial Officer and Treasurer of Bemis Associates, a global manufacturer of specialty films and adhesives for the apparel and industrial markets.

Jonathan Brooks was appointed on 9 February 2024 as an independent Non-Executive Director and Chair of the Nomination Committee. Jonathan retired as Equity Capital Markets Partner at Fieldfisher LLP following a distinguished career as a corporate lawyer in the City of London. He adds extensive capital markets and growth company experience to the Company.

Summary

With funding in place and continued growth, 2023 marked Itaconix's first year into a new stage of development and growth. We have validated our vision and business plan, developed a technology platform that generates valuable products, established a base of recurring revenues, and started expansion efforts into new applications with higher revenue potentials. As before, we will grow with leaps and bounds but we are on an exciting path to become a large profitable specialty ingredients business and make the world a better and safer place.

Peter Nieuwenhuizen
Chair

CHIEF EXECUTIVE OFFICER'S STATEMENT

Safer solutions for performance, cost, and sustainability in consumer products

Introduction

FY2023 marked another year that validated both our technology and our growth potential. We have delivered revenues in line with market expectations at \$7.9m, representing 40.5% growth when compared to revenues of \$5.6m in FY2022. We also continued to improve our gross margin percentage, reduce our Adjusted EBITDA losses, and make substantial operational and financial progress as outlined below.

Growing revenues at higher gross margins and controlling costs will allow us to cross into profitability. That is an important goal for us to achieve. In 2023, we have built the foundations for a large, high gross margin, specialty ingredients business.

Our balance sheet now gives us freedom to drive revenue growth from our current ingredients, the opportunity for us to develop new ingredients and the ability to grow revenues and margins from our itaconate technology platform.

Major purpose-driven and private label brands use our ingredients to both formulate new products and reformulate existing ones. These new formulations boost the performance and reduce the cost of their product while also increasing their sustainability claims. From dishwashing detergents and carpet cleaners to curl sprays and dog shampoos, these brands form a broad base of recurring revenues which should continue to grow as they secure placements in more retailers.

Itaconix Technology Platform

Itaconix has created a broad technology platform around the versatility and safety of itaconic acid as a building block for ingredients that can replace acrylic acid or styrene polymers.

Itaconic acid is a natural metabolite found in the human and plant world. It is produced for commercial purposes by fermentation using plant-based feedstock and is widely available on the open market. We purchase and process it into key ingredients used in a wide range of consumer products.

Our ingredients compete primarily on performance, efficacy, and cost. Our technology demonstrates that consumer brands do not need to sacrifice performance for the sake of sustainability, and do not need to increase prices of products which deliver on those metrics either. We are the solution to creating consumer products with efficacy and which are sustainable without an increase in price. Our goal is to create products that deliver on performance, cost, and on sustainability, without the need for charging consumers higher prices.

The market potential for our technology platform is broadly defined by the \$20B in current uses for acrylic acid and styrene polymers in consumer care, hygiene, water solutions, agriculture, composites, and coatings. We currently have a portfolio of 12 ingredients for formulators to use in a new generation of consumer products, and we continuously develop new ingredients. Our products are protected by 16 patent families covering proprietary processes, compositions, and applications.

Operating Review

Cleaning

We continued to make substantial progress in cleaning, most notably by advancing the use of our detergent polymers in Europe. The leading cleaning polymer in our platform is Itaconix® TSI® 322. Its functionality reduces total ingredient costs in a more compact dosage, by replacing two or more water conditioning materials. This polymer also increases the plant-based content to improve the sustainability of the end product. This combination is generating use across premium, value, and sustainable dishwasher detergent brands in North America and Europe. A key ingredient in these detergents, by reducing mineral deposits it manages water hardness and assures glasses, dishes, and utensils shine without spots or filming. The multifunctional value of Itaconix® TSI® 322 is driving a new and exciting cohort of non-phosphate dishwashing detergents and can now be found in consumer products across a broad range of retailers in both North America and Europe.

Beauty

Itaconix produces polymers for hairstyling that are sold through Nouryon as Amaze® SP and by Itaconix as VELASOFT® NE 100. These ingredients are gaining use in hair care products as alternatives to fossil-based fixatives based on excellent curl retention, novel soft feel for “weightless” hairstyling, and high plant-based content.

Hygiene

Itaconix produces polymers for odour neutralisation that are sold through Croda Inc. as ZINADOR® 22L and 35L and by Itaconix as VELAFRESH® ZP20 and ZP30. These ingredients have comparable odour control performance to

incumbent ingredient, zinc ricinoleate, while offering the advantages of not leaving residues, ease of formulating into products, and plant-based content.

Innovation

We are continuing our work to extend our technology platform with new applications and new ingredients. Our polymers are generating increased interest for use in leather tanning as a plant-based replacement for acrylic acid polymers. We have produced and are testing our prototypes for plant-based artist paints. Importantly, we have advanced the performance of our plant-based superabsorbent to match current acrylic acid superabsorbent polymers more closely. We believe some of these advances may offer opportunities to extend our patent portfolio even further. The extension of the Itaconix technology platform is part of our work to engage with potential customers to identify unmet needs that we can address with our plant-based solutions.

Funding

In February 2023, we announced that we had successfully raised gross proceeds of \$12.7m through a placing, subscription, and open offer. The placing and subscription were oversubscribed from new and existing institutional investors and in the open offer we received tremendous support from existing shareholders.

The fundraising has been put to use for general working capital purposes and supporting continued revenue growth. We have also deployed capital to accelerate the development of new products and applications. Furthermore, we are supporting continuous improvements in our processes.

With a stronger balance sheet we are better placed to improve our profit margin, as we restructure customer and vendor arrangements and build up inventory in Europe. The ability to place much larger amounts of product on the ground in Europe, ready to be delivered to locations on the continent and in the UK, will give a significant boost to our business, avoiding high spot logistics costs.

We have also made and will continue to make improvements to our production line in our US manufacturing facility to enhance production efficiencies. We continue to have sufficient capacity at our existing facility and have no current plans to invest in an additional production facility.

Outlook

We are focused on building a large, high gross margin, capital efficient, specialty ingredients business. Our technology platform, and our current products are all well-positioned to play significant roles in enabling a new generation of consumer products that offer excellent performance, safety, and sustainability.

We are focussed on structuring and building our customer base for long-term success by improving our gross profit margins and diversifying our revenues across a broader range of customers and applications. Our raw material prices are generally decreasing, which is offering better profitability but also a need to selectively reduce prices in line with industry trends.

We announced on 2 April 2024 that we expect lower 2024 revenues due to not reaching satisfactory commercial terms with an existing North American detergent merchandizing customer following extensive negotiations. We are pursuing growth from other existing detergent customers and from new accounts in new application areas with a view to replenishing this revised expectation with higher margin revenues.

Despite this, our balance sheet provides us with new opportunities to target higher revenue growth from our current ingredients. There are many exciting opportunities for us to develop new ingredients and increase revenues from our substantial itaconate technology platform. We are positioning ourselves to better capture the commercial value of our performance ingredients with new customer wins, new volumes in non-detergent uses, and important new product development initiatives.

We approach the future with more commercial progress, more resources, more potential, and more optimism than ever before.

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, efficacy and sustainability.

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

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

Proprietary Ingredients with Unique Functionality

As the leader in itaconate polymer technology, 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 production of itaconic acid through fermentation using plant-based sugar.

The Group's technology platform has commercial momentum in cleaning, hygiene, and beauty as a result of the process of identifying a market need and then developing a product to meet that need. As these products gain broader use, Itaconix continues to work on new products to emerge from its technology platform.

Progress in 2023

In February, the Group completed a fundraising of gross proceeds of \$12.7m to strengthen the Group's balance sheet and position the Group for growth. The fundraising was oversubscribed and supported by existing and new institutional and retail investors. Funds will be used for working capital, select capital spending, and continued investment in new revenue opportunities for the Company's next chapter of growth.

The Group focused on growing revenue volumes in North America and Europe cleaning and recovery of gross profit margins. As supply constraints related to the pandemic started to ease, the Group worked with suppliers to improve reliability by increasing US warehoused raw materials and communicating projected order volumes. These actions and the increased availability of ocean freight have improved the global supply chain cost and reliability. The work done to improve the Group's supply chain has supported and stabilized the gross profit margin which is expected to improve in the coming periods.

The Group advanced its development and commercial activities in its core cleaning, beauty, and hygiene applications, as detailed in the Chief Executive Officer's Statement.

In August, the Company completed a 50:1 share consolidation, to support share trading through the Company's US OTC listing, with a more manageable number of issued ordinary shares and corresponding share price. The consolidation supports the liquidity and accessibility to all of the Company's shareholders.

Key Performance Indicators (KPIs)

The Directors believe there are financial and non-financial key performance indicators for the Group. These KPIs are critical for management's aim to monetise its technology platform through revenues generated by a growing number of commercial products. Non-financial KPI's are detailed above in the Chief Executive Officer's Statement.

Financial:

- Revenue
- Adjusted EBITDA, the earnings before interest, tax, depreciation, amortization, share based payments, and exceptional items
- Cash

Non-Financial:

- Volumes in North America cleaning
- Volumes in Europe cleaning
- New applications

Revenues for the year increased by 40.5% when compared to 2022. Adjusted EBITDA improved from a loss of \$1.4m in 2022 to a loss of \$0.9m in 2023. Cash used in operations increased from \$0.2m used in 2022 to \$1.9m used in 2023. Cash use in operations consisted of approximately \$0.5m of operating loss and an increase in working capital of \$1.4m. This was supported by the Group's successful fundraising in February 2023. Below is a table showing the Group's key performance metrics and financial highlights:

	2023	2022	2021	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	7,866	5,600	2,596	3,292	1,288
Gross profit	2,437	1,487	700	1,154	450
Gross profit margin	31.0%	26.6%	27.0%	35.1%	34.9%
Adjusted EBITDA ²	(925)	(1,395)	(1,640)	(993)	(2,457)
Cash used from operating activities	(1,923)	(219)	(2,023)	(1,157)	(1,831)
Net cash and investments at year-end	10,023	597	683	1,448	765

Financial Performance

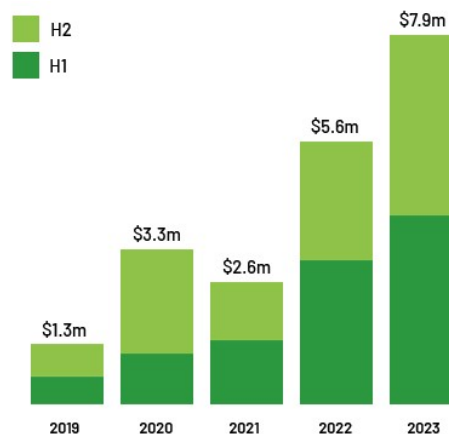
Revenue

Total revenues for the 12-month period ended 31 December 2023 were \$7.9m, representing a 40.5% increase from 2022 revenues of \$5.6m. Revenues since 2019 have a compounding annual growth rate of 57.2%. Revenues grew across all end markets of cleaning, beauty, and hygiene. Cleaning increased by 42.2% from 2022, with the increase primarily due to strong volumes in North America and Europe. An increase with more brands and more uses continued strong in the second half of 2023.

Revenues 2019 – 2023 (End Market)



Revenues 2019 – 2023 (H1 v H2²)



Hygiene revenues improved by 8.6% from 2022, with the increase in sales attributable to more new brands in North America using Itaconix ingredients in odour neutralization products.

Beauty revenues improved by 85.4% from 2022, with sales in North America driving the growth in the year.

Revenues in all geographical regions increased. North America represented 87.4% of the Group's revenue in 2023 and increased by 35.4%. Revenue in North America largely consists of revenue generated in the cleaning segment. Europe represents 12.6% of the Group's revenue and increased by 89.3% compared to 2022. The growth in European revenue was largely due to the 2022 launch of several formulas using Itaconix® TSI™ 322 in Europe.

Gross Profit and Adjusted EBITDA¹

The gross profit margin was 31.0% in 2023 compared to 26.6% in 2022. There was an improvement due to the reduction in raw materials costs and logistics costs. Logistics costs have continued to lower as availability of shipping containers and boat space improve throughout the year.

The increase in the Group's Formulation Solutions, which provide technical services and ingredient supplies for formulated products developed for customers based on Performance Ingredients, has impacted the gross profit

² Adjusted for interest, tax, depreciation, amortization, share based payment charge, and exceptional items.

² Unaudited revenue by reporting period.

margin. Formulated Solutions made up 24.3% of the Group's total revenues in 2023. Gross profit margins on Formulated Solutions are roughly 9.4%, which are lower than the Group's targeted gross profit margins of 35%. These are not products that are manufactured at Itaconix but are specified in formulation to support excellent performance in products developed for Itaconix Performance Ingredients.

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 was a loss of \$0.9m in 2023 (2022: loss \$1.4m) which improved by 33.7%. The Group actively monitor administrative expenses and makes prudent spending decisions to support the Group's strategic objective.

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

	2023	2022	2021	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss after tax	(1,536)	(2,463)	(455)	(1,646)	(1,358)
Taxation	27	8	7	7	1
Depreciation	194	161	167	200	223
Amortization	202	202	201	198	198
Share based payments	229	559	-	-	-
Exceptional revaluation of lease liability	21	-	-	-	-
Interest income	(141)	-	-	-	(1)
Interest expense	79	-	-	-	-
Exceptional revaluation of contingent consideration	-	138	(1,560)	339	(1,474)
Exceptional organizational restructuring	-	-	-	(91)	-
Movement on investment in nicotine gum entity	-	-	-	-	(46)
Adjusted EBITDA	(925)	(1,395)	(1,640)	(993)	(2,457)

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 \$4.1m in 2023 up from \$3.8m in 2022. The increase in administrative expenses was largely due to increased staffing to support the Group's growth plans.

Costs and Available Cash

As at 31 December 2023, the Group held cash of \$2.6m and investments in term deposits of \$7.5m. Net Cash outflows from operating activities of \$1.9m in 2023 were used to support the Group's growth plan while managing working capital needs, compared to \$0.2m in 2022. In February 2023, the Company completed an equity raise with gross proceeds of \$12.7 million for working capital, select capital spending, and continued investment in new revenue opportunities for the Company's next chapter of growth.

Working capital

At year end, working capital had increased driven largely by the equity raise in February 2023. Trade and other receivables increased to \$1.3m in 2023 from \$0.2m in 2022. Working capital as a percentage of revenues decreased to 43.5% in 2023 from 0.3% in 2022.

Financial Position

At 31 December 2023, the Group had equity of \$11.2m as compared to (\$0.8m) in 2022, primarily as result of share issuance, settlement of contingent consideration, operating losses, and share-based payment reserve.

Financial Reporting

The Group and parent company financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IFRS") and the provisions of the Companies Act 2006. There were no new reporting standards adopted for the year ended 31 December 2023 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 Parent Company's and the Group's going concern position, taking account of its current business activities, budgeted performance and the factors likely to affect its future development set out in the Annual Report. Also taken account of are 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 current inflationary environment and macro-economic uncertainties 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 as the pandemic moved into an endemic stage, 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 25 and note 2 to the Annual Report, the Directors have reviewed the Group's cash flow forecasts, which take account of gross proceeds of \$12.7m capital raised in February 2023. This covers 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 customers continuing to purchase our products to increase revenues and profits.

Shareholdings and Earnings per Share

Itaconix had 13,486,122 shares in issue as at 31 December 2023. Effective 22 August 2023, the Company consolidated the outstanding share capital in a 50:1 consolidation. The undiluted weighted average number of shares for the period to 31 December 2023 was 12,862,802. The difference in the two numbers is the result of an issuance of new shares in February 2023. The undiluted weighted average number of shares was used to calculate the loss per share presented in note 3.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to several risks in its markets and business. The Directors have overall responsibility for the Group's risk management process but have delegated responsibility for its implementation, for the system of controls which reduce risk and for reviewing their effectiveness to the management team. As the uncertainties that the Group face evolve over time, the management team reviews emerging risks and updates mitigation measures. The results are reported to the Board.

Commercialisation Activities

The commercial activity in North America and Europe continues to progress. Meeting customer demand both domestically and globally has remained a key focus of the Group. Forecasting volumes is important for managing customer demand and balancing working capital needs to the business. Ultimately the success of the business relies upon Itaconix products reaching sufficient sales volumes 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.

Retention of Key Staff

The Group depends on its ability to retain highly qualified managerial and scientific personnel. There are a limited number of candidates with the experience and skills to replace these key personnel. Attracting the best candidates can be highly competitive. 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 to support operations 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.

Recruiting of Key Staff

Our continued growth and success is dependent on attracting key staff with the appropriate skills. The Group manages this by regular benchmarking and paying competitive salaries and benefits. It has invested in its talent acquisition to provide the best opportunity to attract the right talent and partners with specialist external search firms and agencies when necessary. It offers an attractive talent acquisition referral plan for employees.

Management of risk: The Group continues to assess the employment market to offer competitive compensation and benefits. Management added new benefits for employees to be an attractive employer to work for.

Customer Concentration and Retention

The ability to retain key customers at attractive gross profit margins is critical to maintaining revenue streams. The loss of key customers or excessive dependence on a limited number of customers could impact business results adversely.

Management of risk: We engage regularly with current and prospective customer on the estimated value of our ingredients in their end-product formulations and the pricing of our ingredients relative to competitive alternatives. We monitor that our ingredients deliver the desired value, that our pricing reflects the estimated value of our ingredients, and that our pricing achieves our target profitability for each customer. As we enter a new stage of development, we also seek to diversify our customer base so that no concentration of customers limits our ability to price our ingredients based on their competitive value.

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 are effective replacements for phosphates in detergents 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.

Manufacturing Risk

Itaconix has one production facility in North America, that supports the Group's revenues. Key raw materials are sourced globally can result in extended supply chain.

Management of risk: The Group holds additional finished goods and raw material inventories off site at a warehouse in North America and in Europe. Suppliers also hold additional raw materials in North America.

Liquidity Risk

Itaconix plc seeks to manage financial risk by ensuring adequate liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. In February 2023, the Group completed a \$12.7m fundraise to support general working capital in Europe. In addition, short-term flexibility is achieved by holding significant cash balances in Itaconix's functional currencies, notably UK Sterling and US Dollars.

Management of risk: The Group monitors bank balances held in established financial institutions and maintains adequate cash balances in its functional currencies.

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 2023, there were no significant credit risk balances.

Management of risk: The Group's control environment requires new customers to establish credit terms through providing credit references and a credit review. Trade receivables are actively monitored for collection history.

Inflation and Foreign Currency Risk

Global economies have experienced significant inflation during 2023. The cost of raw materials increased as costs for shipping, energy and ingredients increased. These increases were partially recovered in selling price increases to customers.

Selling price to international customers in foreign currencies has increased in 2023. This is offset by the ability to increase pricing to these customers and the Group has the ability to receive various foreign currencies in Bank accounts and convert them as market conditions are favourable.

Management of risk: The Group active monitors raw material costs and works with vendors to manage these costs. Costs increases are periodically passed onto customers through pricing increases.

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.

Management of risk: The Group manages foreign exchange risk by maintaining bank balances in major functional currencies to control the impact on transaction costs for operational expenses. The Group will continue to monitor appropriateness of reporting in US Dollars.

Government and Geopolitical Risk

The Group has potential exposure to government activities related to the war in Ukraine and US-China trade relations.

Regarding the war in Ukraine, we reviewed all activity with the Russian Federation and Republic of Belarus. We have no direct customers in these regions nor in Ukraine and do not expect the war to have a material direct impact on our business other than the overall supply chain and economic effects experienced by manufacturers.

Limited availability and extended delivery times have combined to trigger major increases to certain raw material costs and may continue to cause volatility. These disruptions have created a steady need to monitor raw material sourcing, assess alternative suppliers, and adjust the pricing of the Group's products.

Management of risk: The Group continues to monitor international impact of the war in Ukraine and legislation affecting the US imports of Chinese goods on the overall business.

Cyber and Information Risk

There is a growing risk of fraudulent attacks on the business, such attack could have the potential to significantly disrupt the Group's operations and result in loss to the business.

Management of risk: The Group monitor IT systems in place to ensure they are up to date and regularly updated with the latest security protection.

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

- Appointment of new Non-Executive Directors – The Directors continually assess the evolving needs of the Group and appoint individuals that will support the Group's strategic needs.
- 2023 Fundraise – The Directors assessed the placement by placement, direct subscription and open offer with new and existing institutional shareholders, the Directors, and existing retail shareholders, to support the Group's general working capital purposes to support revenue growth, accelerate the development of new products and applications, and for capital spending to support continuous process improvements.
- Share consolidation - The Directors consider that it is in the best interests of the Company's long-term development as a public quoted company to support share trading through the Company's US OTC listing, with a more manageable number of issued ordinary shares and corresponding share price.
- Appointment of New Nominated Advisor and Broker – The Directors continually assess the evolving needs of the Group. The Group interviewed several NOMAD and brokers to determine the best fit for the Group and made the ultimate decision to change to a new NOMAD and broker in January 2024.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	2023	2022
	\$'000	\$'000
Revenue	7,866	5,600
Cost of sales	(5,429)	(4,113)
Gross profit	2,437	1,487
Other operating income	-	-
Administrative expenses	(4,066)	(3,804)
Operating loss before exceptional items	(1,629)	(2,317)
Loss on modification of lease	(21)	
Exceptional income / (expense) on revaluation of contingent consideration	-	(138)
Operating loss before tax from operations	(1,650)	(2,455)
Finance income (expense)	141	-
Loss before tax	(1,509)	(2,455)
Taxation	(27)	(8)
Loss after tax	(1,536)	(2,463)
Basic and diluted loss per share	(0.12)	(0.50)
Diluted loss per share	(0.12)	(0.50)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	\$'000	\$'000
Loss for the year	(1,536)	(2,463)
<i>Items that will be reclassified subsequently to profit or loss</i>		
Exchange gain in translation of foreign operations	530	93
Total comprehensive loss for the year	(1,006)	(2,370)
Attributable to:		
Equity holders of parent	(1,006)	(2,370)

CONSOLIDATED BALANCE SHEET

At 31 December 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Non-current assets		
Intangible assets	24	-
Property, plant and equipment	337	301
Right-of-use assets	2,236	343
Investments	1,273	-
Investment in subsidiary undertakings	-	-
	3,870	644
Current assets		
Inventories	1,096	1,119
Trade and other receivables	1,421	164
Investments	6,183	-
Cash and cash equivalents	2,567	597
	11,267	1,880
Total assets	15,137	2,524
Financed by		
Equity shareholders' funds		
Equity share capital	8,665	5,959
Equity share premium	58,012	47,942
Own shares reserve	(5)	(5)
Merger reserve	31,343	31,343
Share based payment reserve	872	643
Foreign translation reserve	429	(101)
Retained deficit	(88,092)	(86,556)
Total equity	11,224	(775)
Non-current liabilities		
Lease liabilities	1,957	119
	1,957	119
Current liabilities		
Trade and other payables	1,677	1,866
Contingent consideration	-	1,134
Lease liabilities	279	180
	1,956	3,180
Total liabilities	3,913	3,299
Total equity and liabilities	15,137	2,524

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2023

	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 2022	5,873	47,641	(5)	31,343	10,386	(194)	(94,395)	649
Loss for the year	–	–	–	–	–	–	(2,463)	(2,463)
Contingent consideration	–	–	–	–	–	–	–	–
Share issuance proceeds	86	301	–	–	–	–	–	387
Exchange differences on translation of foreign operations	–	–	–	–	–	93	–	93
Plan termination	–	–	–	–	(10,302)	–	10,302	–
Share based payments	–	–	–	–	559	–	–	559
At 31 December 2022	5,959	47,942	(5)	31,343	643	(101)	(86,556)	(775)
Loss for the year	–	–	–	–	–	–	(1,536)	(1,536)
Share issuance proceeds	2,488	10,195	–	–	–	–	–	12,683
Share issuance expenses	–	(1,014)	–	–	–	–	–	(1,014)
Contingent consideration	218	915	–	–	–	–	–	1,133
Share consolidation	–	(26)	–	–	–	–	–	(26)
Exchange differences on translation of foreign operations	–	–	–	–	–	530	–	530
Share based payments	–	–	–	–	229	–	–	229
At 31 December 2023	8,665	58,012	(5)	31,343	872	429	(88,092)	11,224

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023	2022
	\$'000	\$'000
Net cash outflow from operating activities	(1,923)	(219)
Interest received	141	-
Proceeds from sale of property, plant and equipment	-	-
Purchase of securities	(7,456)	-
Purchase of property, plant and equipment	(226)	(59)
Development of website	(29)	-
Cash loaned to subsidiary undertakings	-	-
Net cash outflow from investing activities	(7,570)	(59)
Cash received from issue of shares	12,683	387
Transactions costs paid on the issue of shares	(1,014)	-
Transactions costs paid on the share consolidation	(26)	-
Repayment of lease liability	(108)	(138)
Interest paid - leases	(72)	(57)
Net cash inflow from financing activities	11,463	192
Net inflow / (outflow) in cash and cash equivalents	1,970	(86)
Cash and cash equivalents at beginning of year	597	683
Cash and cash equivalents at end of year	2,567	597

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 2022 or 2023. The Independent Auditor's Report on the Annual Report and Financial Statements for 2023 is yet to be signed but is expected to be unqualified and unmodified (2022 was unqualified and did draw attention to a matter by way of emphasis, being going concern) and neither expected to nor did contain a statement under 498(2) or 498(3) of the Companies Act 2006 for either year respectively.

Statutory accounts for the year ended 31 December 2022 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2023 will be delivered to the Registrar of Companies in due course and will be posted to shareholders on 19 April 2023, 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 accordance of UK adopted International Accounting Standards ('IFRS'). 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 2022, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2023. 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 for the year of \$1.5m, had Net Operating Assets at the period end of \$11.2m and a Net Cash Outflow from Operating Activities of \$1.9m. Primarily, the Group meets its day to day working capital requirements through existing cash resources and had on hand cash, cash equivalents and investments at the balance sheet date of \$10.0m.

During the year, the Group successfully raised gross proceeds of \$12.7m to enable the Group and Parent Company to continue to execute its growth plans and for general working capital purposes.

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 customers continuing to purchase our products in order to increase revenue and profit growth and continuing to control the Group and Parent Company's cost base.

The Directors believe that, taken as a whole, the factors described above enable the Parent Company and Group to be and continue as a going concern for the foreseeable future. The financial statements do not include the adjustments that would be required if the Parent 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:

Geographical information

	<i>Revenues</i>		<i>Net assets</i>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
North America	6,898	5,078	1,504	104
Europe	968	522	9,720	(879)
	7,866	5,600	11,224	(775)

The revenue information is based on the location of the customer. Net assets of the Group (being total assets less total liabilities) are attributable to geographical locations.

End Market information

Revenue for the Group are comprised of three primary end market segments, as identified below:

	2023	2022
	\$'000	\$'000
Cleaning	7,207	5,070
Hygiene	351	324
Beauty	254	137
Other	54	69
	7,866	5,600

Segment information

The Group has two business segments. Performance Ingredients develops, produces and sells proprietary specialty polymers that are used as functional ingredients to meet customers' needs in cleaning, beauty and hygiene products. Formulation Solutions provides technical services and ingredient supplies for formulated products developed for customers based on Performance Ingredients. These segments make up the continuing operations. Core Operations include development expense, general and administrative expense, professional fees, and governance costs to progress and grow the Groups operations.

	<i>Performance Ingredients</i> \$'000	<i>Formulation Solutions</i> \$'000	<i>Core Operations</i> \$'000	2023 \$'000
Revenue				
Sale of goods	5,958	1,908	-	7,866
Results:				
Depreciation and amortisation	(294)	-	-	(294)
Cost of sales	(3,406)	(1,729)	-	(5,135)
Gross profit	2,258	179	-	2,437
Administrative expense	-	-	(4,066)	(4,066)
Exceptional income	-	-	120	120
Taxation charge	-	-	(27)	(27)
Segment performance	2,258	179	(3,972)	(1,536)
Operating assets	4,381	284	2,992	7,657
Operating liabilities	(2,381)	(308)	(1,224)	(3,913)
Other disclosure:				
Capital expenditure*	48	-	178	226

	<i>Performance Ingredients</i> \$'000	<i>Formulation Solutions</i> \$'000	<i>Core Operations</i> \$'000	2022 \$'000
Revenue				
Sale of goods	4,608	992	-	5,600
Results:				
Depreciation and amortisation	(286)	-	-	(286)
Cost of sales	(2,914)	(913)	-	(3,827)
Gross profit	1,408	79	-	1,487
Administrative expense	-	-	(3,804)	(3,804)
Exceptional expense	-	-	(138)	(138)
Taxation charge	-	-	(8)	(8)
Segment performance	1,408	79	(3,950)	(2,463)
Operating assets	1,825	-	699	2,524
Operating liabilities	(1,244)	(1)	(920)	(2,165)
Other disclosure:				
Capital expenditure*	59	-	-	59

*Capital expenditure consists of additions of property, plant and equipment.

Customer concentration information

The Group has revenue concentration in two customers of 63%.

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.

	2023	2022
Loss	\$'000	\$'000
Loss for the purposes of basic and diluted loss per share	<u>(1,536)</u>	<u>(2,463)</u>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	<u>12,863</u>	<u>448,096</u>
Basic and diluted loss per share	<u>(11.9)¢</u>	<u>(0.5)¢</u>
Basic and diluted loss per share (post consolidation comparison)	<u>(11.9)¢</u>	<u>(27.5)¢</u>

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 2023 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 Company 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.