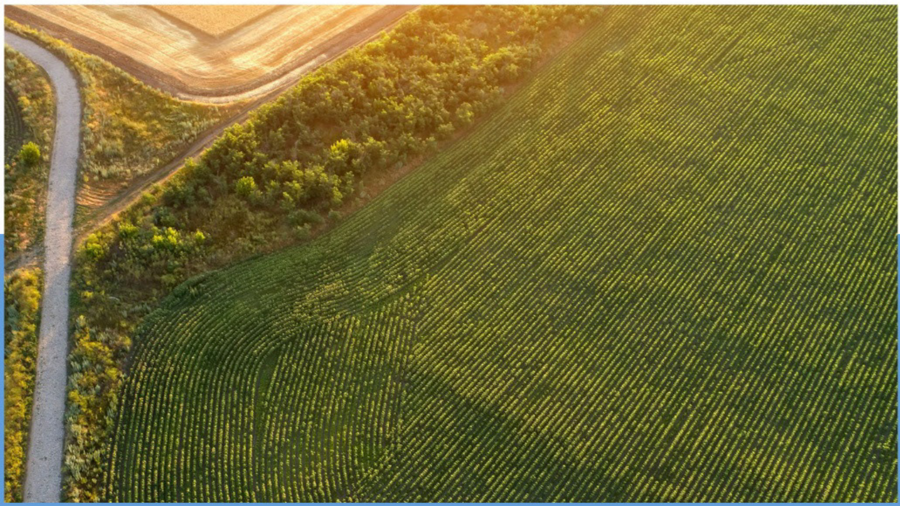

Itaconix plc

Annual Report & Accounts 2023

For Nature with Nature™

Itaconix is a leading innovator in plant-based performance ingredients for everyday products. We use a proprietary technology platform to produce and sell specialty ingredients and formulations that improve the safety, performance, and sustainability of products used by millions of consumers.

itaconix.com

SAFER INGREDIENTS FOR THE LOW CARBON ECONOMY

Plant-Based Carbon

Produced for nature with nature

Everyday Products

Better performance & cost
Safer & more sustainable

Itaconix Ingredients

Safer to produce & use
Performance advantages
Low carbon footprint

Plant-based carbon

Itaconix uses sustainable plant-based carbon for its products. First plants capture and convert carbon dioxide into sugars. Next a fungus ferments this sugar into itaconic acid. Finally, Itaconix's US operation, uses our patented process to produce polymers with 75-100% plant-based carbon from itaconic acid.

Major Products

Product	Category	Claims	
Itaconix® DSP 2K®	Cleaning		Efficient multi-functional alternative to phosphates and acrylates with added plant-based sustainability.
Itaconix® TSI® 322	Cleaning		Comparable to Itaconix DSP 2K with better scale inhibition and wider temperature and pH stability.
Itaconix® ONZ 100 Itaconix® ONZ 105	Cleaning		Excellent odour neutralization for home & industrial uses; no residue on fabrics; 100% plant-based sustainability; liquid and powder forms.
Itaconix® ONZ 400 Itaconix® ONZ 405	Cleaning		Excellent odour neutralization for home & industrial uses; no residue on fabrics; high plant-based sustainability; liquid and powder forms.
Itaconix® SF 505	Cleaning		Enhance foam quality and skin feel in liquid soaps and cleaners; 100% plant-based sustainability.
VELASOFT® NE 100	Beauty		High performance weightless hair styling and frizz control; 100% plant-based sustainability.
VELAFRESH® ZP20 VELAFRESH® ZP75	Hygiene		Fast, permanent odour neutralization for beauty & hygiene uses; no residue on fabrics; 100% plant-based sustainability; liquid and powder forms.
VELAFRESH® ZP30 VELAFRESH® ZP95	Hygiene		Fast, permanent odour neutralization for home & industrial uses; no residue on fabrics; high plant-based sustainability; liquid and powder forms

Product claim key					
Biodegradable	Compact Dosing	Dries to crystal	Foam Enhancement	Hair styling	Ideal for eco-labels
Scale Inhibition	Low toxicity	Micro-biome safe	Natural Skin Effect	No Oily Residues	Non-staining
Odor Neutralizer Fragrance Free	Plant-based	Replaces acrylates/phosphates	Residue Free		

Itaconix plc

Annual Report & Accounts 2023

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HIGHLIGHTS

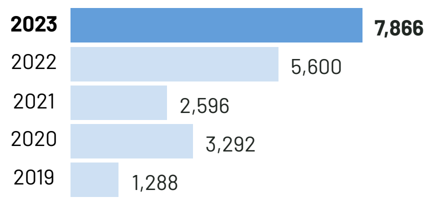
Itaconix plc (AIM:ITX)(OTC:ITXXF), a leading innovator in sustainable plant-based polymers used to decarbonise everyday consumer products, is pleased to announce it's final results for year ended 31 December 2023.

- Gross profits increased by 63.9% driven by improved volumes and margin, and higher production utilization.
- Revenues increased 40.5% driven by success in the cleaning segment in North America and Europe.
- Revenues from 2019 to 2023 grew at a compound annual growth rate of 57.2%.
- February 2023, fundraise with gross proceeds of $12.7m.

Revenues ($'000)

$7,866

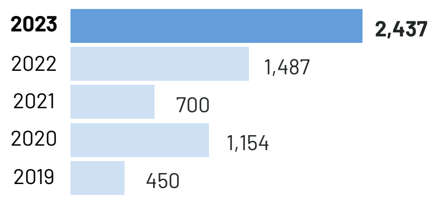
+40.5%



Gross profits ($'000)

$2,437

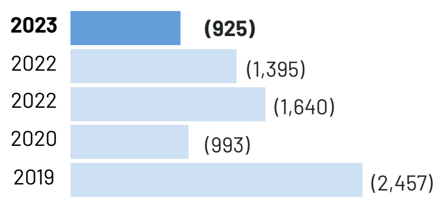
+63.9%



Adjusted EBITDA[1] ($'000)

$(925)

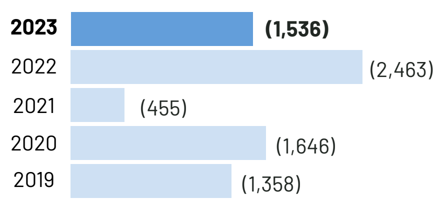
+33.7%



Net loss ($'000)

$(1,536)

+37.6%



Basic & Diluted loss per shares (¢)

$(0.12)

+56.6%

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

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 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

17 April 2024

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

17 April 2024

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 fundraise of gross proceeds of $12.7m to strengthen the Group's balance sheet and position the Group for growth. The fundraise 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 fundraise in February 2023. Below is a table showing the Group's key performance metrics and financial highlights:

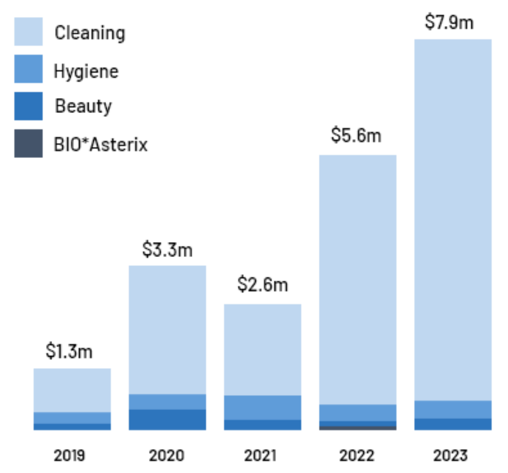
	2023	2022	2021	2020	2019
	$'000	$'000	$'000	$'000	$'000
Revenue	**7,866**	5,600	2,596	3,292	1,288
Gross profit	**2,437**	1,487	700	1,154	450
Gross profit margin	***31.0%***	*26.6%*	*27.0%*	*35.1%*	*34.9%*
Adjusted EBITDA[1]	**(925)**	(1,395)	(1,640)	(993)	(2,457)
Cash used from operating activities	**(1,923)**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

Financial Performance

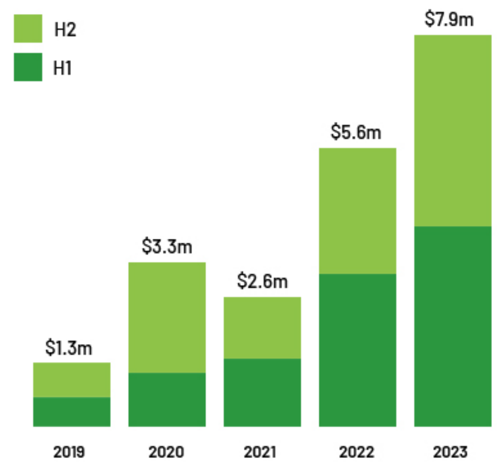
Revenue

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 H2[2])



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.

[1] Adjusted for interest, tax, depreciation, amortization, share based payment charge, and exceptional items.
[2] Unaudited revenue by reporting period.

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 EBITDA[1]

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 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 21 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 (see note 21). The undiluted weighted average number of shares was used to calculate the loss per share presented in note 9.

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, as disclosed in note 23.

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.

The Strategic Report encompassed on pages 6 through 12 was approved by the Board of Directors on 17 April 2024 and signed on behalf of the Board of Directors by:

Peter Nieuwenhuizen
Chair

John R. Shaw
Chief Executive Officer

BOARD OF DIRECTORS

Dr. Peter J. Nieuwenhuizen (aged 53)
Independent Non-Executive Chair

Peter joined the Board and became Chair on 5 July 2022. Peter started his career at AkzoNobel, the coatings & chemicals company, where he held positions in R&D sales & marketing, supply chain, sustainability, and eventually as CTO & Corporate Director Sustainability for AkzoNobel Specialty Chemicals. Peter also worked as a strategy consultant for Arthur D. Little and as VP Technology Deployment for Enerkem Inc. He co-founded the European Circular Bioeconomy Fund (ECBF), a €300m venture fund dedicated to the circular bioeconomy.

He has a Ph.D. in Chemistry from Leiden University. He sits on the Boards of several organizations making important contributions to the low carbon economy, including as Chair of Change Chemistry.

Committee Membership

Chair of the Remuneration Committee and member of the Audit and Nomination Committee.

Paul Daniel LeBlanc (aged 62)
Independent Non-Executive Director

Paul joined the Board and became Audit Committee Chair on 5 January 2023. He has 25 years' experience in growing international manufacturing businesses. He is currently a CFO and Treasurer at Bemis Associates, Inc., an international adhesives manufacturing company.

He has a BA in Accounting from Thomas College and an MBA from University of Massachusetts Dartmouth.

Committee Membership

Chair of the Audit Committee and member of the Remuneration and Nomination Committee.

Jonathan Brooks (aged 60)
Independent Non-Executive Director

Jonathan joined the Board and became Nomination Committee Chair on 9 February 2024. He has 35 years of experience advising fast-growing companies on the London Stock Exchange and international equity capital markets. Prior to joining the Itaconix board, Jonathan was most recently a Partner in the Equity Capital Markets practice at Fieldfisher LLP.

He has a Bachelor of Laws (LLB) from the University of Bristol.

Committee Membership

Chair of the Nomination Committee and member of the Remuneration Committee.

BOARD OF DIRECTORS

John Roger Shaw (aged 64)
Chief Executive Officer

John joined the Board on 12 July 2018, when he assumed the role of Chief Executive Officer. As a founder, John has driven the direction and growth of Itaconix Corporation since 2008. He has over 25 years of experience in senior management roles in the pharmaceutical, biomedical, and specialty chemical sectors and brings significant marketing, strategy, and business management expertise along with a broad technical understanding to Itaconix's management team. John began his career holding a number of increasingly senior roles at SmithKline Beecham, Westaim, and Mitek Systems, Inc.

He has a BA in Economics from Pomona College and an MBA from Harvard Business School.

Laura Elizabeth Denner (aged 41)
Chief Financial Officer

Laura joined the Board on 20 July 2022. She has supported Itaconix growth since 2013 when she joined the organization as Controller. Laura began her career in public accounting with Feeley & Driscoll, PC focused on audits for manufacturing companies.

She has a BA in Accounting and International Studies from Bryant University and an MS in Accounting from Boston College. Laura is a Certified Public Accountant.

The Board is committed to ensuring that the Group has the people, strategy, and structure to deliver value to customers and shareholders in the near and long term. We recognise that effective corporate governance is essential to meeting this commitment and fundamental to the success of the Group.

Solid corporate governance starts with the calibre and talents of the Directors. Biographies of the Directors are presented on page 14 and 15 in this Annual Report and reveal a range of relevant experience that brings a high level of independent judgement to Itaconix's business.

Under AIM Rule 26, AIM-quoted companies are required to adopt and give details of the corporate governance code which they have adopted and to show how they are following it. Of the recognised codes generally adhered to by AIM companies, the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (the "QCA Code") was drafted with smaller businesses using a pragmatic and principles-based approach. The Board deemed the QCA Code as the most suitable for the Group and adopted it with effect from 29 September 2018.

As Chair, I am responsible for leading the overall effectiveness of the Board, for ensuring that the Board maintains effective corporate governance processes, and for promoting open communication and debate within the Board and across the Group to foster a positive governance culture. I am pleased with the continued application of the QCA Code and the Company's approach to complying with the QCA Code which is set out below.

Compliance with the Quoted Companies Alliance Corporate Governance Code

The QCA Code identifies ten principles that focus on the pursuit of medium- to long-term value for shareholders without stifling entrepreneurial spirit. Itaconix's adoption of the QCA principles is summarised below. Further details are available on our website.

1. **Establish a strategy and business model which promote long-term value for shareholders**

   Over the last ten years, Itaconix developed a polymer technology platform for producing specialty ingredients from renewable resources. The Group uses its novel chemistries to create new ingredients with unique functionality that create value and meet customer needs in homecare, personal care, and industrial products. We utilise direct sales efforts to acquire initial customers and confirm the value for a new product and may elect to scale globally with appropriate marketing partners. The long-term revenue and profit potential of each new product relative to its near-term development cost can generate many years of attractive returns and shareholder value. Our near-term strategy is to balance sustained product innovation from our polymer technology platform with a focus on profitable product lines and long-term financial stability. Additional information on our strategy and business model is presented in the Strategic Report on pages 6 to 12.

2. **Seek to understand and meet shareholder needs and expectations**

   The Board is committed to communicating and having constructive dialogues with current and potential shareholders on a regular basis. Shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that may be held during the year. Information on significant Group milestones and developments is readily available in news releases, investor presentations, interim reports, and annual reports issued directly, broadcast widely, and posted to the Group's website. Our CEO is the primary contact for current and potential investors and works closely with our Nominated Advisor (NOMAD) and others to interact with the broader investment community on a regular basis.

3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success**

   The Board is committed to the Group developing and maintaining open communications and dialogues with employees, customers, suppliers, regulators, investors, and partners. In addition to the investor activities described above, key practical elements of this commitment include a flat organization with ready employee access to management and the Board, regular direct contact with customers, quality assessments and reviews with vendors, and leadership roles in industry and scientific associations.

4. **Embed effective risk management, considering both opportunities and threats, throughout the organization**

   The Board and management use a framework that aims to identify, assess, and manage the risks to the business that allows the Group to achieve its corporate objectives. The risk management process is embedded in monthly reporting and quarterly meetings. The risks that the Board considers to be most significant to the Group's business are set out on pages 10 to 12.

5. **Maintain the Board as a well-functioning, balanced team led by the Chair**

   The QCA Code requires that Boards have an appropriate balance between Executive and Non-Executive Directors and that each Board should have at least two Independent Directors. The Board is made up of two Executive Directors and two Independent Non-Executive Directors. The two Independent Non-Executive Directors are experienced and independent persons who have each succeeded in their own businesses and are not dependent upon income from the Group. They have a strong and detailed understanding of the business, and are prepared and able to intervene and challenge the Executive Director and management.

6. **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

   All members of the Board bring relevant experience to the Board's responsibilities and duties. The Board believes its blend of experience, skills, and personal capabilities are well-suited for governing the success of the Group. Details of the background and experience of the Directors are set out in their biographies. These demonstrate that the Board collectively has extensive specialty chemical industry knowledge and relevant experience on the challenges of technology-based growth businesses and publicly-traded companies. The Board plans to add at least one additional Non-Executive Director.

7. **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

   The Board is in the process of implementing a self-assessment to evaluate various aspects of its structure, performance, and interaction with management. The Board has identified specific areas to focus on in 2024, including to further to strengthen the alignment of resources with strategy, and to further detail the steps towards profitability. The Board will continually review its needs and assess opportunities for improvement as the Group's commercial activities develop.

8. **Promote a corporate culture that is based on ethical values and behaviours**

   Itaconix's core values are embedded in its quality system, which commits the Group to consistently deliver customer value, satisfaction and service through continual improvement and employee development. Key pillars of the culture are curiosity to use new approaches and technology to meet a need, accuracy of scientific analyses, the safety of our products and our processes, data-driven product claims that encourage customers to reformulate, reliable order fulfilment with quality product, compliance with all laws and regulations, and respect for the livelihoods of all stakeholders. These values and pillars are introduced and reinforced through daily routines and periodic activities that instil ethical and rewarding behaviour into each employee's work practices and experience.

9. **Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

   Formal Board meetings are held at least quarterly, but more typically monthly, to review strategy, management, and performance of the Group, with additional meetings between those dates convened as necessary. We have three Board committees, the Audit Committee, the Remuneration Committee, and the Nominations Committee. The terms of reference of these committees of the Board are available on our website.

10. **Communicate how Itaconix is governed and is performing by maintaining a dialog with shareholders and other relevant stakeholders**

    The Company's approach to investor and shareholder engagement is described under Principle 2 above. Annual reports, Annual General Meeting notices, regulatory announcements, trading updates and other governance related materials since the year 2016 are available on our website.

The Board of Directors

The Board of Directors is responsible for the proper management of the Group by formulating, reviewing and approving the Group's strategy, budgets, and corporate actions. In order to achieve its objectives, the Board has adopted the ten principles of the QCA Code. Through successfully implementing these principles, the Board aims to deliver long-term growth for shareholders and maintain a flexible, efficient and effective management framework within an entrepreneurial environment.

It is important that the Board itself contains the right mix of skills and experience in order to deliver the strategy of the Group. As such, the Board is comprised of:

- An Independent Non-Executive Chair, whose primary responsibility is the delivery of the Group's corporate governance model. The Chair has a clear separation from the day-to-day business of the Group which allows him to make independent decisions;
- Two Executive Directors; and
- Two Independent Non-Executive Director.

The Board has not appointed a Senior Independent Director after taking into account the Group's size and development stage.

Each Director serves on the Board subject to re-election on a three-year rotation at the Annual General Meeting. The Board generally meets monthly, but at least four times a year.

Corporate Governance

In compliance with UK best practice, the Board has established the following committees to help the Board discharge its responsibilities with formally delegated duties and responsibilities.

1. Audit Committee

The purpose of the Audit Committee is to monitor the integrity of the financial statements of the Group and to assist the Board in its oversight of risk and risk management processes.

Some of the Audit Committee's duties include:

- Reviewing the Group's accounting policies and adoption of new accounting standards;
- Reviewing reports from the external auditor;
- Considering whether the Group has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
- Reporting its views to the Board of Directors if it is not satisfied with any aspect of the proposed financial reporting by the Group;
- Reviewing the adequacy and effectiveness of the Group’s internal financial controls and internal control and risk management systems;
- Reviewing the adequacy and effectiveness of the Group's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance; and
- Overseeing the appointment of and the relationship with the external auditor.

The Audit Committee currently has two members, all of whom are Independent Non-Executive Directors and at least one member who has recent and relevant financial experience. As at 17 April 2024, the Audit Committee is comprised of Paul LeBlanc as Chair, and Peter Nieuwenhuizen.

2. Remuneration Committee

The purpose of the Remuneration Committee is to develop and propose to the Board the framework and policies for the remuneration of the Group's Executive Directors and senior management.

The Committee normally meets at least twice a year and is responsible for determining and reviewing the policy for the remuneration of the Executive Directors and such other members of the executive management as it is designated to consider. Within the terms of the agreed policy, it determines the total individual remuneration of the Executive Directors. The Committee also approves the design of, and determines targets for, any performance-related pay schemes, reviews the design of any share incentive plans, determines the awards to the Executive Directors and sets the policy for, and scope of, pension arrangements for each Executive Director, as appropriate. Finally, the Committee approves the design and principles of the remuneration schemes for the employees of the business outside of the management team, which are implemented by the Executive Directors.

As at 17 April 2024, the Remuneration Committee is comprised of Peter Nieuwenhuizen as Chair, Paul LeBlanc, and Jonathan Brooks, each of whom is an Independent Non-Executive Director.

3. Nominations Committee

The Nominations Committee is normally required to meet at least once a year and is responsible for reviewing the structure, size and composition of the Board and recommending to the Board any changes required, for succession planning, and for identifying and nominating for approval of the Board candidates to fill vacancies as and when they arise, with a view to ensuring that the Board is composed of individuals with the necessary skills. The Committee is also responsible for succession planning for Directors and Executives, reviewing the leadership needs of the organisation, reviewing Board performance, making recommendations to the Board concerning suitable candidates for the role of senior independent Director (if applicable) and the membership of the Board's committees, and the election or re-election of Directors at the annual general meeting.

As at 17 April 2024, the Nominations Committee is comprised of Jonathan Brooks as Chair, Peter Nieuwenhuizen, and Paul LeBlanc, each of whom is an Independent Non-Executive Director.

Terms of Reference

All Board committees operate within defined terms of reference and sufficient resources are made available for them to undertake their duties. The terms of reference for each committee are available on the Company's website (in the Investor Relations section and under Corporate Governance).

Corporate Social Responsibility

The Board recognises the critical role of ethics, the growing concerns for social and environmental matters, and the need to take into account the interests of the Group's stakeholders, including its investors, employees, suppliers and business partners, when operating the business.

Employment

The Board recognises its legal responsibility to ensure the well-being, safety and welfare of its employees and maintain a safe and healthy working environment for them and for its visitors.

Itaconix recognizes the value of gender and ethnic diversity in its Board and Company. The Group is committed to diversity and inclusion of its governance and work force.

Relations with Shareholders

Itaconix attaches a high priority to effective communication with both institutional and private shareholders. The AGM is the principal forum for dialogue with private shareholders. A business presentation is made after the AGM and there is an opportunity for shareholders to put questions to the Directors. Itaconix aims to maintain regular contact with institutional shareholders through a programme of one to one presentations, group meetings, and briefings scheduled around the announcement of significant commercial developments in the business and the preliminary and interim financial results.

Share Dealing Code

The Company has adopted a share dealing code to ensure Directors and certain employees do not abuse and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under the Market Abuse Regulation ("MAR") which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's share dealing code is compliant with the AIM Rules for Companies, published by the London Stock Exchange (as amended from time to time).

Under the share dealing code, the Company must:

- Keep a list of each person who is in possession of inside information relating to the Group;
- Procure that all persons discharging managerial responsibilities and certain employees are given clearance by the Group before they are allowed to trade in Company securities; and
- Procure that all persons discharging managerial responsibilities and persons closely associated to them notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

Internal Control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control to provide its members with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the Group’s assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of accurate financial information and the safeguarding of assets. The key features of the internal control system that operated throughout the year are described under the following headings:

- Control environment: particularly the definition of the organisation structure and the appropriate delegation of responsibility to operational management, as implicitly articulated in management’s job description.
- Identification and evaluation of business risks and control objectives: particularly through a formal process of consideration and documentation of risks and controls which is periodically undertaken by the Board.
- Main control procedures: which include the setting of annual and longer-term budgets and the monthly reporting of performance against them, agreed treasury management and physical security procedures, formal capital expenditure and investment appraisal approval procedures, and the definition of authorisation limits (both financial and otherwise).
- Monitoring: particularly through the regular review of performance against budgets and the progress of research activities undertaken by the Board. The Board reviews the operation and effectiveness of this framework on a regular basis. The Directors consider that there have been no weaknesses in internal controls that have resulted in any losses, contingencies or uncertainties requiring disclosures in the financial statements.

Annual General Meeting

The Annual General Meeting of the Group will take place on 20 May 2024. Full details are included in the Notice of Meeting that accompanies this Annual Report and is published on our website (www.itaconix.com).

Peter Nieuwenhuizen
Chair

17 April 2024

I am pleased to present the report on behalf of the Remuneration Committee.

The Committee is responsible for setting the remuneration policy of the Executive Directors and other senior staff, including terms of employment, salaries, any performance bonuses and share option awards.

Committee Composition

The members of the Remuneration Committee as at 17 April 2024 are Peter Nieuwenhuizen as Chair, Paul LeBlanc, and Jonathan Brooks. We are all Independent Non-Executive Directors.

Committee Duties

The Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director is involved in deciding his own remuneration.

Remuneration Policy

The key principles of the Remuneration Policy include:

- The need to attract, retain, and motivate executives who have capability to ensure the Group achieves its strategic objectives;
- The need to ensure that short term benefits and long term incentive plans are aligned with the interests of shareholders;
- The need to take into account the competitive landscape in the North American and European specialty chemicals industry and current best practices in setting appropriate levels of compensation; and
- The Committee to meet at least twice per year.

Director's Remuneration

The following table summarises the total gross remuneration for the qualifying services of the Directors who served during the year to 31 December 2023.

Directors' Remuneration and Transactions

The Directors' emoluments in the year ended 31 December 2023 were:

	Basic salary	Benefits in kind	Retirement	Bonus	2023 Total	2022 Total
	$'000	$'000	$'000	$'000	$'000	$'000
Executive Director						
John R. Shaw	237	9	10	40	296	359
Laura Denner	190	-	9	40	239	168
Non-Executive Directors						
Peter Nieuwenhuizen	60	-	-	-	60	24
Paul LeBlanc[1]	45	-	-	-	45	-
James Barber[2]	-	-	-	-	-	30
John Snow III[2]	-	-	-	-	-	23
Charlean Gmunder[2]	-	-	-	-	-	8
Bryan Dobson[3]	-	-	-	-	-	13
Total	532	9	19	80	640	625

[1]*Appointed - January 2023*
[2]*Resigned, not re-elected or not elected - July 2022*
[3]*Retired - April 2022*

Directors' share options

The aggregate emoluments disclosed above do not include any amounts for the value of options to acquire shares in the Company granted to or held by Directors except for those awards vesting in the year.

Details of all options over shares in Itaconix plc for Directors who served during the year are as follows:

Name	Scheme	1 Jan 2023	Grant/ (Lapsed)	(Exercised)	Consolidated	31 Dec 2023	Exercise Price £	Date from with exercisable	Expiry Date
John R. Shaw									
	2019	3,951,154	-	-	(3,872,131)	79,023	2.755	1/1/22	4/21/32
	LTIP	602,002	-	-	(589,962)	12,040	2.755	1/1/23	4/21/32
	2019	1,023,214	-	-	(1,002,750)	20,464	2.755	1/1/23	4/21/32
	Sub total	5,576,370	-	-	(5,464,843)	111,527			
Laura Denner									
	2019	2,000,000	-	-	(1,960,000)	40,000	1.355	10/28/21	10/28/30
	2019	3,167,592	-	-	(3,104,241)	63,351	2.505	1/1/22	4/21/32
	LTIP	205,772	-	-	(201,657)	4,115	2.505	1/1/23	4/21/32
	2019	1,097,144	-	-	(1,075,202)	21,942	2.505	1/1/23	4/21/32
	Sub total	6,470,508	-	-	(6,341,100)	129,408			
Total		12,046,878	-	-	(11,805,943)	240,935			

Directors' Interests

The interests of the Directors in the share capital of the Company are disclosed below.

Directors' Interests	31 December 2023 Number of ordinary shares of 50p each	31 December 2022 Number of ordinary shares of 1p each
John R. Shaw	1,081,441	44,961,686
Laura Denner	257,000	12,706,636
Peter Nieuwenhuizen	25,457	200,000
Paul LeBlanc	1,950	-

None of the Directors has a service contract with the Group requiring more than twelve months' notice of termination to be given. None of the Directors had, either during or at the end of the year, any material interest in any contract of significance with the Company or its subsidiaries.

Executive Directors' Service Contracts

The Executive Director signed service contracts on his appointment. These contracts are not of fixed duration. The Chief Executive Officer's contract is terminable by either party giving six months' written notice.

Non-Executive Directors

The Non-Executive Directors signed letters of appointment with the Group for the provision of Non-Executive Directors' services, which may be terminated by either party giving written notice. The remuneration of the Non-Executive Directors is determined by the Board as a whole.

The Committee met once during the financial year to 31 December 2023.

Peter Nieuwenhuizen
Chair of the Remuneration Committee

17 April 2024

AUDIT COMMITTEE REPORT

The Audit Committee is responsible for promoting the quality of internal controls and ensuring that the financial performance of Itaconix is reviewed and reported properly.

The Committee reviews reports on the interim and annual accounts, financial announcements, the Company's accounting and financial control systems, changes to accounting policies, the extent of non-audit services undertaken by the external auditor, and the appointment of the external auditor.

During the period the Audit Committee reviewed the draft interim reports and associated announcements. The Audit Committee considered the accounting policies and principles adopted in these accounts as well as significant accounting issues and areas of judgement and complexity.

Committee Composition

The terms of reference for the Audit Committee require the committee to consist of preferably three members but not less than two members and that a majority of the members shall be independent non-executives with at least one with recent and relevant financial experience.

The members of the Audit Committee as at 17 April 2024 are Paul LeBlanc as Chair, and Peter Nieuwenhuizen. We are both Independent Non-Executive Directors.

The Board is of the view that the Audit Committee has recent and relevant financial experience. John Shaw, CEO, Laura Denner, CFO, and relevant management may attend Committee meetings by invitation.

Role of the Committee

The main duties of the Committee are set out in its terms of reference, which are available on Itaconix's website. The main items of business considered by the Committee included:

- Reviewing the Group's accounting policies and reports produced by internal and external audit functions;
- Considering whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into consideration the views of the external auditor;
- Reporting its views to the Board of Directors if it is not satisfied with any aspect of the proposed financial reporting by the Group;
- Reviewing the adequacy and effectiveness of the Group's internal financial controls and its internal control and risk management systems;
- Reviewing the adequacy and effectiveness of the Group's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance, and
- Overseeing the appointment of and the relationship with the external auditor.

Financial Reporting

The Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate judgements and estimates. The Committee's remit includes reviews of accounting papers prepared by management providing details on the main financial reporting judgements as well as assessments of the impact of potential new accounting standards.

The Committee has concluded that the Annual Report and financial statements are prepared appropriately and provide the necessary information for shareholders to assess Itaconix's strategy and performance.

Risk Management and Internal Controls

Itaconix's risk and control management framework is designed to manage rather than eliminate the risk of failure to meet Itaconix's objectives. The system of controls can provide reasonable but not absolute assurances against material misstatement or loss. Itaconix faces a number of risks, the significant ones of which are set out in the section on Principal Risks and Uncertainties on page 10 to 12.

Through the control systems outlined in the Corporate Governance Report on pages 16 to 20, Itaconix operates an ongoing process of identifying, evaluating, and managing significant risks faced by the business. This process includes the following:

- Defined organisation structure and appropriate delegation of authority;
- Formal authorisation procedure for investments;
- Clear responsibility for management to maintain good financial control and the production and review of detailed, accurate and timely financial information;
- Identification of operational risks and mitigation plans developed by senior management; and
- Regular reports to the Board from the Executive Directors.

Itaconix remains, in substance, in early stage development and is currently implementing appropriate internal controls and processes to reflect its size and business complexity. The Committee has been kept up-to-date of progress in implementing these processes, reviewed the Board's processes, and the Committee is satisfied that the risk management and internal control systems in place are currently operating effectively.

External Auditor

BDO LLP was appointed auditor of Itaconix during 2019. The Committee considers that its relationship with the auditor is working well and is satisfied with their effectiveness.

The Committee is responsible for implementing a suitable policy for ensuring that non-audit work undertaken by the auditor is reviewed so that it will not impact their independence and objectivity. The breakdown of fees between audit and non-audit services is provided in note 5 to Itaconix's financial statements.

The non-audit fees primarily relate to a read through of the interim financial statements of the Group and, as necessary, the Committee held private meetings with the auditor to review key items within its scope of responsibility.

For and on behalf of the Audit Committee

Paul LeBlanc
Chair of the Audit Committee

17 April 2024

DIRECTORS' REPORT

The Directors of Itaconix plc (registered number 08024489) submit their report as follows:

Principal Activities

The principal activities of the Group are the research and production of proprietary specialty polymers that meet significant customer needs, with a strategy of direct selling efforts to establish initial use of new polymers, with the option to also scale global demand through partnerships where desirable, with a focus on North America and Europe.

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

Website Publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained herein. Financial Instruments and Liquidity Risks Information about the use of financial instruments by the Company and its subsidiaries and the Group's financial risk management policies are given in note 19.

Directors and their Interests

The Directors of Itaconix plc at 31 December 2023 were:

Peter Nieuwenhuizen (Chair);
Paul LeBlanc (Non-Executive Director);
John R. Shaw (Chief Executive Officer); and
Laura Denner (Chief Financial Officer).

Jonathan Brooks was appointed as a Non-Executive Director and Chair of the Nomination Committee on 9 February 2024.

Peter Nieuwenhuizen, Laura Denner, and Paul LeBlanc were elected at the 2023 Annual General Meeting. In accordance with Article 90 of the Company's Articles of Association, Jonathan Brooks will stand for election at the 2024 Annual General Meeting. Biographical details of all the Directors as at 17 April 2024 are given above on pages 14 to 15.

Company Secretary

Laura Denner was appointed Company Secretary on 1 September 2019.

Liability Insurance for Directors, Officers and Employees

Itaconix has purchased insurance to cover the Directors, officers and employees of Itaconix plc and its subsidiaries against defence costs and civil damages awarded following an action brought against them in their personal capacity whilst carrying out their professional duties for the Group.

Dividends

Itaconix is seeking primarily to achieve capital growth for its shareholders. Its intention is to retain future distributable profits, if any, and therefore the Company does not anticipate paying any dividends in the foreseeable future. The Directors therefore do not recommend payment of a dividend (2022: £nil).

Events after the Balance Sheet Date

There were no events post balance sheet date.

Research and Development

Details of the Group's activities on research and development during the year are set out in the Strategic Report on pages 6 to 12 and Chief Executive Officer's Statement on pages 3 to 5.

Going Concern

Itaconix business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the financial position of Itaconix, its cash flows and liquidity position are described in the notes to the financial statements, in particular in the consolidated cash flow statement and in note 19 (financial instruments).

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 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.

As described in note 2, 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.

The Directors have also taken into consideration the continued impact of the current economic environment, global recession on the Group's revenues and supply chain. The Directors have taken into account the gross proceeds of $12.7m raised in February 2023. 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 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.

Substantial Shareholdings

In addition to the Directors' interests, as disclosed in the Director's Remuneration Report, the Company is aware of the following shareholders with a percentage holding amounting to 3% or more of the ordinary share capital based on the Company's shareholder register as of 31 December 2023:

Shareholder	Shares Held	% Holding
Hargreaves Lansdown Asset Management	1,690,639	12.5%
Octopus Investments	1,447,146	10.7%
Canaccord Genuity Wealth Management	1,186,140	8.8%
IP Group	1,118,262	8.3%
John R. Shaw	1,081,441	8.0%
Amati Global Investors	784,313	5.8%
Interactive Investor	753,940	5.6%
Rathbones	503,481	3.7%
Halifax Share Dealing	474,799	3.5%
AJ Bell Securities	428,145	3.1%

The percentage interest has been calculated on the total voting rights of 13,486,122, being the Company's issued share capital on 31 December 2023. No other person has reported an interest in the ordinary shares of the Company required to be notified to the Company.

Information Presented in Other Sections

Certain information required to be included in a Directors' Report by Schedule 7, including references to future developments, research and development, and financial instruments, can be found where applicable in the other sections of this Annual Report. All of the information presented in those sections is incorporated by reference into this Directors' Report and is deemed to form part of this report.

Greenhouse Gas Emissions

The 2018 Regulations introduced requirements under Part 15 of the Companies Act 2006 for an enhanced group of companies, which are defined as large by the Companies Act 2006, to disclose their annual energy use and greenhouse gas emissions, and related information. Under the 2018 Regulations, the Group is not currently defined as large and is considered a low energy user, with annual energy consumption less than 40 MWh.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK adopted International Accounting Standards ("IFRS") and applicable law. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted International Accounting Standards ("IFRS"), subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Information Given to the Auditor

Each of the persons who are Directors of the Company at the date when this report was approved confirms that:

- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information (as defined in the Companies Act 2006) and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

BDO LLP have expressed their willingness to continue in office as auditor. A resolution concerning their re-appointment will be proposed at the 2024 Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board,

John R. Shaw
Chief Executive Officer

17 April 2024

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Itaconix plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the consolidated income statement and other comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Review of the internal forecasting process to confirm the projections are prepared by an appropriate level of staff that are aware of the detailed figures included in the forecast but also have an understanding of the Group's market, strategy and changes in the customer base;
- Reviewing Director's assessment of going concern through analysis of the Group's cash flow forecast and other projections through to 31 December 2025, including assessing and challenging the assumptions as to determine whether there is adequate support for the assumptions underlying the forecasts through comparison against post year-end results to date;

Making inquiries of Directors as to their knowledge of events or conditions beyond the period of their assessment that impact the Group and Parent Company's ability to continue as a going concern;

- Reviewing post-balance sheet results, specifically the cash flow position against that budgeted; and
- Considering the adequacy of the disclosures in the financial statements against our knowledge of the Group, the Directors' going concern assessment and the requirements of the accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*100% (2022: 100%) of Group profit before tax* *99% (2022: 99%) of Group revenue* *100% (2022: 100%) of Group total assets*		
Key audit matters		2023	2022
	Revenue Recognition	✔	✔
Materiality	*Group financial statements as a whole* $156,000 (2022: $86,000) based on 2% of Group revenue (2022: based on 5% of the 3-year average loss before tax, adjusted for certain non-recurring transactions relating to the movement in contingent consideration).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group comprises of two UK incorporated companies (including Itaconix plc) and one US trading component.

Based on our assessment of the Group, the parent company, Itaconix plc, and the US subsidiary Itaconix Corporation, were identified as significant components and were subject to full scope audit for Group reporting purposes (2022: Itaconix plc and Itaconix Corporation). The US component accounted for 99% (2022: 99%), of the Group's revenue and 100% of the Group's loss before tax (2022: 100%). A full scope statutory audit was completed on the other UK incorporated entity with targeted audit procedures performed over key risks. All procedures were performed by the Group audit team.

We also obtained an understanding of the internal control environment related to the financial reporting process and assessed the appropriateness, completeness and accuracy of Group journals and other adjustments performed on consolidation.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Revenue Recognition *Details of the Group's accounting policies applied during the period are given in notes 2 & 4 on pages 48 & 53 of the Consolidated Financial Statements*	The amounts reported in relation to revenue represent information of significant interest to many users of the financial statements. This puts revenue at a greater risk of manipulation, bias and misstatement. Having regard to the potential for fraud in relation to revenue recognition, we considered there to be a significant audit risk arising from accelerated recognition of revenue. The key audit matter related to revenue recognition is as follows: • There is a risk that the Group's revenue (generated from the sale of its core products for the homecare, industrial and personal care sectors) around the year-end has not been recognised appropriately in line with their respective performance obligations, taking account of contracted delivery terms to customers and that the revenue policy itself is not in accordance with appropriate accounting standards.	With regards to the risk of material misstatement related to the accelerated recognition of revenue, we performed the following procedures: • We assessed whether the revenue recognition policies adopted by the Group comply with accounting standards by comparing the accounting policy to the requirements of IFRS 15 – Revenue from contracts with customers; • Tested a sample of transactions occurring either side of the balance sheet date to invoice and evidence of delivery to check that they have been recorded in the correct period in accordance with agreed delivery terms; • For a sample of transactions, in particular around the year end, we assessed compliance with IFRS 15 Revenue Recognition requirements and verified whether revenue is recorded appropriately, in line with respective performance obligations when satisfied, with reference to despatch records signed by courier on despatch of goods and other supporting information including receipt of funds and proof of delivery; • Tested the journal population posted around the year-end to revenue by selecting a sample and agreeing to supporting documentation. **Key observations:** Based on the procedures performed, we consider that revenue has been recognised appropriately and in accordance with the Group's revenue recognition accounting policy.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2023	2022	2023	2022
Materiality	$156,000	$86,000	$141,000	$21,400
Basis for determining materiality	Based on 2% of the Group revenue.	Based on 5% of the 3-year average loss before tax, adjusted for certain non-recurring transactions relating to the movement in contingent consideration in the year (note 1).	2% of total assets	
Rationale for the benchmark applied	Revenue is considered to be a primary key performance indicator as it is relevant to the users of the financial statements.	This was considered to be a primary key performance indicator as it is relevant to the users of the financial statements.	Total assets is considered to be a primary key performance indicator as it is relevant to the users of the financial statements for a holding company.	
Performance materiality	$117,000	$64,500	$106,000	$16,000
Basis for determining performance materiality	Performance materiality was set at 75% (2022: 75%). In reaching our conclusion on the level of performance materiality to be applied, our analysis included assessment of a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's and parent company's internal controls and management's attitude towards proposed adjustments.			

Note 1:

Given that the year-on-year loss position will decrease as Itaconix gets closer to break-even point, materiality will also decrease if based on loss before tax despite the improving performance. Therefore, revenue is deemed to be a more representative base.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of 90% (2022: 75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was $141,000 (2022: $64,500). In the audit of each component, we further applied performance materiality levels of 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $7,000 (2022: $4,300). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report & Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have identified and assessed the potential risks related to non-compliance with laws and regulations by:
  - Obtaining an understanding of the legal and regulatory framework in which the Group operates. We considered provisions of other laws and regulations that have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate. The significant laws were considered to be UK adopted international accounting standards, the Companies Act 2006 and relevant UK and US tax regulations.
  - Obtaining an understanding of how the Group is complying with those frameworks by making enquiries of Directors and management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.
  - Considering the processes and controls that the Group has established and the controls in place to mitigate risks in relation to non-compliance with laws and regulations.
  - Making enquiry of Group's Directors and management and external legal counsel concerning actual, potential litigation and claims.
  - Obtaining third party confirmations directly from the Group's external legal counsel to assess the completeness of claims and legal matters.
  - Review of financial statements disclosures and testing to supporting documentation.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. Our procedures included:
  - Our audit planning identified fraud risks in relation to:
    - Revenue recognition (cut-off) – as relating to accelerated recognition of revenue (which has been assessed as a Key Audit Matter); and
    - Management override of controls.
    - We made enquiry of Group management to understand where they considered there was a susceptibility to fraud and regarding detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud.

- Reading the minutes of meetings of those charged with governance for any known or suspected instances of fraud.
- We considered the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors the processes and controls.
- Our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business by agreeing these to supporting documentation.
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud.
- In response to the risk of fraud in revenue recognition, we have performed the procedures set out in the key audit matter section of our report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Owen Pettifor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

17 April 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Revenue	4	**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	5	**(1,629)**	(2,317)
Loss on modification of lease		**(21)**	-
Exceptional expense on revaluation of contingent consideration	18	**-**	(138)
Operating loss before tax from operations		**(1,650)**	(2,455)
Finance income	7	**141**	-
Loss before tax		**(1,509)**	(2,455)
Taxation charge	8	**(27)**	(8)
Loss after tax		**(1,536)**	(2,463)
Basic loss per share	9	**(0.12)**	(0.50)
Diluted loss per share	9	**(0.12)**	(0.50)

The accompanying notes 1 to 27 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** **$'000**	2022 $'000
Loss for the year		**(1,536)**	(2,463)
Items that will be reclassified subsequently to profit or loss			
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)

The accompanying notes 1 to 27 form an integral part of the financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

At 31 December 2023

		Group		Company	
		31 Dec 2023	31 Dec 2022	**31 Dec 2023**	31 Dec 2022
	Notes	**$'000**	$'000	**$'000**	$'000
Non-current assets					
Intangible assets	11	**24**	-	-	-
Property, plant and equipment	12	**337**	301	-	-
Right-of-use assets	20	**2,236**	343	-	-
Investments	15	**1,273**	-	**1,273**	-
Investment in subsidiary undertakings	10	**-**	-	**1,824**	1,513
		3,870	644	**3,097**	1,513
Current assets					
Inventories	13	**1,096**	1,119	**-**	-
Trade and other receivables	14	**1,421**	164	**123**	30
Investments	15	**6,183**	-	**6,183**	-
Cash and cash equivalents	16	**2,567**	597	**2,201**	79
		11,267	1,880	**8,507**	109
Total assets		**15,137**	2,524	**11,604**	1,622
Financed by					
Equity shareholders' funds					
Equity share capital	21	**8,665**	5,959	**8,665**	5,959
Equity share premium		**58,012**	47,942	**58,012**	47,942
Own shares reserve		**(5)**	(5)	**(5)**	(5)
Merger reserve		**31,343**	31,343	**3,582**	3,582
Share based payment reserve	23	**872**	643	**872**	643
Foreign translation reserve		**429**	(101)	**(1,505)**	(2,213)
Retained deficit		**(88,092)**	(86,556)	**(58,319)**	(55,709)
Total equity		**11,224**	(775)	**11,302**	199
Non-current liabilities					
Lease liabilities	20	**1,957**	119	**-**	-
		1,957	119	**-**	-
Current liabilities					
Trade and other payables	17	**1,677**	1,866	**302**	289
Contingent consideration	18	**-**	1,134	**-**	1,134
Lease liabilities	20	**279**	180	**-**	-
		1,956	3,180	**302**	1,423
Total liabilities		**3,913**	3,299	**302**	1,423
Total equity and liabilities		**15,137**	2,524	**11,604**	1,622

CONSOLIDATED AND COMPANY BALANCE SHEETS

At 31 December 2023

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss in these financial statements. The loss for the year for the Company amounted to $2.6m (2022: loss of $969k). The financial statements of Itaconix plc, registered number 08024489, were approved by the Board of Directors for issue on 17 April 2024.

John R. Shaw	**Peter Nieuwenhuizen**
Director	Director

The accompanying notes 1 to 27 form an integral part of the financial statements

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2023

Consolidated statement of changes in equity

	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 (see note 22)	–	–	–	–	(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**

Company statement of changes in equity

	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)	3,582	1,309	(2,165)	(55,965)	270
Loss for the year	–	–	–	–	–	–	(969)	(969)
Contingent consideration	–	–	–	–	–	–	–	–
Share issuance proceeds	86	301	–	–	–	–	–	387
Exchange differences on translation of foreign operations	–	–	–	–	–	(48)	–	(48)
Plan termination	–	–	–	–	(1,225)	–	1,225	–
Share based payments	–	–	–	–	559	–	–	559
At 31 December 2022	5,959	47,942	(5)	3,582	643	(2,213)	(55,709)	199
Loss for the year	–	–	–	–	–	–	(2,610)	(2,610)
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	–	–	–	–	–	708	–	708
Share based payments	–	–	–	–	229	–	–	229
At 31 December 2023	**8,665**	**58,012**	**(5)**	**3,582**	**872**	**(1,505)**	**(58,319)**	**11,302**

The accompanying notes 1 to 27 form an integral part of the financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2023

The reserves described above have the purposes described below:

Share capital

Amount subscribed for share capital at par value.

Share premium

Amount subscribed for share capital in excess of nominal value less the cost of issuance of shares.

Own shares reserve

The reserve records the nominal value of shares purchased and held by the Employee Benefit Trust to satisfy the future exercise of options under the Group's share option schemes.

Merger reserve

This reserve arose as a result of a common control business combination on the formation of the Group. The premium on the issue of shares as part of a business combination is credited to this reserve.

Share based payment reserve

This reserve records the credit to equity in respect of the share based payment cost.

Foreign exchange translation reserve

This reserve arises on the translation of the assets and liabilities of overseas subsidiaries.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023

		Group		Company	
		2023	2022	**2023**	2022
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
Net cash outflow from operating activities	22	**(1,923)**	(219)	**(398)**	(663)
Interest received		**141**		**141**	
Proceeds from sale of property, plant and equipment		**-**	-	**-**	-
Purchase of securities		**(7,456)**		**(7,456)**	
Purchase of property, plant and equipment		**(226)**	(59)	**-**	-
Development of website		**(29)**	-	**-**	-
Cash loaned to subsidiary undertakings		**-**	-	**(1,808)**	(89)
Net cash outflow from investing activities		**(7,570)**	(59)	**(9,123)**	(89)
Cash received from issue of shares		**12,683**	387	**12,683**	387
Transactions costs paid on the issue of shares		**(1,014)**	-	**(1,014)**	-
Transactions costs paid on the share consolidation		**(26)**	-	**(26)**	-
Repayment of lease liability		**(252)**	(138)	**-**	-
Interest paid - leases		**72**	(57)	**-**	-
Net cash inflow from financing activities		**11,463**	192	**11,643**	387
Net inflow in cash and cash equivalents		**1,970**	(86)	**2,122**	(365)
Cash and cash equivalents at beginning of year		**597**	683	**79**	444
Cash and cash equivalents at end of year		**2,567**	597	**2,201**	79

The accompanying notes 1 to 27 form an integral part of the financial statements

1. General Information

Itaconix plc ("the Parent Company") is a public limited company incorporated in England and Wales. The address of its registered office and principal place of business is set out on page 67. The principal accounting policies adopted by the Group are set out in note 2. The nature of the Group's operations and its principal activities are set out in the Strategic Report. The principal activities of the Parent Company and its subsidiaries are described in note 4. The financial statements have been presented in US Dollars and rounded to the nearest thousand ($'000) unless otherwise indicated.

2. Accounting policies

Basis of presentation

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. The financial information has been prepared on the historical cost basis except that financial instruments are stated at their fair value. Amounts are rounded to the nearest thousand, unless otherwise stated.

While the Parent Company's functional currency is British Pounds Sterling, the Group's and Parent company's financial statements have been presented in US Dollars. The Directors believe this better reflects the underlying nature of the business. Approximately ninety-five per cent of the Group's revenue and operating costs are denominated in US Dollars. The exchange rates used for translation of British Pounds Sterling amounts are 1.2732 US Dollars to British Pounds Sterling as at 31 December 2023 and 1.2433 US Dollars to British Pounds Sterling as the average rate prevailing during 2023.

Itaconix applied all standards and interpretations endorsed by the UK Endorsement Board (UKEB) that were effective as of 1 January 2023. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in this financial information.

The preparation of the financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Itaconix's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Adoption of new and revised standards

There are no new standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2023, which have given rise to material changes in the Group's accounting policies.

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.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. The Company controls an investee if, and only if the Company has the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure of rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In accordance with Section 408 of the Companies Act 2006, no profit and loss account is presented for the Company.

Business combinations and contingent consideration

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in accordance with IFRS 9 in profit or loss.

The fair value of contingent consideration is determined by reference to the projected financial performance in relation to the specific contingent consideration criteria for each acquisition.

Revenue recognition

Revenue is recognised to the extent that services have been delivered and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from the sale of goods is recognised when performance obligations have been satisfied. The delivery date is usually the date on which performance obligations have been satisfied. However, where goods are supplied when title does not irrevocably pass on delivery, it may not be appropriate to recognise all the revenue immediately. The Group provides for potential sales returns based on its actual experience of returns from customers in such cases. Where it has no such history it makes estimates by reference to minimum sales commitments in the relevant contract, or by reference, where available, to customer retail sales data or customer inventory levels at the financial year end, or based on other reasonable and relevant judgements.

Leases

Leases are accounted for under IFRS 16: Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 requires lessees to recognize a lease liability that reflects the net present value of future lease payments and a corresponding “right-of-use asset” in all lease contracts, although lessees may elect not to recognize lease liabilities and right-of-use assets in respect of short-term leases or leases of assets of low value.

The Group has elected not to recognize right-of-use assets and lease liabilities in respect of certain leases of office equipment of low value or of short term. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the following lease payments:

- fixed payments;
- variable payments that are based on index or rate;
- the exercise price of any extension or purchase option if reasonably certain to be exercised;
- penalties for terminating the lease, if relevant; and
- other payments to the landlord relating to the leased asset which are determined to be in substance lease payments.

Judgement is applied to determine whether common area expenses paid to the landlord are determined to be lease or non-lease payments. (See note 3)

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. The Group has used its incremental borrowing rate as the discount rate.

The right-of-use assets are initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs. The right-of-use assets are depreciated over the period of the lease term, or, if earlier, the useful life of the asset, using the straight-line method. The lease term includes periods covered by an option to extend, if the Group is reasonably certain to exercise that option. In addition, the right-of-use assets may during the lease term be reduced by impairment losses, if any, or adjusted for certain remeasurements of the lease liability.

Government funding, grants and research income

Government grants and research income are recognised as a credit to the income statement where there is reasonable assurance that they will be received, and all associated conditions will be complied with.

When the income relates to an expense item, it is recognised as income over the period necessary to match it on a systematic basis to the costs that it is intended to compensate. Where the income relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the related asset.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the year-end date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the income statement in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of comprehensive income, otherwise such gains and losses are recognised in the income statement.

The assets and liabilities in the financial statements of foreign subsidiaries and those of the parent company where the functional and presentational currency differ, are translated at the rate of exchange ruling at the year-end date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to the 'Foreign currency retranslation reserve' in equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the income statement as part of the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated to write off the cost less estimated residual value of all tangible assets over their expected useful economic life on a straight-line basis. The rates generally applicable are:

Plant and equipment	4-7 years
leasehold improvements	10 years
Computer, furniture and fixtures	3 years

Financial assets

Financial assets are recognised in Itaconix's and the Company's statement of financial position when Itaconix and the Company become party to the contractual provisions of the instrument. Under IFRS 9 the classification of financial assets is based both on the business model and cash flow type under which the assets are held. There are three principal classification categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Itaconix has not classified any of its financial assets as fair value through other comprehensive income.

Amortised cost

These assets are non-derivative financial assets held under the 'held to collect' business model and attracting cash flows that are solely payments of principal and interest. They comprise trade and other receivables and cash and cash equivalents. They are initially measured at fair value plus transaction costs, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade and other receivables are calculated using an expected credit loss model. Under this model, impairment provisions are recognised to reflect expected credit losses based on combination of historic and forward-looking information, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash, cash equivalents and investments

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. Investments comprise funds placed on short-term and long-term deposits.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are stated at fair value with differences taken to the consolidated income statement. Interest on financial liabilities up to maturity is included in the finance costs line item in the consolidated income statement.

Trade and other payables

Trade payables and other payables are not interest bearing and are stated at their full value on initial recognition. For disclosure purposes, the fair values of trade and other payables are estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. As trade payables and other payables are short term in nature as at the reporting date, the carrying value is considered to be a reasonable approximation of fair value.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised costs using the effective interest method, with interest recognised on an effective rate basis.

Inventory valuation

Inventory is valued using the specific identification method. Under this method, the cost of each individual item in inventory is identified and recorded separately. Costs include direct materials, direct labour, and applicable overhead costs. Inventory is stated at the lower of cost or net realisable value, with adjustments made for any obsolete or slow moving items. The cost of goods sold is determined based on the specific cost of each item sold during the reporting period.

Share based payments

The parent company issues equity-settled share-based payments to certain employees and these payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of the grant using appropriate pricing models. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

At the date of each statement of financial position, the parent company revises its estimate of the number of equity instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment is made to equity over the remaining vesting period. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period.

The value of share-based payment is taken directly to reserves and the charge for the period is recorded in the income statement. Itaconix's scheme, which awards shares in the parent entity, includes recipients who are employees in all subsidiaries. In the consolidated financial statements, the transaction is treated as an equity-settled share-based payment, as Itaconix has received services in consideration for equity instruments. An expense is recognised in the Group income statement for the fair value of share-based payment over the vesting year, with a credit recognised in equity.

In the parent company's and subsidiaries' financial statements, the awards, in proportion to the recipients who are employees in said subsidiary, are treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting year, with a credit recognised in equity on the subsidiary's accounts. This credit is treated as a capital contribution. In the parent company's financial statements, there is no share-based payment charge where the recipients are employed by a subsidiary, with the parent company recognising an increase in the investment in the subsidiaries effecting as capital contribution from the parent company and a credit to equity.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends and distributions relating to equity instruments are debited direct to equity.

Exceptional items

The Group has classified the finance income, loss on lease modification, and the fair value adjustment of the contingent consideration as exceptional items in the income statement. These items are not considered to reoccur and are of such significance to the results that they have been presented as exceptional to provide a fair and balanced presentation in the financial statements.

3. Critical accounting assumptions and key sources of estimation uncertainty

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and estimates. Those which have the most significant effect on the amounts recognised in the financial statements are summarised below:

Judgements

Fair value of Group indebtedness (Parent company only)

The fair value of amounts owing from Group companies is impaired in those cases where the subsidiary is, at the balance sheet date, deemed to be both illiquid and not yet generating positive cash flows, or otherwise highly unlikely to repay such indebtedness in the longer term (See note 14).

IFRS 16 – Lease Accounting - lease term, non-lease components

The determination of the lease term for some lease contracts of the Group is based on the consideration as to whether the Group is reasonably certain to exercise lessee options.

Judgement is applied to determine whether common area expenses paid to the landlord are determined to be lease or non-lease payments. Consideration is made to the nature and variability of costs incurred and other terms within such arrangements (See note 20).

Estimates

Share based payment cost

The estimation of share based payment costs requires the selection of an appropriate valuation model, considerations as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, the expected term of the option, inputs which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees (See note 23).

Inventory reserve

The company maintains a reserve for inventory obsolescence and slow-moving inventory to reflect potential decreases in the value of inventory. The reserve is determined based on an estimate by management considering factors such as historical experience, market trends, and specific product considerations. Adjustments to the reserve are recorded to cost of goods sold in the period which they are identified.

4. Revenue

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

Geographical information

	Revenues		***Net assets***	
	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.

	Performance Ingredients $'000	*Formulation Solutions $'000*	*Core Operations $'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**

	Performance Ingredients $'000	*Formulation Solutions $'000*	*Core Operations $'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	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%.

5. Operating loss before exceptional items

This is stated after charging:

	2023	2022
	$'000	$'000
Auditor's remuneration:		
Audit of the financial statements	**10**	10
Audit of the subsidiaries	**151**	145
Non-audit services	**-**	-
Total fees	**161**	155
Equity settled share based payment expense (SOCIE)	**229**	559
Depreciation of owned assets (note 12)	**194**	160
Amortisation of right-of-use assets (note 20)	**202**	202
Research and development expenditure	**145**	69
Foreign exchange differences	**36**	6

6. Staff costs

Staff costs for the Group, including Directors, consist of:

	2023	2022
	$'000	$'000
Wages and salaries	**2,087**	1,639
Incentive compensation	**160**	334
Post-employment benefits	**51**	45
Equity settled share based payment expense	**229**	559
	2,527	2,577

Details of Directors' fees are included in the Directors' Remuneration Report on page 21 to 22.

Details of key management personnel fees are included in note 24.

The average monthly number of Group employees, including Directors, during the year was made up as follows:

	2023	2022
	No.	No.
Executive Directors	**2**	1
Non-Executive Directors	**2**	2
Research and development	**4**	3
Finance and administration	**1**	2
Sales	**3**	1
Production	**4**	4
Contract staff	**-**	1
	17	14

Itaconix plc had one employee other than the Non-Executive Directors.

7. Finance income

	2023 $'000	2022 $'000
Interest receivable on bank deposits and term deposits	**141**	-

8. Taxation

	2023 $'000	2022 $'000
Corporation tax expense		
Prior years' corporation tax liability	**-**	-
Current year corporation tax liability	**(27)**	(8)
Corporation tax expense	**(27)**	(8)

During the year ended 31 December 2023, the Group had a taxation expense of $27k (2022: $8k) of which relates a provision of $27k for US taxation payable in respect of 2023 by the US subsidiary.

Total tax on loss on ordinary activities

The tax for the year can be reconciled to the loss per the income statement as follows:

	2023 $'000	2022 $'000
Loss before tax	**(1,509)**	(2,455)
Loss on ordinary activities multiplied by standard UK corporation tax rate of 19%	**(287)**	(466)
Effects of:		
Disallowed expenses & non-taxable income	**-**	26
Adjustments in respect of prior periods	**-**	-
Other timing differences	**-**	-
Movement in deferred tax not recognised	**260**	432
Total tax expense for the year	**(27)**	(8)

Deferred tax

The Group has the following net deferred tax asset which is not recognised:

	2023 $'000	2022 $'000
Accelerated capital allowances	**2,344**	3,042
Other timing differences	**671**	727
Tax losses carried forward	**10,310**	13,052
Share based payments	**150**	140
	13,475	16,961

The net deferred tax asset is not recognised as there is insufficient evidence of future taxable profits against which the asset will be available for offset. Certain operating losses will expire in 2030 if no profits are generated to offset the loss carry forwards. These losses are also subject to certain regulatory restrictions.

Tax rate

The main rate of UK corporation tax was 19% from 1 April 2015.

The US federal tax rate is 21% as of 1 January 2018.

9. 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	**(1,536)**	(2,463)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	**12,863**	448,096
Basic and diluted loss per share	**(11.9)¢**	(0.5)¢
Basic and diluted loss per share (post consolidation comparison)	**(11.9)¢**	(27.5)¢

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share for the period to 31 December 2023 are identical to those used for the basic earnings per share. This is because the outstanding share options (note 23) would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

10. Investment in subsidiary undertakings

In prior years, management has fully impaired the intangible assets arising on acquisition of Itaconix Corporation and has also impaired the value of the investment in Itaconix Corporation in the Company balance sheet proportionate to its shareholding.

	Company
	$000
At 1 January 2022	1,074
Share based payment expense – capital contributed to subsidiary	559
Foreign translation adjustment	(120)
At 31 December 2022	1,513
Share based payment expense – capital contributed to subsidiary	229
Foreign translation adjustment	82
At 31 December 2023	**1,824**

Name	Principal activity	Place of incorporation and operation	Proportion of ownership interest
Direct investments			
Itaconix (U.K.) Limited [(1)]	UK operating company	England	100%
Itaconix EBT Limited [(1)]	Trustee of Itaconix employee benefit trust	England	100%
Indirect investments			
Itaconix Corporation [(2)]	Trading US subsidiary of Itaconix (U.K.) Limited	USA	100%

(1) The registered address is Fieldfisher LLP, Riverbank House, 2 Swan Lane, London, EC4R 3TT, UK
(2) The registered address is 2 Marin Way, Stratham, NH 03885, USA

11. Intangible Assets

Group	Website Development $'000
Cost	
Additions	24
Impairment	-
At 31 December 2023	24
Accumulated amortisation	
Charge	-
At 31 December 2023	**-**
Carrying Amount	
At 31 December 2023	**24**
At 31 December 2022	-

The Group capitalized website costs incurred in the current year related to the development, design, and implementation of our online platform. These costs of $24k have been recognized as an intangible asset on the balance sheet and will be subject to straight-line amortisation over the estimated useful life once placed in service in 2024.

12. Property, plant and equipment

Group	Computer and office equipment $'000	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
At 1 January 2022	25	1,304	96	1,425
Additions	-	59	-	59
Impairment	-	-	-	-
Disposals	-	-	-	-
At 31 December 2022	25	1,363	96	1,484
Additions	16	208	6	230
Impairment	-	-	-	-
Disposals	-	-	-	-
At 31 December 2023	**41**	**1,571**	**102**	**1,714**
Accumulated depreciation				
At 1 January 2022	25	902	96	1,023
Charge	-	160	-	160
Eliminated on disposal	-	-	-	-
At 31 December 2022	25	1,062	96	1,183
Charge	3	191	-	194
Eliminated on disposal	-	-	-	**-**
At 31 December 2023	**28**	**1,253**	96	**1,377**
Carrying Amount				
At 31 December 2023	**13**	**318**	6	**337**
At 31 December 2022	-	301	-	301

The parent company has no property, plant and equipment.

13. Inventories

Group	**2023 $'000**	2022 $'000
Raw materials	**418**	313
Work in progress	**28**	196
Finished goods	**675**	688
Inventory reserve	**(25)**	(78)
	1,096	1,119

The cost of good recognised in expense was $5,361k (2022: $4,113k).

14. Trade and other receivables

Current assets	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Trade receivables	**1,253**	127	**-**	-
Other receivables	**168**	37	**123**	30
	1,421	164	**123**	30

Trade receivables are non-interest bearing and are generally on 30 day terms.

As at 31 December 2023, no provision (2022: no provision) has been made to trade receivables that were considered to be impaired. The parent company and Group have no expected credit loss, as all receivables have been or are expected to be received subsequent to year end.

In respect of the Company:

- Amounts due from Group undertakings have been classified as current. The Company does not consider any of the amounts due from Group undertakings to be overdue.
- As at 31 December 2023 the balance of the fair value of debt from Group undertakings before an impairment charge of $48,965k (2022: $48,486k).
- The loss for the year includes a release of fair value impairment of Group indebtedness of $2,474k resulting from a movement in provisions for this indebtedness (2022: $703k).
- There is significant doubt as to the future recoverability of these balances, and as such, a provision for bad and doubtful debts has been raised against the amounts due from Group subsidiaries. To the extent the counter party is unable to do so, the Group does not intend to recall the amounts due, within one year.

As at 31 December, the analysis of the Group's trade receivables that were past due but not impaired is as follows:

Group	Total $'000	Neither past due nor impaired $'000	<30 days $'000	30–60 Days $'000	60–90 days $'000	90–120 days $'000	>120 Days $'000
2023	1,253	496	671	12	50	3	21
2022	127	91	13	-	12	11	-

The fair value of amounts owing from Group companies to the Company has been impaired to the extent the subsidiary is, at the balance sheet date, both illiquid and not yet generating positive cash flows, or otherwise unlikely to repay such indebtedness. The Group provides against trade receivables where there are significant doubts as to future recoverability based on prior experience, on assessment of the current economic climate and on the length of time that the receivable has been overdue.

Non-current assets	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Amounts owed by Group companies	-	-	-	-
	-	-	-	-

15. Investments

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Term deposits maturing within one year	**6,183**	-	**6,183**	-
Term deposits maturing within two years	**1,273**	-	**1,273**	-
	7,456	-	**7,456**	-

16. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with a maturity of less than three months. The carrying amount of these assets approximates their fair value.

Analysis of cash and cash equivalents disclosed in the cash flow statement:

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**2,567**	597	**2,201**	79

Credit, liquidity and market risk

The Group's principal financial assets are bank balances. The credit risk on these assets is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Directors have carefully reviewed the carrying value of the Group's financial assets and consider that at the date of this report no impairment in those values is anticipated.

17. Current liabilities

Current liabilities

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Trade payables and other payables	**1,209**	1,002	**40**	83
Accruals	**468**	864	**262**	206
Contingent consideration	**-**	1,134	**-**	1,134
Lease liabilities (note 20)	**279**	180	**-**	-
	1,956	3,180	**302**	1,423

The Directors consider that the carrying amount of trade payables, other payables and note payable approximate to their fair value.

18. Contingent Consideration

	Contingent consideration			
	Group		Company	
	2023	2022	**2023**	2022
	$'000	**$'000**	**$'000**	**$'000**
As at 1 January	**1,134**	1,116	**1,134**	1,116
Movement in fair value and discounting unwind	**-**	138	**-**	138
Foreign exchange effect	**-**	(120)	**-**	(120)
Settlement of contingent consideration	**(1,134)**	-	**(1,134)**	-
As at 31 December	**-**	1,134	**-**	1,134
Current	**-**	1,134	**-**	1,134
Non-current	**-**	-	**-**	-

As part of the purchase agreement with the previous owners of Itaconix Corporation, a contingent consideration was agreed with certain of the sellers (the "Sellers"). This would be payable to the Sellers, subject to the achievement of revenue targets for products based on the technology acquired for the calendar years 2017 to 2020, based on 50% of incremental annual net sales value above $3m in 2017 and in excess of the prior year for 2018 to 2020 inclusive (and no less than $3m). The deferred performance-related consideration is capped at $6m in aggregate. Such deferred performance consideration, if any, would be satisfied annually entirely in new ordinary shares of Itaconix plc at the then prevailing price.

During 2018, in conjunction with the fund raise, a restructuring of the contingent consideration was executed. The contingent consideration was restructured into two components:

- A one-time issue of 15 million new Itaconix plc shares to the Sellers.
- The continuation of the previous contingent consideration mechanism (i.e. up to $6m in shares), but with the window of time for potential achievement expanded to the end of 2022 (from the end of 2020) and including all the revenues of the Group (which are primarily from products based on the acquired technology in any event).

It should also be noted that the second component summarised above is intended to serve as an incentive programme for the two members of management (John Shaw and Yvon Durant) who are also Sellers and are entitled to 63% of the total contingent consideration. Accordingly, they were not eligible for any cash bonus or other share incentive programme for the years 2018 to 2020 inclusive. Simultaneously, the merger agreement with the former shareholders of Itaconix Corporation and related agreements were amended to remove various restrictive clauses, including minimum funding requirements and employment terms.

Based on the share price at the execution of the restructuring agreement in 2018, the 15m shares had a value of £0.3m which was expensed immediately.

On 12 April 2021, 1,923,389 shares were issued in settlement of the contingent consideration for 2020 sales in excess of the threshold.

On 8 February 2023, the Company and the Sellers entered into a settlement agreement to conclude this arrangement in full and final settlement of the contingent consideration. The Company issued 18,094,582 shares to the Sellers.

19. Financial instruments

Financial risk management objectives and policies

Itaconix principal financial liabilities comprise trade and other payables and borrowings. The primary purpose of these financial liabilities is to finance the operation. Itaconix has trade and other receivables and cash that derive directly from its operations.

The Company has limited financial liabilities as its primary purpose is to hold investments in other Group companies. The Company's receivables largely relate to funding the operations of Itaconix.

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Financial assets				
Cash	**2,567**	597	**2,201**	79
Trade and other receivables	**1,421**	164	**123**	30
Intercompany receivable	**-**	-	**-**	-
Investments	**7,456**	-	**7,456**	-
Financial liabilities				
Trade and other payables	**(1,677)**	(1,866)	**(302)**	(289)
Lease liabilities	**(2,236)**	(299)	**-**	-
Contingent consideration	**-**	(1,134)	**-**	(1,134)
Net Financial assets / (liabilities)	**7,531**	(2,538)	**9,478**	(1,314)

The Directors consider that the carrying amount for all financial assets and liabilities approximates to their fair value.

Financial risk management

The Group is exposed to market risk, which includes interest rate risk and currency risk, credit risk and liquidity risk. The senior management oversees the management of these risks and ensures that the financial risk taken is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Itaconix's policies and risk appetite.

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. Short-term flexibility is achieved by holding adequate cash balances in Itaconix's main operational currencies, notably UK Sterling, US Dollar, and Euros.

Credit risk

The principal credit risk for Itaconix arises from its trade receivables. In order to manage credit risk, new customers undergo credit review and customer accounts are regularly reviewed for debt ageing and collection history. As at 31 December 2023, there were no significant credit risk balances.

Credit risk from cash balances with banks and financial institutions is managed in accordance with Group policy. Credit risk with respect to cash is managed by carefully selecting the institutions with which cash is deposited.

The financial assets of the Group comprise cash at banks, trade receivables and other receivables. Having reviewed the recoverability of Itaconix's financial assets since the reporting date, as well as the likelihood of future losses over the next 12 months and the lifetime of the assets, the Board does not consider it necessary to recognise any credit losses.

Interest rate risk

The Group finances its operations principally from equity funding and has no debt. Therefore the downside risk associated with changes in interest rates is minimal. No sensitivity analysis has been presented for changes in interest rates as these do not have a material impact on the loss before tax.

Currency risk

During the year, the Group received revenue in USD, EURO and GBP, whilst the majority of its cost base is in USD. The receipts in EURO and GBP are currently relatively small and tend to be used first to cover costs in the same currency before conversion to USD, and so currency risk impacting cash balances is deemed to be appropriately managed. Intercompany loans from Itaconix plc to Itaconix Corporation to fund the US operations is denominated in GBP and so is translated to USD each period end, potentially resulting in significant debits or credits to the Company's profit and loss but with no cash or other impact on the Group as the loan is eliminated on consolidation. Management notes that such foreign exchange movements are non-cash items. No forward foreign exchange contracts were entered into during the period (2022: nil). At 31 December 2023 the bank balances on hand of foreign currencies were:

Currency	**2023 '000**	2022 '000
GBP	**4,814**	82
EURO	**297**	-

The foreign currency balances are in aggregate higher than at the end of 2022, which is due to the fundraise completed in February 2023. No sensitivity analysis has been presented for changes in currency exchange rates, although management will keep the need for sensitivity analysis under regular review going forward.

Liquidity risk

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's policy through the period has been to ensure continuity of funding by equity. The table below summarises the maturity profile of the Group's financial liabilities at the year-end based on contractual undiscounted payments, specifically noting that the lease liability total is determined as the undiscounted lease payments including interest payable.

At 31 December 2023:

Group	On demand $000	Less than 3 months $000	3 to 12 months $000	1 to 5 years $000	> 5 years $000	Total $000
Trade and other payables	**-**	**1,677**	**-**	**-**	**-**	**1,677**
Lease liability	**-**	**65**	**214**	**1,206**	**1,841**	**3,326**
	-	**1,742**	**214**	**1,206**	**1,841**	**5,003**

At 31 December 2022:

Group	On demand $000	Less than 3 months $000	3 to 12 months $000	1 to 5 years $000	> 5 years $000	Total $000
Trade and other payables	**-**	**1,575**	**291**	**-**	**-**	**1,866**
Contingent consideration	**-**	**1,134**	**-**	**-**	**-**	**1,134**
Lease liability	**-**	**63**	**189**	**169**	**6**	**427**
	-	**2,772**	**480**	**169**	**6**	**3,427**

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while also maximizing the operational potential of the business. The capital structure of Itaconix consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital and reserves as disclosed in the consolidated statement of changes in equity. Itaconix is not exposed to externally imposed capital requirements.

Committed facilities

The Group has no floating rate committed borrowing facilities as at 31 December 2023 (2022: nil).

There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements. This is due to the fact that they are of short maturity and if payable on demand the fair value is not materially different from the carrying value.

20. Leases

The Group leases all its facilities from which it operates. The headquarters, production, and main offices are located in Stratham, NH, USA. In December 2023, the Group renewed the facility lease extending the term from September 2024 to August 2034 and expanding the facility from approximately 31,000 to 32,000 square feet.

In applying IFRS 16, 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.

Right-of-use asset

	Leased Building $'000
At 1 January 2022	545
Additions in year	-
Amortisation	(202)
Exchange differences	-
At 31 December 2022	343
Additions in year	2,095
Amortisation	(202)
Exchange differences	-
At 31 December 2023	2,236

Lease liability

	Leased Building $'000
At 1 January 2022	494
Interest expense	57
Lease payments	(252)
Exchange differences	-
At 31 December 2022	299
Additions in the year	2,117
Interest expense	72
Lease payments	(252)
Exchange differences	-
At 31 December 2023	2,236

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 2023, the maturity of the lease (undiscounted) is as follows:

	Up to 3 months $'000	Between 3 months and 12 months $'000	One to two years $'000	Two to five years $'000	Thereafter $'000
Leased building	64	210	300	900	1,841
Leased equipment	1	4	5	1	-

21. Share capital

	Group $000	Company $000
At 1 January 2022 (443,462,757 shares in issue)	5,873	5,873
Issued as a result of an exercise of options		
Nil	-	-
New share issued		
21/04/22 – 6,666,668	86	86
At 31 December 2022 (450,129,425 shares in issue)	5,959	5,959
Issued as a result of an exercise of options		
Nil	-	-
New share issued		
08/02/23 – 18,094,582	218	218
08/02/23 – 67,519,000	815	815
27/02/23 – 138,563,048	1,673	1,673
21/08/23 – 45	-	-
Share consolidation 50:1		
21/08/23 – 660,819,978	-	-
At 31 December 2023 (13,486,122 shares in issue)	8,665	8,665

Itaconix plc (previously Revolymer plc) was incorporated on 10 April 2012.

On 21 April 2022, the Company issued 6,666,668 ordinary shares with a nominal value of 1p per share for 4.5p per share. The consideration was received in cash.

On 8 February 2023, the Company and the Contingent Consideration Payees entered into a settlement agreement for the contingent consideration with the issuance of 18,094,582 new ordinary shares.

On 8 February 2023, the Company issued 67,519,000 ordinary shares with a nominal value of 1p per share for 5.1p per share. The consideration was received in cash.

On 27 February 2023, the Company issued 138,563,048 ordinary shares with a nominal value of 1p per share for 5.1p per share. The consideration was received in cash.

On 21 August 2023, the Company consolidated the outstanding shares in a 50:1 consolidation.

22. Notes to the statements of cash flow

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Loss before tax	**(1,509)**	(2,455)	**(2,610)**	(969)
Interest received	**(141)**		**(141)**	
Depreciation of property, plant and equipment	**194**	160	**-**	-
Amortisation of right-of-use asset	**202**	202	**-**	-
Loss on lease modification	**21**	-	**-**	-
Impairment of Group indebtedness	**-**	-	**2,473**	703
Reversal of Group interest income	**-**	-	**(665)**	(614)
Revaluation of deferred consideration, net of foreign exchange effect	**-**	18	**-**	18
Loss on foreign exchange	**530**	93	**398**	72
Share based payments charge	**229**	559	**229**	-
Taxation	**(27)**	(8)	**-**	-
Operating cash flows before movements in working capital	**(501)**	(1,431)	**(316)**	(791)
Decrease in inventories	**23**	250	**-**	-
Decrease / (increase) in receivables	**(1,257)**	116	**(95)**	(12)
Increase / (decrease) in payables	**(188)**	846	**13**	140
Net cash outflow from continuing operating activities	**(1,923)**	(219)	**(398)**	(663)

23. Share based payments

An expense is recognised for share based payments based on the fair value of the awards at the date of grant, the estimated number of shares that will vest and the vesting period of each award.

During the year to 31 December 2023, US employees did receive share options under the US Option scheme (and with an exercise price of 100% - 110% of the 3-day weighted average of the market price as at the date of grant) ("2019 US Employee Options"). On 28 June 2022, the Itaconix LTIP ("LTIP Management Options") and the EMI ("Employee Options") scheme expired such that no further options could be issued. Accordingly, the fair value of the LTIP Management Options and the Employee Options was estimated as at the date of grant using a Black Scholes model. The model took into account the terms and conditions upon which the options were granted using the following assumptions:

	Number of options granted	**Exercise price**	**Expected volatility**	**Risk free rate**	**Expected dividend yield**	**Expected option life**
2019 US Employee Options						
2023	30,000	£2.58	90.50%	3.54%	0%	3 years
2022	311,777	£2.51-£2.76	132.34%	1.69%	0%	3 years
2021	42,000	£3.77-£4.05	134.05%	0.97%	0%	3-4 years
2020	98,000	£1.36	132.62%	0.83%	0%	3 years
LTIP Management Options						
2022	21,215	£2.51-£2.76	132.34%	1.69%	0%	3 years

The valuation methodology used in valuing share-based payments includes the key assumptions shown above. Management have revisited and amended the assumptions in respect of expected volatility and risk free rate in the year to 31 December 2023. The charge for share based payments for the period to 31 December 2023 is accordingly $229k (31 December 2022 $559k).

Upon the expiration of the Itaconix LTIP and EMI scheme, $10.3m of historically charged share based payments expenses (for options previously issued but not exercised) were held in the share based payment reserve in respect of the terminated scheme. They have been reclassified to retained losses in the previous period.

Summary of all options – vested and unvested

During the year the Company operated an employee share option plan for the benefit employees of the Company.

All options granted in the year are subject to the employee completing a specified period of service. All options lapse when the employee ceases to be employed by the Company.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, vested and unvested share options outstanding plans during the year:

	2023 Number of shares	**WAEP**	2022 Number of shares	WAEP
Balance at beginning of year	**21,749,765**	**£0.04**	5,3500,00	£0.04
Awarded during year	**1,500,000**	**£0.05**	16,649,765	£0.05
Lapsed during the year	**(801,327)**	**£0.06**	(250,000)	£0.02
Share option reduction on consolidation	**(21,998,446)**	**£0.04**	-	£0.00
Unvested options at end of year	**449,992**	**£2.53**	21,749,765	£0.04

24. Related party transactions

Transactions with key management personnel

Remuneration of key management personnel

The remuneration of the Directors and Executives, who are considered to be the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2023 $'000	2022 $'000
Salaries and other short-term employee benefits	**867**	915
Post-employment benefits	**27**	22
Equity settled share based payment expense	**143**	442
	1,037	1,379

Contingent consideration of key management personnel

Certain key management personnel were partied to the contingent consideration agreement, as disclosed in Note 18, and received shares of stock in February 2023 in final settlement to that agreement.

25. Contingent assets

There were no contingent assets in 2023 (2022 - nil).

26. Contingent liabilities

There were no contingent liabilities in 2023 (2022 - nil).

27. Post Balance Sheet Event

There were no material post balance sheet events.

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