

27 June 2019

Itaconix plc (“Itaconix” or “the Group”)

Preliminary Results Announcement for the Year Ended 31 December 2018

Annual Report & Accounts

Itaconix (AIM: ITX), a leading innovator in sustainable specialty polymers, announces its audited results for the year ended December 2018 (“2018”).

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

2018 Financial Highlights

- Total revenues of £0.66 m (FY17: £0.55 m)
- Cash reserves at 31 December 2018 of c. £2.1m (FY17: c. £3.6m)
- As part of the restructuring undertaken in 2018, operating costs have been reduced by over £2m per annum
- Equity raise in August 2018 with net proceeds of £3.3 million to fund commercial development and meet working capital needs as the Group moves toward profitability

2018 Operational Highlights

- The Group achieved important progress at establishing the commercial value of its core products in their major application areas:
 - Success by Croda in geographic expansion of revenues and projects for our odour control polymer
 - Expanded our launch of our hairstyling polymer with use and revenues in Europe, North America and Asia
 - Developed a new auto dish detergent based on our new Itaconix® CHT™ 122 polymer and licensed the formula to New Wave for the marketing and sales of private-label detergent pods to major retailers in North America
 - Notified by Nouryon of interest in our detergent polymers based on internal performance evaluation and market assessment
- Restructuring of our operations in 2018 generated significant change in our organisation, Executive Team, and Board of Directors

Post Year End

- Received first order for use of our new detergent polymer in a European auto dish detergent product
- Completed worldwide supply agreements with Nouryon for our detergent and hair styling polymers, including the first purchase order for the hair styling product
- In May 2019, Itaconix completed its divestment of our minority interest in Alkalon for a total cash consideration of c. £242,000
- Effective 24 May 2019, Michael Townend stepped down as a Non-Executive Director

John R. Shaw, CEO of Itaconix, stated: "We are positioned for revenue growth and a focus on profitability with a reduced cost base and global partners in place for our current major products. While the ramp up in 2019 sales was initially delayed, revenue growth is accelerating, with underlying pre-tax losses for the full year decreasing and remaining in line with expectations."

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

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About Itaconix

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

www.itaconix.com

CHIEF EXECUTIVE OFFICER'S REPORT

Overview

I am pleased to deliver my first Chief Executive Officer's Report to update shareholders on what was a critical year for transforming Itaconix plc into a recognised leader in bio-based functional ingredients. In June 2018, we began a restructuring to reduce our cost base and focus on growing revenues for our current products. In August 2018, we completed an equity placement with net proceeds of £3.3 million to fund commercial development and meet working capital needs as the Group moves toward profitability. Most importantly, we now have global partners in place to take our current products worldwide in our key markets of non-phosphate detergents, odour control, and hair styling. Commercial momentum continues to build in 2019.

Strategy

Consumers in many countries around the world are seeking or are required by laws to purchase products that are more sustainable and safer for the environment and human use. The Group uses its proprietary technologies to create bio-based functional ingredients that meet particular consumer needs. We then use our direct selling efforts to acquire the first customers for a new ingredient, establish initial sales, and commercially validate its value in end-use products. Once we achieve first sales, we look to scale demand globally through collaboration with a market leader for ingredients in the particular application area. To date, we have executed this strategy with Croda in odour control and Nouryon (formerly AkzoNobel Specialty Chemicals) in hair styling and non-phosphate detergents.

Operational and Commercial Progress

We made significant advances with our strategy in 2018. The Group now has revenue growth and worldwide partners for current products, a lower cost base, new cash resources, and a strong focus on continued revenue growth and reaching profitability.

Through our research activities at our UK and U.S. operations over the past several years, we have built a proprietary polymer technology platform with broad potential to meet evolving market needs. It became evident in early 2018 that the Group's generation of new chemistries outpaced the commercial progress of our existing products. Consequently, to rebalance the Group's efforts, the Board acted in June 2018 to focus on revenue growth and reduce the Group's cost base by consolidating research and administration activities into the U.S. operations. In addition, the Board installed a new management team in August 2018, and completed a restructuring of the Board by the middle of December 2018.

In July 2018, a new placement of ordinary shares raised net proceeds of £3.3 million from existing shareholders and new U.S. investors. In May 2019, the Group generated an additional £0.24 million in cash resources through the sale of its minority interest in Alkalon A/S, a Danish nicotine gum company.

The Group achieved important progress in 2018 at establishing the commercial value of its core products in their major application areas. Product revenues grew by 12.9% from £0.54m in 2017 to £0.61m in 2018. Although apparently small, I am encouraged by the breadth of early-stage product use behind this growth and the indications that our bio-based ingredients are delivering key functional advantages to customers' end-products in a wide range of applications.

Odour control

Based on our collaboration started in 2017, Croda continued to expand its promotion of our ZINADOR™ odour neutralizing polymer in homecare and industrial applications, with active development projects in North America, Europe, Asia, Africa, and South America and important successes for future growth with major brands in key consumer application areas.

Non-phosphate detergents

Nouryon completed successful product performance evaluations and notified Itaconix in May 2018 of its desire to market our detergent polymers. The parties completed and announced an exclusive worldwide supply agreement in January 2019, under which Nouryon will market Itaconix detergent polymers to its customers in household, institutional, and industrial detergent and cleaner applications.

In December 2018, the Group also succeeded in securing future detergent polymer demand by licensing a novel automatic dishwasher detergent formula to New Wave Global Services ("New Wave"), a leading Canadian supplier of innovative products to North American retailers. Based on Itaconix® CHT™, New Wave is using the formula to produce and supply a new triple-chamber detergent pod for the private label brands at a growing list of major North American retailers.

In May 2019, the Group achieved initial success for Itaconix® CHT™ in Europe with its first order from a major producer of non-phosphate automatic dishwashing detergents. We see this order as a significant milestone in a key market for future growth based on the demanding performance requirements in the European automatic dishwashing detergent market.

Hair styling

Interest in our polymers at Nouryon expanded from detergents into hair styling in 2018. From a small base of activity in 2017, our direct selling efforts and distributor network generated continued growth in revenues and active customer projects for our RevCare™ NE 100S hair styling polymer. In addition to generating 123% growth in 2018 revenues from 2017, customer recognition of the unique functionality of RevCare™ NE 100S created a global collaboration opportunity with Nouryon, a worldwide leader in hair styling polymers. The parties completed and announced an exclusive worldwide supply agreement in February 2019. Nouryon launched the polymer under its own Amaze™ SP brand in April 2019 at the world's largest annual personal care ingredient show and has now placed its first order with Itaconix. With this supply arrangement in place, Itaconix is withdrawing the RevCare™ NE 100S brand from the market, with accounts and projects being transitioned to Nouryon.

Outlook

Presenting a new claim on end-product packaging often requires extensive testing to substantiate the claim, especially the first time a new ingredient is used. From automatic dishwashing detergents and carpet cleaners to hair shampoos and aluminum-free deodorants, our polymers have gained initial use or are under evaluation in a broad range of potential consumer products. Through our own work and the interest of our partners in the functional advantages of our polymer ingredients, we expect a steady stream of projects will advance to strong revenue growth for our current products. As noted above, for example, we reported the first use of our Itaconix® CHT™ polymer in a European automatic dishwashing detergent. I look forward to reporting on other new customers emerging from our project pipeline.

Beyond our key focus on higher revenues from current products, we do have an extensive portfolio of novel chemistries with potential for new products. We continue to assess these chemistries for functional advantages that can meet major consumer needs. For example, we have bio-based superabsorbents that may not necessarily compete directly on cost and performance against current petroleum-based superabsorbents, but may offer functional advantages for use in certain hygiene applications. We are also investigating functional additives that may improve the performance and expand the market opportunities for biodegradable plastics. I look forward to reporting on new products emerging from our development pipeline.

I believe the Group's polymer technology platform is set for generating stronger revenue growth in 2019 and beyond from our current customers, new customers gained through our worldwide partners, and new products emerging from our development pipeline.

People

The restructuring of our operations in 2018 generated significant changes in our organisation, Executive Team, and Board of Directors.

In June 2018, we announced the downsizing of our research, development, marketing, and administrative operations in Deeside, Wales, to focus on revenue growth and profitability in our three core product areas. As of February 2019, the Group had no employees at the facility.

Details on the development of the Executive Team and Board of Directors in 2018 are outlined below in the Strategic Report.

The sum total of these changes leaves the Group with an experienced Executive Team and Board of Directors aligned on commercial efforts to grow revenues from its current customer pipeline and focused on reaching profitability with a lower cost base.

I wish to thank our former Chief Executive Kevin Matthews, our former Chief Financial Officer Robin Cridland, and our former Non-Executive Independent Director and Audit Chair Julian Heslop for their dedication and contributions to transforming the Group from a nicotine gum business into a leading innovator in sustainable specialty polymers over the last four years.

Shareholder Engagement

The Notice of Annual General Meeting ("AGM") that accompanies the Annual Report sets out the business for our forthcoming AGM on 19 July 2019 and we encourage all our shareholders to attend and participate.

Corporate Governance

With effect from 28 September 2018, all AIM companies are required to adopt a recognised corporate governance code and to make additional corporate governance related disclosures on their website. I am pleased to announce that the Company has adopted the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). See www.itaconix.com for our governance disclosures.

Summary

After raising new funds and significantly reducing our cost base in 2018, the pace of revenue growth from the

uptake of our existing polymers into customer formulations remains our primary focus and the key dynamic to monitor for managing our costs and our cash to reach profitability. The Board firmly believes that the products, active customer projects, and global partnerships are in place to increase overall use of our polymers, gain larger accounts, and generate significant new revenue growth going forward.

John R. Shaw
Chief Executive Officer

STRATEGIC REPORT

Principal Activities

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

The principal activities of the Group are the 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, and partner development to scale global demand.

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

Proprietary Ingredients with Unique Functionality

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

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

Progress in 2018

The need in 2018 was to rebalance the Group's research and commercial activities to focus on revenue growth in its two core markets, homecare and personal care, with the goal of reducing cash use and reaching profitability sooner. Major rebalancing goals were achieved by consolidating our major activities into our U.S. operations and securing global partners to scale demand for our core products.

In conjunction with the consolidation and reduction in our cost base by over £1m per annum, the Group raised £3.3m in net proceeds from a placing completed in August 2018.

As detailed in the Chief Executive Officer's Statement, the Group entered 2019 with a strong cash position to grow revenues and improve profitability with a full complement of marketing partners for its core products.

Board Changes

There were significant changes to the Executive Team and Board of Directors in 2018.

John R. Shaw, President of Itaconix Corporation, was also appointed as Chief Executive Officer and a Director of Itaconix plc.

James Barber moved from Independent Non-Executive Director to Non-Executive Chairman in December 2018.

John I. Snow III was appointed as an Independent Non-Executive Director and Chairman of the Audit Committee in October 2018.

Bryan Dobson moved from Non-Executive Chairman to Independent Non-Executive Director in August 2018.

Kevin Matthews moved from Chief Executive Officer to Executive Chairman in August 2018, and then stepped off the Board in December 2018.

Robin Cridland resigned as Chief Financial Officer in August 2018.

Julian Heslop stepped down as a Non-Executive Independent Director and Chairman of the Audit Committee in October 2018.

Michael Norris was appointed Interim Chief Financial Officer in August 2018.

Subsequent to 2018, Mike Townend stepped down as a Non-Executive Director in May 2019.

Financial Review

Results and Dividends

The Group results are stated in the Consolidated Income Statement and are reviewed below. The Directors do not recommend the payment of a dividend (2017: Nil).

Financial Performance

Revenue

Total revenues for the 12-month period ended 31 December 2018 were £0.66m, representing a 20.0% increase over 2017 revenues of £0.55m. Revenue from the sale of products grew 12.9% in 2018 to £0.61m from £0.54m in 2017, with the balance of revenue derived from collaborative agreements. Revenues grew primarily from increased demand for the Group's detergent and personal care products.

Gross Profit and Loss after Tax

The gross profit fell from £0.22m in 2017 to £0.11m in 2018 primarily as a result of the scaling of capacity at the New Hampshire, USA operations. A greater portion of overhead costs were classified as production expenses in 2018 rather than development expenses related to the construction of the new production line in 2017. Gross profit margins are expected to improve as these overhead costs are absorbed through increased capacity utilization from future anticipated business.

The Operating loss before exceptional items decreased from £5.2m 2017 to £4.1m for 2018, significantly assisted by administrative expenses declining from £5.5m in 2017 to £4.3m in 2018. This 22% decrease derived mainly from the consolidation of research and administrative activities into the New Hampshire, USA operations.

Costs and Available Cash

The Group had net cash outflow from operations of £4.85m, partially offset by net proceeds from an issue of shares of £3.3m, giving an overall net cash outflow of £1.5m. Net cash balances as at 31 December 2018 were £2.1m. Furthermore, while our restructuring programme has reduced operating costs by over £2m per annum, the Group continues to have net cash outflows from operations. Subsequent to the year end, the Group received a £0.3m R&D tax credit refund and £0.24m from the sale of its minority interest in Alkalon A/S.

Revaluation of Deferred Consideration

As a result of revaluing deferred consideration with respect to the acquisition of Itaconix Corporation in 2016, there is an exceptional non-cash expense of £2.2m (excluding foreign exchange), which partially offsets the £2.5m exceptional income in 2017 reflecting a change in assumptions and terms of the deferred consideration.

Organizational Restructuring

In 2018, there was an exceptional charge of £0.89m in relation to organizational restructuring for the consolidation of the Group's research and administration into its New Hampshire, USA operations.

Financial Reporting

In the financial year commencing 1 January 2018 the Group applied two new accounting standards.

IFRS 9 "Financial Instruments"

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement, and has had an effect on the Group in the following areas:

- The impairment provision on financial assets measured at amortised cost (such as trade and other receivables) has been calculated in accordance with IFRS 9's expected credit loss model, which differs from the incurred loss model previously required by IAS 39.
- Loans to subsidiaries measured at amortised cost have been calculated in accordance with IFRS 9's expected credit loss model. These loans were considered to be credit-impaired at the date of initial adoption of the new standard. The directors have considered cash flows that may be generated from the orderly sale of the underlying business in order to establish the assessment of lifetime expected credit losses at initial adoption and at year end.
- There were no material changes resulting from the adoption of IFRS 9.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 has replaced IAS 18 Revenue and IAS 11 Construction Contracts as well as various Interpretations previously issued by the IFRS Interpretations Committee.

- (a) Sale of goods

Purchase orders with customers in respect of the sale of polymers (£0.61m) continue to be recognised when goods are delivered to the customer, and as such control of the asset is transferred to the customer. IFRS 15 has therefore had no impact on this revenue stream.

(b) Collaborative research

Contracts with customers in which collaborative research (£0.05m) on development stage products are completed are recognized in agreement with milestones as identified in the contractual agreement. IFRS 15 has therefore had no impact on this revenue stream.

Key Performance Indicators (KPI's)

The Group considers its' three key performance indicators to be:

- Revenue
- Profits before interest, tax, & non-cash expenses
- Cash

The Directors consider that revenue and profits are KPI's in measuring Group performance. The Group seeks to commercialise its existing and new technologies, and generate revenues from a growing number of commercial agreements with users of the products. The performance of the group is set out in the Chief Executive Officer's Report.

The Directors believe that a further important performance measure is the Group's rate of cash expenditure and its effect on Group cash resources. Net cash outflows for the period to 31 December 2018 were £1.5m (2017: £5.2m). Further details of cash flows in 2018 (and 2017) are set out in the Group's Consolidated Cash Flow Statement.

Going Concern

Analysis of Itaconix's going concern position is detailed in Note 2.

Shareholdings and Earnings per Share

Itaconix had 269,130,071 shares in issue as at 31 December 2018. The undiluted weighted average number of shares for the period to 31 December 2018 was 157,492,765. The difference in the two numbers is the result of the issuance of new shares in August 2018. The undiluted weighted average number of shares was used to calculate the earnings per share.

Principal Risks and Uncertainties

Commercialisation Activities

Ultimately, it is uncertain whether our range of Itaconix products will be purchased in sufficient quantity for the Group to be successful in the commercial market. Progress in 2018 has been made to address costs whilst looking to fill unused capacity through developing existing and new commercial partnerships.

Management of risk: The Group has sought to manage this risk by partnering with market leaders for the worldwide promotion of our leading products, the appointment of a new Chief Executive Officer, and the reorganization of its research and administrative activities.

Dependence on Key Personnel

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

Management of risk: The Group has a share incentive agreement, and service contracts in place for John R. Shaw as Chief Executive Officer and Dr. Yvon Durant as Chief Technology Officer. In addition, the Group is seeking shareholder approval at the forthcoming AGM for an Equity Incentive Plan for potential share option grants to other key personnel at its New Hampshire, US operations.

Customer Retention

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

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

Regulatory and Legislation

Regulatory bans on the use of phosphates as ingredients in detergents have transformed the consumer detergent markets in Europe and North America over the last ten years. Phosphates are known to enter waterways through detergent effluent and act as a nutrient for algae growth that subsequently cuts oxygen

levels in water and harms aquatic life. We believe that phosphates are likely to be phased out in other jurisdictions around the world over time. Itaconix polymers can act as effective replacements for phosphates in detergent formulations and are used in numerous detergent products in North America and Europe for this purpose.

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

Competition and Technology

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

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

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 significant cash balances in Itaconix's main operational currencies, notably UK Sterling and US Dollars.

Credit Risk

The principal credit risk for Itaconix arises from its trade receivables. To manage credit risk, new customers are subject to credit review and all customer accounts are regularly reviewed for debt ageing and collection history. As at 31 December 2018, there were no credit risk balances.

Foreign Exchange Risk

Itaconix has operations in the UK and US, and trades with customers internationally. Revenue and costs are exposed to variations in exchange rates and therefore reported losses. Although there is some natural hedging of transactional foreign exchange risk, Itaconix remains subject to translation exchange risk.

Government Risk

US trade tariffs with China have caused increases to certain raw material costs, and may continue to create volatility. These increases have not caused any major issues with profitability to date. Itaconix is assessing alternative supply channels, and is prepared to pass cost increases through to customers if needed. The resolution or lack of resolution of Brexit has potential risks for a macroeconomic downturn in the UK and contagion more widely to other global economies. Itaconix has its main operations in the US, generates a small percentage of revenues in the UK, and partners with global companies. As such we do not currently anticipate a material impact of Brexit on the business.

James Barber
Chairman

John R. Shaw
Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Revenue	3	660	553
Cost of sales		(555)	(332)
Gross profit		105	221
Other operating income		96	112
Administrative expenses		(4,310)	(5,507)
Group operating loss before exceptional items		(4,109)	(5,174)
Exceptional (expense) income on revaluation of contingent consideration		(2,489)	2,511
Exceptional expense on organizational restructuring		(891)	-
Exceptional expense on impairment of intangible assets		-	(8,992)
Finance income		3	1
Share of profit (loss) of associate		90	(214)
Operating Loss before tax from continuing operations		(7,396)	(11,868)
Release of previously recognised deferred tax liability		-	1,229
Taxation credit		140	465
Loss for the year from continuing operations		(7,256)	(10,174)
Profit after tax for the year from discontinued operations		-	33
Loss for the year		(7,256)	(10,141)
Basic loss per share	4	(4.6)p	(12.9)p
Diluted loss per share	4	(4.6)p	(12.9)p

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	£'000	£'000
Loss for the year	(7,256)	(10,141)
Items that will be reclassified subsequently to profit or loss		
Exchange (losses) in translation of foreign operations	(357)	(543)
Total comprehensive loss for the year, net of tax	(7,613)	(10,684)
Attributable to:		
Equity holders of parent	(7,613)	(10,684)

CONSOLIDATED BALANCE SHEET

At 31 December 2018

	2018	2017
	£'000	£'000
Non-current assets		
Property, plant and equipment	719	980
Trade and other receivables	–	–
Investment in subsidiary undertakings	–	–
Investment in associate undertakings	131	–
	850	980
Current assets		
Inventories	303	271
Trade and other receivables	711	706
Cash and cash equivalents	2,083	3,606
	3,097	4,583
Total assets	3,947	5,563
Financed by		
Equity shareholders' funds		
Equity share capital	2,686	787
Equity share premium	30,301	28,603
Own shares reserve	(3)	(4)
Merger reserve	20,361	20,361
Share based payment reserve	6,632	6,404
Foreign translation reserve	539	896
Retained earnings	(60,333)	(53,077)
Total equity	183	3,970
Non-current liabilities		
Contingent consideration	3,052	607
Current liabilities		
Trade and other payables	712	986
Total liabilities	3,764	1,593
Total equity and liabilities	3,947	5,563

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

At 31 December 2018

	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 2017	787	28,588	(5)	20,361	6,220	1,439	(42,936)	14,454
Loss for the year	–	–	–	–	–	–	(10,141)	(10,141)
Exchange differences on translation of foreign operations	–	–	–	–	–	(543)	–	(543)
Exercise of share options	–	15	1	–	–	–	–	16
Share based payments	–	–	–	–	184	–	–	184
At 31 December 2017	787	28,603	(4)	20,361	6,404	896	(53,077)	3,970
Loss for the year	–	–	–	–	–	–	(7,256)	(7,256)
Share issuance, net of expenses	1,899	1,698	–	–	–	–	–	3,597
Exchange differences on translation of foreign operations	–	–	–	–	–	(357)	–	(357)
Exercise of share options	–	–	1	–	–	–	–	1
Share based payments	–	–	–	–	228	–	–	228
At 31 December 2018	2,686	30,301	(3)	20,361	6,632	539	(60,333)	183

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018	2017
	£'000	£'000
Net cash outflow from operating activities	(4,850)	(4,659)
Interest received	–	1
Proceeds from property, plant and equipment	56	–
Purchase of property, plant and equipment	–	(436)
Investment in associate undertaking	(26)	(60)
Cash loaned to subsidiary undertakings	–	–
Cash loaned to associate undertaking	–	(44)
Net cash inflow / (outflow) from investing activities	30	(540)
Cash received from issue of shares	3,497	16
Transactions costs paid on the issue of shares	(200)	–
Net cash inflow from financing activities	3,297	16
Net (outflow) in cash and cash equivalents	(1,523)	(5,183)
Cash and cash equivalents at beginning of year	3,606	8,789
Cash and cash equivalents at end of year	2,083	3,606

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Basis

The financial information set out in this document does not constitute the Group's statutory accounts for the years ended 31 December 2017 or 31 December 2018. Statutory accounts for the years ended 31 December 2017 and 31 December 2018, which were approved by the directors on 26 June 2019, have been reported on by the Independent Auditors. The Independent Auditor's report on the Annual Report and Financial Statements for years ended 31 December 2017 and 31 December 2018 were unqualified, did draw attention to a matter by way of emphasis, being going concern and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2018 will be delivered to the Registrar of Companies in due course and will be posted to shareholders shortly, and thereafter will be available from the Group's registered office at Fieldfisher Riverbank House, 2 Swan Lane, London, United Kingdom, EC4R 3TT and from the Group's website <http://itaconix.com/investors/>

The financial information set out in these results has been prepared using the recognition and measurement principles of International Accounting Standards, and International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The accounting policies adopted in these results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 December 2017, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2018. New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2018 are IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. Other new standards, amendments and interpretations to existing standards, which have been adopted by the Group have not been listed, since they have no material impact on the financial statements.

2. Going Concern

The financial statements have been prepared on a going concern basis. The directors have reviewed 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 £7,256k, had Net Current Assets at the period end of £2,385k and a Net Cash Outflow from Operating Activities of £4,850k. Primarily, the Group meets its day to day working capital requirements through existing cash resources and had on hand cash, cash equivalents and short term deposits at the balance sheet date of £2,083k (2017: £3,606k).

During the year, the Group reduced its expenditures, restructured its operations and successfully raised net funding of £3,296k.

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

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

3. Revenue and Segment Information

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

	2018	2017
	£'000	£'000
Sale of goods	660	553
	660	553
Geographical information		
	2018	2017
	£'000	£'000
Europe	176	249
North America	477	296
Asia	7	8
	660	553

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

Segmental information

The revenue information above is derived from the continuing operations and excludes the Nicotine Gum segment that was disposed of during the previous year.

The Group therefore has one segment - the Specialty Chemicals segment which designs and manufactures proprietary specialty polymers to meet customers' needs in the home care and industrial markets and in personal care. This segment makes up the continuing operations above.

Net assets of the Group are attributable to geographical location as at 31 December 2018.

	2018	2017
	£'000	£'000
Europe	39	2,717
North America	124	1,253
Asia	-	-
	183	3,970

4. Loss per Share

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

	2018	Continuing operations	Discontinued operations	Total
	£'000	2017 £'000	2017 £'000	2017 £'000
Loss				
Loss for the purposes of basic and diluted loss per share (£'000)	(7,256)	(10,174)	33	(10,141)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share ('000)	157,494	78,715	78,715	78,715
Basic and diluted loss per share	(4.6p)	(12.9p)	0.0p	(12.9p)

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 2018 are identical to those used for the basic earnings per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

5. Cautionary Statement

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