This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014

9 May 2022

Iofina plc
("Iofina", the "Company" or the "Group")
(LSE AIM: IOF)

2021 FULL YEAR RESULTS

FOURTH SUCCESSIVE YEAR OF RECORD REVENUE AND EBITDA

Iofina plc, specialists in the exploration and production of iodine and manufacturers of specialty chemical products, announces its audited full year results for the 12 months to 31 December 2021 (the "Period").

Bounce back in demand boosted sales and profits in 2021:

- Revenue increased by 31% to \$39.0m to (2020: \$29.7m)
- Gross profit increased by 28% to \$10.7m (2020: \$8.4m)
- EBITDA improved by 47% to \$6.9m (2020: \$4.7m)
- Operating profit increased by 78% to \$5.2m (2020: \$2.9m)
- Profit before tax increased by 301% to \$5.1m (2020: \$1.3m)

Strong balance sheet and further reduction in net debt:

- Cash flow generation of \$5.9m reduced net debt from \$8.9m to \$3.0m
- Finance expense decreased by 83% to \$0.3m (2020: \$1.7m)

Investing for growth:

- Commenced site negotiation process for IO#9 construction in the Period.
- Capital investment into projects and equipment was \$1.5m (2020: \$2.4m) including process improvements and replacements at the Iofina Chemical plant

2022 so far:

- Current global iodine spot prices have reached \$60/kg and above, up 20% since the beginning of 2022
- Production of 103.8 MT of crystalline iodine in Q1 from Iofina's five IOsorb® plants
- Finalising terms with new brine supply partner for IO#9 plant

Commenting, President and CEO Dr. Tom Becker, stated:

"Today we are proud to announce that 2021 was our fourth consecutive year of record revenues and EBITDA. By executing our fundamental business plans coupled with a strong bounce back in demand for iodine and its end-use products in the wake of the COVID-19 pandemic, we were able to deliver enhanced revenues and profits and significantly reduce our debt through strong cash generation. Our margins have been bolstered by a strong iodine price particularly over the last 6 months, and we expect these high prices to continue during 2022.

"Whilst lower brine supply from our oil and gas partners impacted iodine production in the Period, we are hopeful supply will improve this year with oil and gas companies now reinvesting in their assets to boost production. The delay to the construction of our IO#9 plant has been frustrating, but we are now finalising an agreement with a new brine supply partner and expect to have a further update on this shortly.

"Iofina Chemical continued to perform well and was integral to the Group's sales and earnings. We have been working on enhancements to improve efficiencies and capacity for certain iodine and non-iodine products, and we expect a laboratory upgrade in Q2 2022 to improve the Company's R&D capabilities.

"With market fundamentals remaining favourable, a much-improved balance sheet, and continued strategic investment in our growth, the Board remains confident in the future success of the business and looks forward to keeping shareholders updated on progress."

Investor Presentation

The Company plans to provide a presentation relating to the Company's outlook and these 2021 results. Details will be provided soon via a RNS Reach announcement.

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About Iofina:

Iofina plc (AIM: IOF) is a vertically integrated Company that specialises in the production of Iodine and the manufacturing of specialty chemical products. Iofina is the second largest producer of iodine in North America and operates the manufacturing entities Iofina Resources and Iofina Chemical.

IOFINA PLC

LEI: 213800QDMFYVRJYYTQ84

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Iofina Resources

Iofina Resources develops, builds, owns and operates iodine extraction plants using Iofina's WET® IOsorb® technology. Iofina currently operates five producing IOsorb® plants in Oklahoma and is consistently using technology and innovation to improve and expand its operations.

Iofina Chemical

Iofina Chemical has manufactured high quality halogen specialty chemicals derived from raw iodine, as well as non-iodine based products for over 38 years.

www.iofina.com

Iofina plc Annual Report & Accounts 2021

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COMPANY INFORMATION

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CHAIRMAN'S STATEMENT

Introduction

I am delighted to report our fourth consecutive year of record revenue and EBITDA. Some of the 2021 financial highlights include increased revenue by 31% from $29.7m to $39.0m and EBITDA improvement by 47% from $4.7m to $6.9m. Additional highlights include a bank debt to EBITDA ratio of 1.18 for year-end 2021 compared to 2.62 for year-end 2020, decreased finance expense by 83% from $1.7m to $0.3m, increased profit before tax by 301% from $1.3m to $5.1m, increased shareholder equity from $20.7m to $29.9m and cash flow generation of $5.9m which reduced net debt from $8.9m to $3.0m. If one compares these financial reporting metrics to five years ago, it will illustrate a Group struggling to survive which has now been transformed to a thriving Company with reasonable debt, growth, and strong cash flow. For 2022 we continue to see positive trends in our specialty chemical business lines.

We have built an excellent business with diversified, low-cost production across a diverse array of IOsorb® plants and a specialty chemicals business supplying customers across a number of end markets. We continue to develop new niche innovative products and plan to invest approximately $2 million of CAPEX in 2022 into Iofina Chemical. This will include a unique commercial process on recycling iodine and other products from customers' chemical waste streams, which is likely to come online in 2023. With debt reduced for the third consecutive year and a healthy balance sheet, we can continue investing in the right areas to deliver future growth and profitability. Recently, we have seen more investment in our specialty chemical business but we are close to completing a new partner contract which will quickly lead to the construction of IO#9. Our main goal remains 'continuous improvement' throughout the business, which can be measured by financial results, as well as the creation of new products and the wellbeing of our staff. The management team is committed to delivering improvements across the business every year, which will ultimately continue to drive shareholder value.

Iofina Chemical

After reduced H2 2020 demand due to the pandemic, Iofina Chemical ("IC") emerged in a great position for growth and ended 2021 with $39.0 million in sales.

Iofina's continued diversification of its iodine derivatives as well as key other product lines allowed IC to grow at over 30% in revenue year-over-year ("YOY"). Although there were supply challenges in the iodine market in 2021, IC had 102% revenue growth YOY in iodine derivatives due to the backward integration of iodine through Iofina Resources. The unexpected rising price of iodine in 2021 also contributed to the overall success.

A key factor in the continued growth of IC was the successful process upgrade of a major product produced. In addition, IC received its first industry Performance Award for excellence in EHS&S practices. I am pleased to report IC continues to achieve excellence in safety performance finishing 2021 with no lost time accidents. Additional derivative development in emerging products has also been key in 2021 and is important for growth in future years. IC is investing in a number of improvement projects in 2022 to achieve both short-term and long-term growth. These include improvements to R&D facilities, new product research, expansion of a non-iodine product and investments for a project involving iodine recycling.

IC is poised for continued growth in 2022 and with the continued global supply issues of iodine and with backward integrated iodine supply, the Group will be ready to capitalize on new opportunities.

Iodine Prices

Since the iodine price lows of early 2017, prices steadily increased through early 2020, reaching $35-37/kg. During the second half of 2020, as global economies contracted, so did the demand for iodine, resulting in prices reducing slightly. Iodine prices began 2021 at approximately $32.5-36/kg, which was similar to where prices were pre-pandemic in early 2020 and ended the year at $50/kg after a significant increase in global demand for iodine. Leading the increase for iodine were human health applications such as povidone iodide (PVPI) and X-ray contrast imaging agents. Additionally, the recent demand for potassium iodide (KI) pills, following the Russian invasion of Ukraine, for the use of protecting humans from radioactive exposure has been reported by many news outlets. The Company believes this demand for KI will only have a minor impact on the demand for iodine due to the low amount of iodine needed for protection. Currently iodine prices are trending higher in a tight supply market with spot pricing now at $60/kg and above. The last time spot prices for iodine were above $60/kg was June 2013. Iofina now expects iodine prices to remain steady or slowly increase in 2022 due to strong global demand and environmental and geopolitical risks in Chile.

Iofina Resources

Iofina Resources (“IR”) achieved record sales in 2021, a highly commendable feat against the backdrop of the ongoing impact of the COVID-19 pandemic. Due to the diligent efforts of our operational personnel and the dispersed locations of our 5 producing IOsorb® plants, we were able to continuously produce iodine throughout the year. Ensuring the safety of our employees and maximizing our efficiency was our focus while also dealing with issues that impacted the production of iodine.

In February 2021, there were unprecedented extreme freezing weather conditions in Oklahoma. These conditions required IR to suspend all iodine production operations for approximately two weeks in February 2021. Our Operational personnel successfully executed the plan to protect and ensure the safety of each person and to winterize each IOsorb® plant to protect the equipment from the damage imposed by the freezing conditions. Nearly all oil and gas field production was shut-in. Once the thaw began IR was able to resume production efficiently and safely.

The Company also experienced issues related to the supply chain of our raw materials. The challenges were potential shortages of these raw materials and unprecedented price increases and freight surcharges. IR did not experience a single hour of downtime due to lack of chemicals at the IOsorb® plants. IR has developed long standing relationships with multiple suppliers for chemicals and raw materials over the years. By working with our suppliers from the boardrooms to the loading dock our supply chain did not break as most companies had experienced and are currently experiencing. IR continues to utilize long term supply contracts, open lines of communication and excellent inventory management to work with our suppliers to ensure continuity of supply and the best possible prices.

The single largest major challenge IR faced in 2021 was the decline in overall brine production by our partners, which directly impacted our iodine production output. This brine decline was caused by two factors. First, as previously reported, oil and gas operators' budgets were curtailed significantly during the height of the pandemic due to a sharp decline in global demand. Capital budgets were slashed and routine maintenance on wells was deferred wherever possible for producers to survive. Many wells were also shut in. The second factor has been the dramatic change toward fiscal discipline within the oil and gas sector due to the tightness of capital markets and debt financing. In previous commodity cycles the oil and gas industry would increase spending in response to increases in commodity prices. Often this spending would exceed the cash flow of these companies, resulting in increased debt and a weakening of their balance sheet. In 2021 there was a fundamental shift in this historical business model due to weak demand and negative prices. Oil and Gas operators have adopted fiscal restraint in allocating capital. In previous cycles the industry invested in production and reserves growth at all costs. Today the focus is to maintain free cash flow, returning capital to stakeholders and meeting aggressive ESG goals. The publicly traded E&P companies are being rewarded with increased share prices for their change in focus. Production growth in a sustainable manner of less than 5% is the norm today. Free cash flow is the mantra of the day. The impact on IR's business is less brine available for iodine extraction. The Company's long-term forecast indicated a slow decline curve over time but Covid factors and change in business practices of the oil and gas industry caused this decline to exceed our projections. This iodine rich brine has not been lost but rather its production has been delayed. For example, one of our operators highlighted in their year-end report that their oil and gas assets in Oklahoma have a 15-year economic life when prices were low. The life will be higher now due to the increase in prices.

Oil and gas prices have continued to rise moving into 2022. Global demand is the fundamental driver of these increases. In addition, various geopolitical events are adding to the volatility and continued price increase. As a result, many oil and gas operators, including our partners, will have strong cash flows in 2022. This will translate into increased spending by the operators to increase production sustainably and modestly through more aggressive workover programs including drilling of new wells. Having access to brine streams from different operators with different balance sheets will minimize future declines and help to level out overall brine production from existing IOsorb® plants.

IR continues to diversify its access to iodine rich brine streams through its exploration efforts. IR is actively collecting brine samples and evaluating multiple geographic locations continuously. The results of these efforts have led to discussions with the several different operators and involve the potential for multiple IOsorb® plant locations. These discussions with the operators about the economics of iodine extraction also involve ESG objectives and their role in the life cycle of produced water reuse and disposal. IR is uniquely qualified to be a key partner with these operators in achieving the goal of a more sustainable produced water model. IR provides a depth of knowledge in water quality and in various methods, both mechanically and chemically, to treat water for reuse as well as the capturing of iodine from what has heretofore been considered waste. IR welcomes this transformation in the industry and looks forward to working with the industry to realize value for all stakeholders in a safe and sustainable manner. The opportunities to work on and develop produced water reuse and recycling projects is exciting. The oil and gas industry has always been a global force for ingenuity and the challenges of produced water reuse and recycling will be no different. We have chosen IO#9 to be in a new iodine rich area with robust drilling activity. This will help diversify our geographical risk and allow the Group to have additional oil and gas partners. We continue to forge relationship with new partners for multiple sites.

Change requires time and effort. IR believes that building these working relationships will yield numerous opportunities to increase the production of iodine and enhancements in the handling of produced water in general. Coupled with strong commodity prices for both Iodine and oil and gas and strong balance sheets sets the stage for a period of smart expansion for Iofina. The experienced team at Iofina has a proven track record and the expertise to take advantage of this evolving market.

Environment, Health and Safety ("EHS")

Iofina is committed to operating in a safe, efficient, and environmentally friendly manner. The Group is committed to the highest standards of safety for our employees and our community. Iofina's iodine production utilizes a produced brine stream which, without Iofina, would simply be disposed of along with the contained iodide. Isolation of this valued resource from a produced stream is an extremely environmentally friendly method in contrast to other major US based iodine production, which requires the drilling of new brine wells that serve no other purpose than iodine production.

The Group is constantly striving towards continuous improvements in its EHS policies and programs. Iofina Chemical is a Chemstewards® certified facility (recertified in 2019 and currently active) and received a Chemstewards® award for resource management and waste minimization. Additional improvements to quality management systems are ongoing. Iofina Resources and Iofina Chemical each have an EHS manager to oversee practices, and upper management personnel are regularly updated on EHS performance matrices. All Iofina employees are engaged in practices to continually improve safety and reduce environmental impact.

Iofina has also implemented further safety initiatives throughout the COVID-19 pandemic to protect its employees.

Strong Board and Governance

The Directors continue to acknowledge the importance of high standards of corporate governance. The Group's Corporate Governance Statement is found on page 26 of this report. Given the Group's size and the constitution of the Board, the Directors decided to adopt the principles set out in the QCA Corporate Governance Code published in April 2018 (the "QCA Code") in advance of the requirement to adopt a corporate governance code under AIM Rule 26 of the AIM Rules for Companies. In addition, we continue to operate a robust framework of systems and controls to maintain high standards throughout the Group, further details of which can be found in the Corporate Governance Statement. The Board believes that effective corporate governance assists us in the delivery of our corporate strategy, the sustainable generation of shareholder value and the safeguarding of our stakeholders' long-term interests. We continue to strengthen the Board by adding independent appointments that have the interest of all shareholders at the forefront. Iofina will continue to seek a diverse Board with strong skill sets that continue to grow and challenge the Company while representing all shareholders.

Outlook

Last year I stated that "The next few years look to be transformational for Iofina." We still believe this. We now have a highly attractive, profitable Group to present to institutional funds, family offices, and retail investors worldwide. We are looking forward to the return of non-virtual investor roadshows and investor programs. We are exploring options to allow better access to investing in Iofina for potential shareholders outside of the UK. The Board has also approved and will be requesting shareholder's authority for the Group's first share buyback of up to 15,000,000 shares of the Group in open market and privately transacted purchases when available.

In terms of our expansion, we are squarely focused on growing our current iodine production and specialty chemical businesses including developing new and exciting chemical compounds. We are also considering strategies to reduce our reliance on our current oil and gas partners. We have and continue to explore potential business partnerships and combinations that could be of benefit to shareholders. Iofina is expanding our M&A efforts to possibly include smaller niche products being divested from larger companies. Iofina's niche products continue to propel the Company and we feel that similar products will work in our model. As stated previously, over the past several years we have been working to diversify our product lines, recognizing the importance of product diversification in our core chemical competencies. This diversification was shown to be particularly important in 2020 as many sectors contracted and in the coming years, we will continue this diversification.

We continue to be wise and focused on calculated risks in our approach to growth. The Group evaluates all the data points we have available including the paradigm shift we have seen both politically and economically from the low oil and natural gas prices experienced in 2020. This has had an impact on our business. This affected the Company in 2021 much more than we had anticipated both at our current sites and caused delays on our plant expansion selection in 2021. While we had hoped to begin construction on an additional IOsorb® plant in 2021 we were regrettably not able to do so.

Earlier I drew the parallel to the Iofina of five years ago when we were operating in a higher leverage, lower price environment. We navigated those years through prudent management of the variables in our control. We know what these variables are and will only expand the business where we can minimize the influence of those which are uncontrollable. For example, we refused to go to our second and third choice new plant locations in 2021 – there were simply too many factors in each location that we could not control. We continue to apply this rigour today and into the future.

As such, we are confident the optimal target locations will be secured using the new market considerations, but we can never be exact on the timing. The Company made mistakes in 2013 with large cost overruns, delayed supplies of electric to the plants, subpar location selections, and optimistic long term iodine pricing forecasts which resulted in a large amount of debt and subpar performance. It took a lot of hard work, dedication, improved efficiencies, cost reductions, a little luck, and 7 years to fully recover as a Company. We will not make the same mistakes again. We need to always focus on being a low-cost producer and not let our standards change as iodine prices may increase and decrease over time, a variable we can't control. We can only control our production cost; thus, we are committed to expanding at the best suited sites which are ideal in all pricing environments.

We look forward to sharing our long-term growth plans highlights to shareholders as our internal strategic plan continues to roll out and be updated. Over last few years we have achieved our previous financial goals which were keenly focused on reducing debt, growing the business with restraint, and achieving banking relationships. Now we are tasked on developing new financial goals to match the Group's growth aspirations while maintaining a safe and acceptable debt/EBDITA ratio and other metrics. We will also update our key performance indicators ("KPIs") as laid out further in this report to better align with our strategic plan during the next calendar year.

I would like to thank all of our shareholders for their continued support as we guide the business, and we are looking forward to the excellent opportunities we are seeing as we move the Company forward in setting more record years.

Lance J Baller
Non-Executive Chairman
Iofina plc
6 May 2022

FINANCIAL REVIEW

Summary 2021 v 2020

- Fourth successive year of record revenue and EBITDA
- Revenue increased by 31% from $29.7m to $39.0m
- Gross profit increased by 28% from $8.4m to $10.7m
- EBITDA improved by 47% from $4.7m to $6.9m
- Operating profit increased by 78% from $2.9m to $5.2m
- Finance expense decreased by 83% from $1.7m to $0.3m
- Profit before tax increased by 301% from $1.3m to $5.1m
- Cash flow generation of $5.9m reduced net debt from $8.9m to $3.0m
- Paycheck Protection Program loans of $1.09m were forgiven and credited to income
- Non-performing 2019 investment of $0.9m in Organic Vines was impaired
- Exceptional deferred tax credit to profit of $4.1m for US accumulated tax losses
- Capital investment into chemical and iodine plants was $1.5m (2020: $2.4m)

Trading results

Total revenue increased by 31% from $29.7m to $39.0m. After a COVID related drop in sales in H2 2020 demand rebounded in 2021, and sales were boosted by availability of inventory unsold as of the 2020 year end. Turnover of iodine related products increased by 65% from $18.5m to $30.5m. Sales revenue from crystallised iodine increased by 31%, with a 27% volume increase from 324 metric tonnes to 411 metric tonnes. Iodine prices increased, with an average price of $36.03 (2020: $34.84) per kilogram. The price acceleration seen in Q4 2021 has continued, reaching $60 per kilogram and above as of end Q1 2022. Sales revenue from iodine derivative products increased by 102% and utilised 321 metric tonnes of production (2020: 155 metric tonnes). Non-iodine products revenue fell by 23% from $11.2m to $8.6m, with some forecast demand delayed.

Gross profit improved overall by $2.3m (28%) to $10.7m (2020: $8.4m), in line with 2020 at 27% of sales (2020: 28%). Margins over costs of materials were at similar percentage levels to 2020 across product categories. Costs of the Iofina Chemical plant were at the same level as for 2020. Production costs of iodine per kilogram at Iofina Resources increased by 13%, reflecting similar overall costs to 2020 applied to a lower production output.

Crystallised iodine production was 518 metric tonnes compared to 610 metric tonnes for 2020. Sales of crystallised iodine, both as raw iodine and in derivative compounds, increased by 53% from 479 metric tonnes to 732 metric tonnes. Sales of crystallised iodine were 56% of the total (2020: 68%), and sales of crystallised iodine in derivative products were 44% of the total (2020: 32%).

EBITDA improved by 47% from $4.7m to $6.9m after deducting $3.8m SGA expenses (2020: $3.7m) from gross profit of $10.7m (2020: $8.4m). Operating profit after depreciation and amortisation of $1.7m (2020: $1.8m) was $5.2m compared to $2.9m for 2020.

Finance expense

Finance expense fell by $1.4m from $1.7m in 2020 to $0.3m in 2021. The 2020 expense included $1.0m of interest and fees relating to the borrowing arrangements prior to the refinancing concluded in September 2020. There was also $0.4m of refinancing fees relating to the September 2020 restructure itself. The terms of the Group's current borrowing arrangements are set out in Note 20.

Profit before tax

Profit before tax improved by $3.8m from $1.3m (2020) to $5.1m (2021). The improvement mainly reflects much stronger trading driven by increased demand for iodine and an associated rise in price, together with a step change reduction in finance costs resulting from the 2020 refinancing.

Paycheck Protection Program loans

Paycheck Protection Program loans totalling $1.09m were received during 2020. Notification of forgiveness of these loans was received from the Small Business Administration in January 2021, and the sums advanced have consequently been credited to income.

Investment

The Group's November 2019 investment of $0.9m in the hemp seed production undertaken by Organic Vines OP LLC has not provided any of the returns forecast on the basis of market conditions at that time, with COVID a significant factor. The Company cannot predict any future income with any reasonable probability, and therefore the investment has been impaired to Nil.

Deferred tax

In accordance with IAS 12 and in light of the Group's recent much improved profitability, and therefore its likely utilisation of its $19.4m accumulated US Federal tax losses in the foreseeable future, a deferred tax asset of $4.1m reflecting the value of those losses at a tax rate of 21% has now been set up in the balance sheet and credited to tax in the statement of comprehensive income. This asset will be amortised to the profit and loss account in line with future reductions in tax payable from utilisation of the losses.

Capital investment

The Group invested $1.5m in capital projects and equipment (2020: $2.4m), most of which relates to new projects, process improvements and replacements at the Iofina Chemical plant. In accordance with IFRS 16 there is also an addition of $0.4m to right-of-use assets and associated lease liabilities in respect of a four-year extension to the Iofina Resources Denver office lease. The related cash outlay will occur through monthly rental payments over the period of the lease extension.

Cash flow

Cash started the year at $3.5m and ended $1.8m higher at $5.3m, after paying off $1.4m of the bank term loan in accordance with the borrowing schedule and also depositing $2.7m of funds to reduce the bank line of credit to Nil, so avoiding interest charges. Total cash generated was therefore the $5.9m reflected in the reduction of net debt from $8.9m to $3.0m. The Group considers that these levels of cash and borrowings make it well placed to fund further expansion. As regards working capital, inventories reduced by $3.3m and receivables increased by $2.6m, reflecting more normal ratios after the drop in demand during 2020.

Malcolm Lewin

Malcolm Lewin
Chief Financial Officer
Iofina plc
6 May 2022

DIRECTORS' BIOGRAPHIES

Lance J. Baller, Non-Executive Chairman

Mr. Baller was co-founder, CEO and President of Iofina Plc prior to his departure for health reasons in June 2013. Mr. Baller was the Group's Finance Director from 2007 until his appointment as CEO in 2010. Mr. Baller returned as Chairman in April 2014. Mr. Baller currently serves as CEO of Selectis Health, Inc and as a director and as sole or principal shareholder of several privately owned businesses, including Baller Enterprises, Inc. (personal holding company), Titan Au, Inc, Empire Leasing LLC, Valdez Au, Inc, Extrac, Inc, (which all are in gold, sand, rock, and gravel mining), Ultimate Investment (personal investment company) and Baller Family Foundation, Inc. (personal family foundation). He is the former managing partner of Shortline Equity Partners, Inc., a mid-market merger and acquisitions consulting and investment company. Mr. Baller is also the former Managing Partner of Elevation Capital Management, LLC and is the former alternative investment hedge fund manager of the Elevation Fund. He is also a former Vice-President of Corporate Development and Communications of Integrated Biopharma, Inc. and prior to that a vice-president of the investment banking firms UBS and Morgan Stanley. Mr. Baller has been a CEO, interim CEO, Chairman, CFO and secretary of various private and public listed companies throughout his career. He has served as Chairman to various companies and has led successful restructurings. Mr. Baller has had extensive experience in all aspects of corporate finance. Mr. Baller currently is on the board of trustees of Index Fund and Digital Funds where he serves as the chairman of the audit committee and as the audit committee financial expert under Sarbanes-Oxley.

Dr. Thomas M. Becker, Chief Executive Officer

Dr. Becker has served as President/CEO of Iofina plc since 2014 and has led Iofina Chemical since March 2010. Previously, Dr. Becker was the Vice President of Research and Development at H&S/Iofina Chemical. Iofina bought H&S in July 2009. Dr. Becker has conducted extensive research in both inorganic and organic halogen-based chemistry. Dr. Becker has written a magnitude of published technical papers in his career. Prior to H&S Dr. Becker worked as an Oak Ridge Scholar on behalf of the US EPA and for various other chemical manufacturing companies. Dr. Becker earned a BS in Chemistry from Indiana University, and a PhD in Chemistry from the University of Cincinnati. He has extensive experience in scale-up of chemical processes from laboratory to pilot to full scale production. Dr. Becker is a former member of the Board of Governors of the Society of Chemical Manufacturers and Affiliates ("SOCMA").

Dr. William D. Bellamy, Non-Executive Director

Dr. Bellamy is the former Senior Vice President of the Water Business Group at CH2M HILL, Inc. ("CH2M"), a company he has worked at for 30 years until his recent retirement. CH2M is one of the largest consulting engineering companies in the world, providing leadership and strategic direction for the water business and application of technologies worldwide. Dr. Bellamy has participated in energy and sustainability forums, including as a panellist at the World Future Energy Conference in Abu Dhabi, the World Bank Sustainable Cities Symposium and the Future of Water Economic Forum. Dr. Bellamy serves as Professor of Practice at the University of Wyoming, where he teaches graduate courses and is responsible for securing grants and research funding in the areas of water resources, water treatment and sustainable energy development. Dr. Bellamy has a PhD in Civil Engineering from

Colorado State University, an MSc in Civil (Environmental) Engineering from the University of Wyoming and a BSc in Electrical (Bio-Medical) Engineering from the University of Wyoming.

Malcolm T. Lewin, Chief Financial Officer

Mr. Lewin was named CFO and a director of the Group in November 2016 after having joined Iofina as interim CFO in February 2016. Mr. Lewin is based in the UK and has over 30 years of experience in finance and accounting for both public and private companies. As well as being a partner in a chartered accounting firm for 11 years, he has acted for various companies listed on AIM and other exchanges. In particular, from 2000 to 2003 he was the Finance Director of Oxford Metrics plc, an AIM company supplying motion capture and visual geometry systems. From 2004 to 2006 he was the Finance Director of Real Estate Investors plc, an AIM property investment company with interests in quality commercial and industrial properties. From 2006 to 2011 he was a Director and CFO of Hunter Bay Minerals plc, a junior mining company listed on the Toronto Venture Exchange with interests in South America and Canada. From 2011 to 2014 he was CFO and Treasurer of VolitionRX Limited, an OTC life sciences company focused on developing blood tests for a broad range of cancer types and other conditions. Mr. Lewin has an MA in Classics from Oxford University and qualified as a chartered accountant with Coopers & Lybrand.

J. Frank Mermoud, Non-Executive Director

Mr. Mermoud has more than 30 years' experience in international business, facilitating trade and investment in both the public and private sectors. He has held senior international, economic and commercial policy positions within the United States Government having served as the Secretary of State's Special Representative for Commercial and Business Affairs at U.S. Department of State from 2002 to 2009. Mr. Mermoud is also a Non-Executive Director of Cub Energy Inc. an oil and gas company headquartered in Houston, Texas.

Mary C. Fallin-Christensen, Non-Executive Director

Mary Fallin-Christensen has served the State of Oklahoma for over 30 years. She was elected the first female Governor of the State in 2010, and was re-elected for a second term in 2014. Prior to serving as Governor she held a number of state and federal positions, including serving as US Congresswoman for Oklahoma's 5th district between 2007-2011 and serving as Lieutenant Governor of Oklahoma between 1995-2006. Mary has been a major contributor to natural resources industries in Oklahoma, and implemented the State's first comprehensive energy plan as well as its State-wide water plan. She has held several positions, including Chair of the Southern State Energy Board, Chair of the Interstate Oil & Gas Compact Commission, and has served on the natural resource committee of the National Governors Association (NGA). Previously, she also served on the United States House of Representatives Committee on Small Business, was Small Business Chairman on the Republican Policy Committee, and was named the "Guardian of Small Business" by the National Federation of Independent Business. Mary has also served on numerous Boards of Directors for both commercial organizations and non-profits.

STRATEGIC REPORT

Principal activities and review of the business

Iofina plc ("Iofina" or the "Company") is the holding company of a group of companies (the "Group") involved in the exploration and isolation of iodine and the production of specialty chemicals. Large volumes of brine water are sourced from partnerships with oil and gas operators and saltwater disposal ("SWD") operators in the United States and is used as a raw material to produce iodine at the Group's multiple IOsorb® plants. The Group's unique business model isolates a resource, iodine from a produced waste stream that, without Iofina's technology, would be lost. Iodine containing or other specialty chemicals are produced at and sold through the Company's wholly owned subsidiary, Iofina Chemical, Inc., with the major raw material being the Group's produced iodine. Additionally, the Group's crystalline IOflo® iodine is sold directly to other iodine end-users.

Iodine is a rare element that is produced only in a few countries in the world, with approximately 90 percent of global production coming from Chile (~60 percent) and Japan (~30 percent, including recycled waste streams). The U.S., where the Group operates, is responsible for approximately six percent of production but is one of the world's largest consumers of iodine. Iodine and its compounds have many human health related applications, including x-ray contrast agents, pharmaceuticals, antiseptics, thyroid function, and others. Additional high-volume uses of iodine include LCD screen technology, material heat stabilisation, animal feed additives, biocides, catalysts and more. The Group produces iodine in the United States where the overall global iodine production is only a small percentage of the world's total production, but where there is a large consumption of the world's iodine by various American users. Iofina believes it is the second largest producer of iodine in North America.

Iofina Resources, Inc. is the Group's wholly owned subsidiary which uses proprietary Wellhead Extraction Technology® (WET®) and WET® IOsorb® methods to produce iodine from brine. The Directors of the Company believe that Iofina's production process, which utilizes brine water from third party oil and gas production, is advantageous for long term sourcing of the raw material as well as minimised production and expansion costs.

The ability of the Group to expand its iodine production quickly, at low cost, differentiates Iofina from other iodine producers. This has been proven from the expansion of production and opening of IOsorb® plants IO#7 and IO#8. Additionally, the Directors believe that the Group's technology to produce iodine is far more environmentally friendly compared to other producers. By using a waste stream from the oil and gas industry to isolate iodine versus isolating iodine from ores, Iofina's process is ecologically efficient in obtaining a valuable product from a waste stream versus environmentally intensive processes of mining iodine from ores seen in Chile.

Economically viable iodide rich brine co-produced during oil and gas production is not common, and the Group's proprietary geological model to locate and anticipate iodide rich sources is unique. The Directors of Iofina are committed to producing its products in a sustainable and environmentally friendly manner, and to improving communications regarding our long-term strategy in respect of Iofina's sustainable practices and other ESG tenets.

The focus of Iofina's current business model is the production of iodine from brine and the creation and sales of specialty chemicals through Iofina Chemical. The Directors feel strongly that diversification of the business while focusing on our core expertise is important. Iofina Resources diversifies its iodine production through multiple IOsorb® production plants with multiple brine suppliers in our core area in western Oklahoma. The technology the Group has developed, utilizing a waste resource already being produced, allows Iofina the ability to expand its operations quickly with minimal capital expenditure. Continued prudent growth in the number of IOsorb® plants increases production, profit and diversification. Continued expansion of the Group's geological model provides opportunities for Iofina outside of its current core area.

Iofina Chemical produces a wide range iodine-based products with applications in various industries including agricultural, pharmaceutical, biocides and others, whilst additional diversification is realised by the production of non-iodine-based products at Iofina Chemical. The end markets for various products can change, and Iofina Chemical's ability to produce a variety of products allows the Group to take advantage of growing markets while not being as affected by temporarily depressed or declining markets.

In 2021 iodine and iodine derivative sales increased while non-iodine product sales declined versus 2020. Market conditions for specialty chemicals can change. As an example, there was an inventory build-up by Iofina's key customers of a key fluorinated chemical in H2 2020 which resulted in increased sales of this product in H2 2020 but lower sales in 2021. This same fluorinated product, for Iofina, has recently seen stronger demand during late Q1 of 2022. Conversely, iodine demand in H2 2020 was low as COVID related economic downturns affected consumer demand for iodine products particularly in human health and automotive sectors. As a result, Iofina carried higher than normal inventories of iodine and iodine derivatives into 2021. With the quicker than expected economic recovery of iodine markets as countries began to reopen, these inventories were sold down and had a positive impact on 2021 results. The overall result for Iofina was record revenue and profit and is a testament to our business model of diversification of business lines while keeping to our core technologies. Additionally, creating strong, transparent, long-term, mutually beneficial customer relationships are a fundamental tenet for Iofina Chemical. Research and Development remain a top focus at Iofina in order to improve current systems and be at the forefront of new technologies, new specialty chemical products and applications in our core competencies.

Iodine prices have risen significantly in the last 18 months, reaching $60/kg and higher in some instances. This is a level not experienced since 2011, when a combination of the Fukushima disaster in Japan and Chilean supply disruptions resulted in a shortage of iodine and a price spike. Supply and demand changes, as well as manufacturing cost increases, are the major factors influencing the iodine price. More recently, iodine prices slightly retreated in H2 2020 as a result of lower global demand for iodine and iodine-based products during the COVID-19 pandemic. As an iodine manufacturer, iodine prices have a significant impact on the Group's gross profit margins. Prices rose marginally in H1 2021 and significantly in H2 2021 as demand outpaced supply as global economies expanded as COVID impacts waned.

During 2021, demand for many human health related uses of iodine increased significantly from 2020 levels. Currently, iodine prices are high versus historical levels and the range of prices is larger than typical historical prices. Spot prices began 2022 near $50/kg and now are mostly at $60/kg and above while contracted iodine prices for large customers are generally lower than spot prices. Iofina expects demand for its products to remain strong in 2022 versus supply and foresees iodine prices to remain at high levels. To the Group's knowledge, there is no indication of large-scale greenfield iodine projects currently in development that would significantly increase iodine supply in the short-term. Additionally, inflation in H2 2021 and into 2022 has resulted in higher costs for Iofina's raw materials, labour and energy, which is likely to continue through much of 2022.

The Directors recognized that, as the Company erected its IOsorb® plants, it was imperative for Iofina's iodine production costs to be amongst the lowest in the industry to be competitive. Between 2014 and 2017 numerous initiatives were successfully implemented to optimise Iofina's technology and lower production costs. Once the majority of these process cost optimisation goals were achieved, and iodine market conditions were positive, the Directors executed the next phase of Iofina's business plan and began a growth strategy. In early 2018 the Group's iodine plant, IO#7, was completed. By expanding our operations and building IO#7, the Group has successfully lowered overall iodine production costs compared to the costs before IO#7. The Directors continued this prudent growth strategy in 2019. In Q2 2019, the Company performed an equity raise to reduce debt and provide working capital for expansion projects. The result was the construction of IO#8 which began in late 2019 and was completed in early April 2020.

The Group is committed to continued growth and is investigating locations and partnerships to expand iodine production. The Group announced its intention in 2021 to build IO#9. Lessons learned from past expansion play a role in management's iodine plant growth. Building of IOsorb® plants will be done in a prudent manner to ensure to the best of our knowledge long-term, low-cost iodine production. With an expanding iodine market and Iofina's improved balance sheet it is likely that Iofina will embark on IO#10 soon after IO#9's completion, if not before, although this will only be done with proper prudent evaluations of potential future sites.

The Directors are aware of the risk of declining brine availability if our partners do not maintain or increase their hydrocarbon production in areas that supply the Group's IOsorb® plants. The Group is investigating the economics and the technology to better control the iodide rich brine supplies that feed the current and future plants. Iofina Chemical continues to be recognised as a world-renowned halogen specialty chemical producer. Vertical integration of the Group's iodine into iodine derivatives gives Iofina's customers stability of supply in addition to the long-standing quality and technical support to Iofina's global customers for the goods sold to them. Additionally, the non-iodine-based halogen derivatives produced by Iofina Chemical gives the Group further diversity. Iofina Chemical is investing in Capital Expenditure projects in 2022 to improve its R&D facilities, scale up production of a non-iodine product, and begin a new iodine recycling operation.

Key Performance Indicators

The Directors review a range of financial indicators to assess and manage the Group's performance, including the following relating to revenue and iodine production:

	Year ended 31 December 2021 $'000	**Year ended 31 December 2020** $,000
Revenue from sales of iodine and iodine derivatives	$30,473	$18,507
Revenue from non-iodine products	$8,566	$11,181
Total revenue	$39,039	$29,688
Total pounds of product shipped (LBS '000)	2,580	1,800
Crystallised iodine produced (Metric Tonnes)	518	610
IOsorb® plants in operation (year-end)	5	5

Commentary on some of the above indicators is to be found in the Chairman's Statement on pages 3 to 8.

Further commentary on the results for the year and the financial position at the year-end is to be found in the Financial Review on pages 9 to 11.

Objectives

At the end of 2021 the Group had five operating IOsorb® iodine production facilities in the Group's core area in Oklahoma. While the theoretical capacity of these plants is very high, the practical capacity of the plants is somewhat lower. Practical capacity takes into account multiple causes of downtime, including weather, repairs and maintenance, inadequate brine (low parts per million of iodine, heavily contaminated brine or little to no supply), power outages and other conditions. As we have proven our technology and continue to improve operations at current facilities, more accurate practical capacity operating targets have been realised as well as improvements for maximising practical capacity.

Iofina Resources' unique business model allows the Group to determine sites for new iodine production plants utilizing existing brine produced from oil and gas production and quickly bring these sites into production. The continued execution of this prudent growth strategy was continued with the start of construction of IO#8 in late 2019 which was completed in April 2020. While technology and efficiency improvements at current facilities remain an ongoing priority, the Company continues to explore new iodine production opportunities. This objective of strategic expansion in 2020 and beyond is focused on sites that will continue to improve Iofina's output with low production costs. In 2021, the Group announced its intention to build IO#9, with this now expected to be completed later in 2022. Brine supply to our IOsorb® plants can be affected by regulatory changes and adjustments to our partners' saltwater disposal systems and oil production programs. Iofina continues to work with its partners to implement plans to maximize brine input and iodine output at each of our existing sites. The mutually beneficial relationship between Iofina and its brine supply partners, which allows Iofina to create iodine and allows the brine suppliers to realize value from a waste stream, is a key component for existing projects and potentially for future sites. Continued efforts by our business development and geological teams have identified numerous other expansion opportunities that the Company will continue to evaluate and potentially execute, with current and other potential brine supply partners, when management determines proper timing for new sites.

Timing of future iodine production growth will be dependent on various factors including the stability or increase of iodine prices, global iodine demand, availability and costs to produce iodine at new sites, partnership agreements, oil prices and production in areas with high iodide content brines, and the regulatory landscape with respect to brine injection. With the fluctuations in oil prices, which was evident in the last two years, the Group is increasingly focused on evaluating alternative brine sourcing opportunities which may allow the Group to better control brine supply at future sites. The Directors are focused on expansion in a prudent manner whilst properly managing the current debt and cash flow of the organisation. Expansion in 2022 will occur with the building of IO#9 and investigations into IO#10 are ongoing. The Directors will evaluate market conditions and the detailed information on potential future plant sites before spending capital on new IOsorb® plants.

Iofina Chemical has continued to invest in current product lines, safety improvements, and new product R&D. These include investments in both iodine-based products and other non-iodine specialty chemicals. Capital investment projects completed in 2021 at Iofina Chemical included methyl fluoride upgrades, building containment improvements, and other safety initiatives. Increased capital expenditures at Iofina Chemical are expected in 2022 as discussed earlier in this report. The R&D and the sales groups continue to investigate and research new opportunities for and applications of our existing portfolio of products, as well as identify and produce new halogen-based derivatives for the Group in order to grow our halogen derivatives business. It is also expected that Iofina Resources' expansion plans in 2022 will result in the need for expansion of our customer base for our products. The sales team at Iofina Chemical continues to develop new sales channels for our products including direct sales of the Group's crystalline IOflo® iodine to consumers. Managing existing and developing new sales channels and relationships, as Iofina continues to grow, is a high priority for the sales force at Iofina Chemical.

As previously communicated, IofinaEX is now solely focused on monetizing its hemp seed investment project with Organic Vines OP that resulted in the production of 22 million certified organic seeds. To date seed sales are low and no significant sales were made in 2021. While the Group believes these seeds are viable for sales, the Company cannot predict any future income with any reasonable probability, and therefore the investment has been impaired to Nil.

Lastly, the Directors are committed to employee retention whilst controlling costs. Employee safety and training are also key objectives for the Group. A key component for the Group is the high operational gearing whereby the Group's business model allows for the control of administrative and fixed expenses whilst expanding operations.

Principal risks and uncertainties

Iofina plc is subject to a number of risks and uncertainties, which could have a material effect on its business, operations or future performance, including but not limited to:

Raw Materials: Brine water produced from oil and gas operations is the raw material source for Iofina's iodine production. The Group continues to evaluate opportunities to integrate its IOsorb® process into produced brine water streams associated with hydrocarbon operations in the USA, as well as other brine stream sources throughout the world. However, there is significant risk and no guarantee as to the volume of commercial quantities of iodide rich brine available to our current and future IOsorb® plants. Oil and gas prices and demand for these hydrocarbons generally will dictate whether our partners continue to expand their production or possibly reduce hydrocarbon output. Changes in hydrocarbon production by our partners will change the total brine availability to isolate iodine and thus the iodine output of our IOsorb® plants. The salt-water disposal wells (SWDs) that our partners operate may have temporary or permanent issues which would likely affect the brine supply to IOsorb® plants. In the past year and a half there has been a reduction of capital spent by our partners for new drilling and recompletion of wells in our core area which has resulted in a decline in total amounts of brine co-produced with oil and gas in our key areas. Iofina maintains good relationships with our partners who provide the brine water to our existing IOsorb® plants. Maintaining a positive, mutually beneficial relationship with our brine suppliers is a top priority for the Group. By continuing an aggressive water testing program and active exploration utilising geology and data analytics and incorporating reservoir and production engineering, we are constantly evaluating new potential locations for iodine extraction in our core area and in other locations.

Iofina Chemical sources raw materials throughout the globe. Understanding the supply chain of these materials is important to minimise supply disruptions. Global supply change disruptions and logistic bottlenecks can adversely affect ability to obtain key raw materials and may result in increased costs of these materials. Iofina Chemical has long term relationships with many of its suppliers. Additionally, when possible, Iofina Chemical sources materials from multiple suppliers to reduce risk. Increased regulations can adversely affect availability and cost of materials. Prices of raw materials and energy can change and if increases in these prices are not able to be passed on to our customers, it would negatively affect margins for our products.

COVID-19 and Global Crises: Global crises, while rare, can impact businesses significantly. The COVID-19 pandemic is an example of such an event. Similar events could have a negative effect on the markets we serve and on the Group's profits. COVID-19 resulted in a global economic slowdown and a reduced demand for many of Iofina's products. These types of events can also result in delays in shipping, worker limitations, business closures and other challenges which may negatively affect the Group. The diversity of Iofina's products along with the uses of products in areas like human health applications make Iofina less susceptible than most other businesses. Iofina quickly implemented many protocols to minimize any negative impacts on the business, but these protocols only reduce risk and cannot eliminate risk. COVID-19 or other events such as political unrest, acts of aggression (wars), other health crises, major weather events or others would likely have a negative effect for the Group.

Currently, the Russian invasion of Ukraine has not directly affected Iofina's operations negatively, however, a prolonged invasion or an escalation of this conflict may cause negative changes to international sales and supply. Additional political sanctions or negative impacts to global economies as a result of this invasion may adversely impact our business.

Environmental: The Group's operations are subject to the environmental risks inherent in the exploration and chemical industries. The Group is subject to environmental laws and regulations in connection with all of its operations. Although the Group intends to be in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances that could expose the Group to extensive liability. Accordingly, the Group promotes wherever possible environmental sustainability in its working practices and seeks to minimise, mitigate, or remedy any harmful effects from the Group's operations on the environment at each of its operational sites. Regulations on brine injections in the state of Oklahoma into the Arbuckle geological formation in the Group's core area due to seismic activity were implemented mainly in late 2015 to early 2016, and have affected Iofina's partners' brine disposal into this formation near some of our sites. This reduced some brine availability to Iofina at some sites. The Group and its partners have implemented and continue to implement strategies to minimise the effect on the availability of iodine rich brine to Iofina due to these regulations. Moving forward the Group and its partners will continue to monitor these risks and act accordingly. While the frequency and intensity of earthquakes have significantly reduced in Oklahoma, and this reduction is likely a result of regulated changes in brine disposal into the Arbuckle formation, there is still risk of additional earthquakes and regulation moving forward. Changes in laws or regulation of brine streams could affect brine availability or the cost to produce iodine. As a specialty chemical manufacturer, new regulations based on chemical use, adverse human health or environmental impact are a risk and may lead to higher costs or controlled production. Recent Greenhouse Gas (GHG) regulations in the USA have not impacted Iofina's ability to produce products it currently manufactures, but changes to production allocations may negatively affect Iofina's production output in the future. Other environmental regulations that restrict manufacturing of chemicals that Iofina produces would have a negative impact on the Group. The Group has a robust Environmental, Health and Safety program and strives for continual improvement in this area. Additionally, Iofina Chemical is a certified Chemstewards® facility.

Changes in Markets and Competition: Iofina is well diversified in the markets we serve. As a result, small changes to these markets generally will not materially affect our business. However, major disruptions in key markets that use iodine or the other specialty compounds we manufacture could have a material negative effect on the Group. Additionally, increased competition in the markets we serve could negatively impact prices or the ability to sell our goods. In particular, large increases in iodine production from competitors could negatively affect iodine prices and the Group's market share. While we do not know of any planned, new, large greenfield iodine projects in the near term, information is limited.

Iodine Price volatility: The demand for, and prices of, iodine are highly dependent on a variety of factors including international supply and demand, the level of consumer product demand, the price and availability of alternatives, actions taken by governments and global economic and political developments. Increases in current iodine producers' production capacities or new iodine producers entering the market could negatively impact prices. Fluctuations in iodine prices and, in particular, a material decline in the price of iodine would have a material adverse effect on the Group's business, financial condition and operations. Since 2017, prices of iodine have been rising until demand for iodine slowed as the global demand for many products fell during the second half of 2020 as the COVID-19 pandemic surged. Iodine prices recovered in H1 2021 and began to rise significantly in H2 2021. During H1 2022 iodine prices have remained high as demand is strong and is outpacing supply.

Key customers: There are a limited number of potential customers who purchase many of the products of the Group's chemical business, which makes relationships with these customers, as well as the success of those customers' businesses, critical to the Group's success. The loss of one or more major customers could harm the business, operating results and financial condition of the Group. Iofina is continuing to diversify its customer base in its Chemical subsidiary. In addition, Iofina works closely with all of its customers to develop strong relationships, with a significant focus on ensuring that its products and services meet the needs of its customers and are of the highest quality. In 2021, 10 percent of revenue recognised was attributable to one long term customer and four other customers each contributed to over 5% of sales. Relations with these customers are good.

Key Partners: Iofina partners with third party oil and gas producers and saltwater disposal operators to process iodine rich brine they extract with oil and gas production. Fluctuations of oil and gas prices in the US can affect the financial stability of oil and gas producers. Any changes in operator status or the financial strength of our partners is a risk to brine production and availability. The Group has agreements with our partners to reduce any risk of change in status. Material changes in these brine supply contracts with our partners could negatively affect the Group.

Regulation and Trade: The businesses are subject to various significant international, federal, state and local regulations currently in effect including but not limited to environmental, health and safety and import/export regulations. These regulations are complex, change frequently, can vary from country to country, state to state and have generally increased over time. Iofina may incur significant expense in order to comply with these regulations or to remedy violations of them. The current federal administration in the USA has increased regulations in our industries versus the previous administration. Any new regulation that would increase cost of raw materials the Group uses, reduces availability of these raw materials or caps production of products the Group produces would likely have a negative effect on margins.

Any failure by Iofina to comply with applicable government regulations could result in non-compliant portions of our operations being shut down, product recalls or impositions of civil and criminal penalties and, in some cases, prohibition from distributing our products or performing our services until the products and services are brought into compliance, which could significantly affect our operations.

IofinaEX is involved in the sale of hemp seeds, a highly regulated industry. Laws and regulations for handling hemp seeds, biomass and products produced from hemp continue to change and evolve.

The Group closely monitors regulations across its businesses to ensure that it complies with the relevant laws and regulations. While Iofina does not believe that it is non-compliant with any laws or regulations, any instances of non-compliance would be brought to the attention of the appropriate authorities as soon as possible.

Recently trade relationships between the USA and other areas of the world have become more unstable. Increased tariffs implemented by the USA and retaliatory tariffs imposed by other governments against the USA have the potential to adversely affect both raw material supply and final product sales for Iofina in certain areas of the world. Iofina has been proactive in reducing the impact of tariffs which directly impact the Company's supply and sales lines.

Inventory Fluctuations: Inventory level changes can cause a financial instability. High inventories negatively affect cash flow, while low inventories can negatively affect sales volumes and customer relationships. In 2021, the Group started the year with larger than normal iodine inventories and ended the year with lower than normal iodine inventories.

Insurance may not cover all material losses: The Group strives to carry standard insurance for our industry that would minimise loss when events occur. However, certain scenarios or events may not be covered by insurance and could have a negative material impact on the Group. For example, cyber-attacks have increased globally and while the Group has increased measures to thwart potential cyber-attacks, we cannot guarantee these measures will prevent a cyber-attack for which we do not carry specific insurance.

Personnel: As a small technical organisation, the loss of key technical or senior management employees could negatively affect the business. Additionally, the USA labour market remains tight. This could result in increased labour costs and a risk of delays or inability to produce product due to labour shortages.

Significant Shareholders: Significant shareholders may have the ability to affect changes that result in a material adverse effect to the organisation including a change in senior management or control of the Group or its Board of Directors.

Interest Rates and Inflation: As a result of the 2020 debt changes that served to significantly reduce both overall debt and interest rates for the Group, a significant portion of the debt carries variable interest rates. While overall debt has continued to decline, interest rates are rising and may negatively impact debt costs.

Inflation in the USA and globally has risen in late 2021 and into 2022. This has resulted in higher costs for goods, energy and labour. The ability to maintain margins in an increasing inflationary environment is uncertain. Additionally, as prices rise, there is a risk that some products the Group sells may be replaced by cheaper alternatives which could result in an adverse effect to the business.

Litigation: While the Group has no pending litigation matters, there are possibilities that future judgements or settlements could result in an adverse effect to our business.

Going concern

In September of 2020, the Group completed the refinancing of its then outstanding debt. The size and maturities of the Group's debt obligations have greatly improved and its operations are generating cash, resulting in a much improved financial health of the Group. In general, markets the Group supplies are healthy and continue to experience strong demand for the Group's products. The Group has prepared forecasts and projections that indicate there are adequate resources to continue in operational existence for the foreseeable future. The Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board

Dr. Thomas M. Becker
Chief Executive Officer and President
6 May 2022

STATEMENT IN ACCORDANCE WITH SECTION 172 OF THE COMPANIES ACT 2006

As required by section 172 of the Companies Act 2006, a director of a company must act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

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

As a Board our aim is always to uphold the highest standards of governance and business conduct, taking decisions in the interests of the long-term sustainable success of the Group, generating value for our shareholders and contributing to wider society. We recognise that our business can only grow and prosper over the long term by understanding the views and needs of our stakeholders. Engaging with stakeholders is key to ensuring the Board has informed discussions and factors stakeholder interests into decision-making.

The Directors insist on high operating standards and fiscal discipline and routinely engage with management and employees of the Group to understand the underlying issues within the organization. Additionally, the Board looks outside the organization at macro factors affecting the business. The Directors consider all known facts when developing strategic decisions and long-term plans, taking into account their likely consequences for the Group.

The Directors and management are committed to the interests and well-being of Iofina's employees. Iofina is committed to the highest levels of integrity and transparency possible with employees and other stakeholders. Safety initiatives, consistent training, strong benefits packages and open dialogue between all employees are just some of the ways the Group ensures its employees improve skill sets and work hand-in-hand with management to improve all aspects of the Group's performance.

Other stakeholders include customers, suppliers, lenders, industry associations, government and regulatory agencies, media, local communities and shareholders. The Board, both individually and together, consider that they have acted in the way they consider would be most likely to promote the success of the Group as a whole. To do this, there is a process of dialogue with stakeholders to understand the issues that they might have. Iofina believes that any supplier/customer relationship must be mutually beneficial, and the Group is known for its commitment to details to its customers. Communications with the Group's lenders and shareholders occur on an ongoing basis and as questions arise. The Group also communicates through media interviews and Twitter.

The Directors are committed to positive involvement in the local communities where we operate. Part of this commitment is our program 'Iofina Gives Back', where Iofina supports local charities by donating time and goods. Additionally, Iofina adheres to environmental regulations at its sites and supports sustainability practices where possible.

Integrity is a key tenet for the Directors and the Company's employees. The Company believes that any partnership must benefit both parties. We strive to provide our stakeholders with timely and informative responses and are always striving to meet or exceed customers' needs.

The Board recognises its responsibilities under section 172 as outlined above and has acted at all times in a way consistent with promoting the success of the Company with regard to all stakeholders.

CORPORATE GOVERNANCE

It is the Chairman's responsibility, working with Board colleagues, to ensure that good standards of corporate governance are embraced throughout the Group. As a Board, we set clear expectations concerning the Group's culture, values and behaviours.

In September 2018, the Board adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). On our website (https://iofina.com/corporate-governance/) we set out how we seek to comply with the 10 principles of the QCA Code. The following sections of the Corporate Governance Statement explain how the QCA Code is applied by the Company.

The Board comprises six Directors: the Non-Executive Chairman, two full time Executive Directors and three Non-Executive Directors (each of whom are considered by the Board to be independent), reflecting a blend of different experiences and backgrounds. The function of the Chairman is to supervise and manage the Board and to ensure its effective control of the business. The Board believes that its composition brings a desirable range of skills and experience given the Group's challenges and opportunities as a publicly quoted company, while at the same time ensuring that no individual (or group of individuals) can dominate the Board's decision-making.

The Board meets regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. The Board has established the following committees to fulfil specific functions, each with formally delegated duties and responsibilities (details of which can be found on our website; see: http://www.iofina.com/about/committees): the Audit Committee and the Remuneration Committee. These committees meet on a regular basis and at least two times a year. The Board has elected not to constitute a dedicated nomination committee, instead retaining such decision making with the Board as a whole. This approach is considered appropriate to enable all Board members to take an active involvement in the consideration of Board candidates and to support the Chair in matters of nomination and succession.

From time to time, separate committees may also be set up by the Board to consider specific issues when the need arises.

DIRECTORS' REPORT

The Directors present their report and financial statements for the Group for the year ended 31 December 2021.

Strategic report

Included in the Strategic Report on pages 14 to 23 is the review of the business and principal risks and uncertainties.

Post balance sheet events

Post balance sheet events are set out in note 30.

Directors' responsibilities for the preparation of the financial statements

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules for Companies (as published by the London Stock Exchange) to prepare Group financial statements in accordance with UK adopted International Financial Reporting Standards ("IFRS"), and have elected under company law to prepare the Company financial statements in accordance with IFRS.

The financial statements are required by law and UK adopted IFRS to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with UK adopted IFRS; and
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Iofina plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income and detailed in the Financial Review.

The directors do not recommend payment of a dividend.

Financial instruments and risk management

Note 14 details the risk factors for the Group and how these risks are managed, including the degree to which it is appropriate to use financial instruments to mitigate risks.

Directors

The directors who served during the year and subsequently were as follows:

Lance J. Baller, Non-Executive Chairman
Dr. William D. Bellamy, Non-Executive Director
J. Frank Mermoud, Non-Executive Director
Mary C. Fallin-Christensen, Non-Executive Director
Dr. Thomas M. Becker, Chief Executive Officer and President
Malcolm T. Lewin, Chief Financial Officer

Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

UHY Hacker Young were appointed as auditors to the Company and in accordance with Section 485 of the Companies Act 2006 a resolution proposing that they be reappointed will be put to the next Annual General Meeting.

On behalf of the Board

Dr. Thomas M. Becker
Chief Executive Officer and President
6 May 2022

CORPORATE GOVERNANCE STATEMENT

The Board ensures that the Group is managed for the long-term benefit of all shareholders with corporate governance being an essential element of this and has adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code which is considered appropriate for an AIM quoted company. The Board is responsible for the overall leadership, strategy, development and control of the Group in order to achieve its strategic objectives.

The Group is led and controlled by the Board which currently consists of two Executive Directors and four Non-Executive Directors. Board meetings are held on a regular basis and no significant decision is made other than by the Directors. All Directors participate in the key areas of decision making.

Business model, strategy and approach to risk

The Group focuses on the exploration and production of iodine and halogen-based specialty chemical derivatives. We identify, develop, build, own and operate iodine extraction plants, currently focused in North America, based on Iofina's Wellhead Extraction Technology® (WET®) IOsorb® technology. The Group has complete vertical integration from the production of iodine in the field to the manufacture of the chemical end-products derived from iodine to the consumer, and the recycling of iodine using iodinated side-streams from waste chemical processes. We use patented or proprietary processes throughout all business lines. Together these allow us to be the Technology Leaders in Iodine®. The Group's strategy is to continue to focus on the exploration and production of iodine and iodine specialty chemical derivatives, delivering growth throughout our operations. Growth is intended to be achieved with the continued upgrading and expanding of our plants, which in turn will boost the level of iodine production.

All the Group's activities involve an ongoing assessment of risks, and the Group seeks to mitigate such risks where possible. The Board has undertaken an assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. Further, the Board has considered the longer-term viability of the Group, including factors such as the prospects of the Group and its ability to continue in operation for the foreseeable future. The Board considers that the disclosures outlined in the Strategic Report on pages 14 to 23 are appropriate. The Board considers that these disclosures provide the information necessary for shareholders and other stakeholders to assess the Group's future viability and potential requirements for further capital to fund its operations.

Having carried out a review of the level of risks that the Group is taking in pursuit of its strategy, the Board is satisfied that the level of retained risk is appropriate and commensurate with the financial rewards that should result from achievement of its strategy.

Board of Directors

As of the date of this Report the Board comprises six Directors in total: the Non-Executive Chairman, two Executive Directors (being the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO")) and three Non-Executive Directors (each of whom are considered by the Board to be independent), reflecting a blend of different experiences and backgrounds. The skills and experience of the Board are set out in their biographical details on pages 12 and 13. The experience and knowledge of each of the Directors give them the ability to challenge strategy constructively and to scrutinize performance.

The Board is responsible to the shareholders for the proper management of the Group. The Board and the Group's management team are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts, and new risks associated with ongoing trading. The full Board typically meets quarterly to set the overall direction and strategy of the Group, to review operational and financial performance, and to advise on management appointments (if necessary). The Board has also convened, when necessary, during the year to review the strategy and activities of the business. All key operational and investment decisions are subject to Board approval. The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. The number of meetings attended by each Director can be found on page 32.

There is a clear separation of the roles of CEO and Non-Executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision making and ensuring the Non-Executive Directors are properly briefed on matters. The CEO has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group.

Time commitment

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the terms and conditions of their appointment and, in particular, the time commitment expected of them. A potential Director candidate (whether an Executive Director or Non-Executive Director) is required to disclose all significant outside commitments prior to their appointment. The Board is satisfied that both the Chairman and the other Non-Executive Directors are able to devote sufficient time to the Group's business.

Independence of Directors

The Directors acknowledge the importance of the principles of the QCA Code which recommends that a company should have at least two independent Non-Executive Directors. The Board considers it has sufficient independence on the Board and that all the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to the Board, and bring considerable experience in industry, operational and financial development of chemical products and companies. Specifically, the Board has considered and determined that since the date of their respective appointments William Bellamy, J. Frank Mermoud and Mary Fallin-Christensen are independent in character and judgement, specifically that they:

- have not been employees of the Company within the last five years;
- do not have a material business relationship with the Group;
- have no close family ties with any of the Group's advisers, Directors or senior employees;
- do not hold cross-directorships or have significant links with other Directors through involvement in other companies or bodies; and

- do not represent any shareholder.

The Company Secretary maintains a register of outside interests and any potential conflicts of interest are reported to the Board.

If they so wish, the Non-Executive Directors have opportunities to meet without Executive Directors being present (including after Board and Committee meetings). Because the Board is spread out geographically, the majority of communications between Directors is conducted by video. However, the Board does convene in person at least once a year, and this presents an opportunity (before, after and between management and operational meetings) for the Non-Executive Directors to meet in person without the Executive Directors being present.

Professional development

Throughout their period in office, the Directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the industry it operates in as whole. The updates are usually provided by way of written briefings and meetings with senior management. Directors are also advised on appointment of their legal and other duties and obligations as a director of an AIM quoted company both in writing and in communications (being face-to-face meetings whenever possible) with the Company's Nominated Adviser. The Directors also have recourse to the Company Secretary, a qualified and practising solicitor, who is a recognised practitioner within the AIM community.

All the Directors are subject to election by shareholders at the first Annual General Meeting of the Company ("**AGM**") after their appointment to the Board. Each Director will continue to seek re-election at least once every three years.

Board Committees

There are two committees – the Audit Committee and the Remuneration Committee. Their full terms of reference are published on the Company's website at https://iofina.com/committees/.

Audit Committee

During the financial period under review, the members of the Audit Committee were Lance Baller, Dr William Bellamy, J. Frank Mermoud and Mary Fallin-Christensen. Mr Baller is the Chairman of the Audit Committee. The responsibilities of the committee include the following:

- ensuring that the financial performance of the Group is properly monitored, controlled and reported on;
- reviewing accounting policies, accounting treatment and disclosures in the financial reports;
- meeting the auditors and reviewing reports from the auditors relating to accounts and internal control systems; and
- overseeing the Group's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

During the year, the committee met to review audit planning and findings. In addition, it reviewed the appointment of auditors, and agreed unanimously to re-elect UHY Hacker Young LLP.

Remuneration Committee

During the financial period under review, the members of the Remuneration Committee were Dr William Bellamy, Lance Baller and J. Frank Mermoud. Dr Bellamy is the Chairman of the Remuneration Committee. The responsibilities of the committee include the following:

- reviewing the performance of the Executive Directors and setting the scale and structure of their remuneration with due regard to the interest of shareholders;
- overseeing the evaluation of the Executive Directors; and
- determining the vesting of awards, including the setting of any performance criteria in relation to the exercise of share options, granted under the Company's share option plan.

During the year, the committee met to discuss remuneration and bonuses for the Executive Directors, and share option awards for the Directors and senior management.

The Directors' remuneration information is presented on page 35.

Attendance at meetings

The Board meets regularly, typically on a quarterly basis, together with further meetings as required. The Audit and Remuneration Committees meet as required, and try to hold a minimum of two meetings each year.

The Directors attended the following meetings during the year:

	Board	***Audit***	***Remuneration***
Lance Baller	3	1	2
Dr Thomas Becker	3	-	-
Malcolm Lewin	3	-	-
Dr William Bellamy	3	1	2
J. Frank Mermoud	3	1	2
Mary Fallin-Christensen	3	1	-

Risk management and internal control

The Board is responsible for the systems of internal controls and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews the effectiveness of these systems annually by considering the risks potentially affecting the Group.

Iofina employs strong financial and management controls within the business. Examples of control procedures include:

- an annual budget set by the Board with regular review of progress;

- regular meetings of Executive Directors and senior management to review management information and follow up on operational issues or investigate any exceptional circumstances;
- clear levels of authority, delegation and management structure; and
- Board review and approval of significant contracts and overall project spend.

The Company's system of internal control is designed to safeguard the Company's assets and to ensure the reliability of information used within the business. The system of controls manages appropriately, rather than eliminates, the risk of failure to achieve business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss. The Group does not consider it necessary to have an internal audit function due to the small size of the administrative function. Instead, there is a detailed monthly review and authorisation of transactions by the CFO and the CEO.

The independent auditors do not perform a comprehensive review of internal control procedures, but do report to the Audit Committee on the outcomes of its annual audit process. The Board confirms that the effectiveness of the system of internal control, covering all material controls including financial, operational and compliance controls and risk management systems, has been reviewed during the year under review and up to the date of approval of the Annual Report.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

Board effectiveness and performance evaluation

The Board is mindful that it needs to continually monitor and identify ways in which it might improve its performance and recognises that board evaluation is useful for enhancing a board's effectiveness.

The individual contributions of each of the members of the Board are regularly assessed to ensure that: (i) their contribution is relevant and effective; (ii) that they are committed; and (iii) where relevant, they have maintained their independence. The Board intends to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. One-third of the Directors must stand for re-election by shareholders annually in rotation and all Directors must stand for re-election at least once every three years.

The Company considers that the Board and its individual members continue to perform effectively, that the Chairman performs his role appropriately and that the process for evaluation of his performance has been conducted in a professional and rigorous manner.

Corporate Social Responsibility

The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interest of the Group's stakeholders, including its investors, employees, suppliers and business partners, when operating the business.

Employment

The Group endeavours to appoint employees with appropriate skills, knowledge and experience for the roles they undertake and thereafter to develop and incentivise staff. The Board recognises its legal responsibility to ensure the wellbeing, safety and welfare of its employees and maintain a safe and healthy working environment for them and for its visitors.

Investor Relations

The Board recognises the importance of communication with the Company's shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. Our website has a section dedicated to investor matters and provides useful information for the Company's shareholders (see: http://iofina.com/investors/). The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, while the Chairman and the CEO ensure that the views of the shareholders are communicated to the Board as a whole. The Board ensures that the Group's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholder value. Fully audited Annual Reports are published, and Interim Results notified via Regulatory News Service announcements. All financial reports and statements are available on the Company's website (see: http://iofina.com/investors/financial-results).

There is an opportunity at the Annual General Meeting for individual shareholders to question the Chairman and the Executive Directors. Notice of the meeting is sent to shareholders at least 21 clear days before the meeting. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and indicates the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Directors' remuneration

Remuneration provided to each Director was as follows:

	2021			2020		
	Salary	**Bonus**	**Total $**	**Salary**	**Bonus**	**Total $**
Lance Baller	109,620	-	109,620	109,620	-	109,620
Dr. Thomas Becker	260,000	35,000	295,000	236,400	50,000	286,400
Malcolm Lewin	191,208	27,315	218,523	160,000	40,000	200,000
William Bellamy	30,000	-	30,000	30,000	-	30,000
Frank Mermoud	30,000	-	30,000	30,000	-	30,000
Mary Fallin-Christensen	30,000	-	30,000	22,500	-	22,500
Total	**$650,828**	**$62,315**	**$713,143**	**$588,520**	**$90,000**	**$678,520**

No pension contributions were paid on behalf of the directors in 2020 or 2021.

Directors' and officers' insurance is in place on a Group-wide basis.

The interests of the Directors in office as at 31 December 2021 in the shares of the Company at the end of the financial year and the beginning of the financial year or date of appointment, if later, were as follows:

	31 December 2021	**1 January 2021**
L J Baller	5,175,000	4,812,500
Dr. T M Becker	124,430	93,750
W D Bellamy	46,875	46,875
M T Lewin	93,750	93,750
J F Mermoud	23,750	23,750

All outstanding options over shares granted to Directors up to 31 December 2021 are set out in the table below. No Directors exercised options in 2021.

Name	2018 Options granted	Exercise price per 2018 Option	Lapse date	2019 Options granted	Exercise price per 2019 Option	Lapse date	2020 Options granted	Exercise price per 2020 Option	Lapse date
Dr T Becker	660,000	16.2p	13/6/28	242,000	21.3p	24/7/29	266,200	12.5p	15/12/30
M Lewin	330,000	16.2p	13/6/28	165,000	21.3p	24/7/29	181,500	12.5p	15/12/30
L Baller	220,000	16.2p	13/6/28	165,000	21.3p	24/7/29	165,000	12.5p	15/12/30
Dr W Bellamy	110,000	16.2p	13/6/28	82,500	21.3p	24/7/29	82,500	12.5p	15/12/30
JF Mermoud	-	-	-	82,500	21.3p	24/7/29	82,500	12.5p	15/12/30
M Fallin-Christensen	-	-	-	-	-	-	82,500	12.5p	15/12/30

On 9 March 2022 a further 860,200 share options were granted to directors, with an exercise price of 17.6p.

On behalf of the Board

Dr. Thomas M. Becker
Chief Executive Officer and President
6 May 2022

Independent auditor's report to the members of Iofina PLC

Opinion

We have audited the financial statements of Iofina PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Shareholders' Equity and notes to the financial statements, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Financial Reporting Standards (IFRSs).

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 2021 and of the Group's profit for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with UK adopted IFRSs; and
- the Group financial statements have been prepared in accordance with the requirements 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 are independent of the Group and 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

Evaluation of management assessment	Key observations
Management have prepared detailed consolidated cash flow forecasts incorporating all entities within the Group covering the period to 31 December 2023. These are based on their expectation of future costs, including budgeted operating and capital expenditure on all of the group's operating plants licence areas and	The cash flow forecast demonstrates that the Group will have a cash flow surplus throughout the forecast period. These incorporated all budgeted and committed expenditure, the schedule of repayment for the term loan and movements in working capital.

expectations of future iodine production levels and commodity price. Our review included: • Assessing the transparency, completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cash flow projections for the forecast period and the underlying assumptions; • Review of the cash flow forecasts, the methodology behind these and ensuring they are arithmetically correct and challenging the assumptions by discussing them with management and corroborating them with our historical knowledge; • Obtaining post year end management information and comparing these to budget to assess whether budgeting is reasonable and results are in line with expectations; and • We completed a sensitivity analysis on the budgets provided to assess the change in revenue and iodine prices that would need to occur to push the Group into a cash negative position.	In reviewing the cash flow forecast, we separately sensitised the commodity price to determine the maximum the price of iodine could fall in order for the cash to be depleted to Nil by the end of the forecast period. Overall, the price of Iodine would need to decrease by 27% in 2022 and 31% in 2023 in order for EBITDA to be nil for both years of the forecast. Given the price of Iodine has been increasing since 2018, this is not considered likely. The likelihood of this fall in Iodine prices lasting for the entire forecast period is considered by the Directors to be remote and in such circumstances consider sufficient mitigating actions to be available to continue as a going concern.

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 entity’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.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the group companies, for which we have instructed and reviewed component auditor procedures and results in relation the existence and completeness of stock. At the Parent Company level, we also tested the consolidation procedures. The audit team communicated regularly throughout the audit with the CFO in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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) 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 matters	**How our audit addressed the key audit matters**
Revenue Recognition Under IFRS 15, the entity shall recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The revenue stream for the group is derived from sale of iodine derivatives, iodine chemicals and ancillary products, all of which are	Our audit work included, but was not restricted to: • Documenting our understanding of management's process for evaluating revenue recognition. • We tested the completeness of revenue by selecting a sample of items from outside of the Group's accounting system and tracing them to inclusion into the accounting system and agreeing the appropriate revenue recognition.

fundamental to the financial statements and a systematic error in the calculation could lead to a material error. We therefore identified the risk over the cut off of revenue as a significant risk and also considered completeness and occurrence assertions.	• We audited the occurrence of revenue by consideration of our testing in trade receivables in conjunction with using data analytics software. This was used to assist in identifying the correlation between trade receivables and revenue journals being made and subsequently the receipt of cash for those trade receivables and therefore whether any subsequent reversal of trade receivables should have impacted the recognition of the revenue. • We considered the appropriateness of revenue cut-off by testing pre and post year-end revenue items on a sample basis to assess whether the revenue items were accounted for in the correct period. • Whilst performing our audit testing we assessed whether the treatment of revenue was in accordance with the correct recognition criteria as per the Group accounting policy. • Assessing whether the Company's accounting policy for revenue recognition are in accordance with the requirements of IFRS 15. The Group's accounting policy on revenue recognition is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in note 1d. **Key observations** As a result of the audit procedures we performed and, after considering management's disclosures of the judgements applied by them, we have concluded that revenue recognition is materially complete, accurate, has occurred and been recognised on an appropriate basis.
Valuation and Impairment review of property plant and equipment	Our audit work included, but was not restricted to:

Under International Accounting Standard 36 ‘Impairment of Assets’ (IAS 36), companies are required to assess whether there is any indication that an asset may be impaired at each reporting date. Property, plant and equipment are a significant balance in the financial statements with a combined net book value of $19.1m (2020 - $18.8m). The balance is primarily comprised of the IOSorb plants, equipment and machinery and exploration and evaluation assets. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and probability of the related future cash flows. At each reporting date, the Group considers any indication of impairment to the carrying value of its assets. The assessment is based on expected future cash flows on the IOSorb plants. The directors are required to conduct impairment tests where there is an indication of impairment of the asset. The assessment was based on the future cash flows of each site using a discounted cash flow model (being the ‘value in use’). The value in use was then compared to the carrying value of fixed assets for that site. Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are: • Estimating cash flow forecasts; • Selecting appropriate assumptions such as growth rate and discount rate. We therefore identified the risk over the valuation of property plant and equipment as a significant risk.	• We reviewed Management’s assessment of forecasted cash flows and challenged significant movements in forecasted cash flows compared to historic performance. • We reviewed Management’s forecasted cash flows that feed into the discounted cash flow model and challenged significant assumptions with reference to historic results, market trends, appropriateness of discount rates and future expectations of commodity prices and sales growth. • We challenged management and gained an understanding of what is considered a cash generating unit. • We performed a downside sensitivity analysis and held discussions with Management to assess the likelihood of certain circumstances crystallising. The Group’s accounting policy on Impairment is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in note 1m. **Key observations** As a result of the audit procedures we performed and, after considering management’s disclosures of the judgements applied by them, we have concluded that no impairments are required. We have confirmed the estimates and judgements utilised within the models applied in relation to the impairment of property, plant and equipment are within acceptable ranges.

Valuation of Inventory Inventory primarily consists of iodine and iodine derivatives. Inventory should be held at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. As at 31 December 2021, the inventory is valued at $6.3m (2020 - $9.7m). There is a risk that the carrying value in the Group accounts is higher than the recoverable amount and it is therefore materially misstated. Further, there is the added risk of the complexity of the measurement of the costs of conversion of the inventory and the estimates and judgements around this. We therefore identified the valuation of inventory as a key audit matter, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • We engaged component auditors to attend a stocktake at two of the Group's plant locations at the year end, where they observed an inventory count and performed sample testing on inventory held. • We discussed, understood and tested the Group's process for calculating the cost of the finished goods based on the absorption cost including challenging the robustness of the key assumptions with management to ensure they are appropriate. • A sample of inventory items were tested to ensure the product was held at the lower of cost and Net Realisable Value. The Group's accounting policy on Inventories is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in note 1o. **Key observations** As a result of the audit procedures we performed and, after considering management's disclosures of the judgements applied by them, we have concluded that the valuation of inventory is materially accurate and recognised on an appropriate basis. We have confirmed the estimates and judgements utilised within the models applied in relation to the valuation of inventory are within acceptable ranges.
Valuation and Impairment review of investments in subsidiaries and intercompany balances Due to the material size of the investments in, and loans to, the subsidiaries the directors	Our audit work included, but was not restricted to: • We utilised discounted cash flow forecasts to form an expectation of the recoverable amount, and in addition

should critically consider if any indicators of impairment exist in relation to the balances. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting the profitability of the subsidiaries. Where indicators of impairment have been identified a robust review of the investments held by the Parent Company and any amounts due from subsidiaries to the Parent Company should be undertaken by the directors to confirm the value in use of these amounts and that there are no indications, or requirements for, impairments of the amounts. Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are: • Estimating cash flow forecasts; • Selecting appropriate assumptions such as growth rate and discount rate. We therefore identified the valuation of investments in subsidiaries and intercompany balances as a key audit matter, which was one of the most significant assessed risks of material misstatement.	considered the current performance of the subsidiary entities. • We performed a sensitivity analysis on the key inputs such as a decline in iodine prices and sales growth and concluded that even with the adverse movements mentioned above in the Group's key assumptions, no potential impairment was identified. • We obtained and reviewed the director's assessment of impairment with regards to investment and loans due from its subsidiaries in support of the valuation and assessed whether this was in line with IAS 36. • We reviewed the 2021 forecasts against actual results to determine the Directors historic forecasting accuracy. The Group's accounting policy on impairment is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in note 1m. **Key observations** As a result of the audit procedures we performed and, after considering management's disclosures of the judgements applied by them, we have concluded that no impairments are required. We have confirmed the estimates and judgements utilised within the models applied in relation to the valuation and impairment of investments in subsidiaries and intercompany balances are within acceptable ranges.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

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.

Materiality Measure	**Group**	**Parent**
Overall materiality	We determined materiality for the financial statements as a whole to be $389,000 (2020: $299,000). The increase being a result of the increase in revenue of the Group	We determined materiality for the financial statements as a whole to be $311,200 (2020: $239,000).
How we determine it	Based on the main key indicator, being 1% of revenue for the Group.	As the Parent is a holding company, materiality was initially based on 1% of gross assets, however, this exceeded the Group level therefore this was capped at 80% of Group materiality.
Rationale for benchmarks applied	We believe 1% of revenue to be the most appropriate benchmark due to the size and nature of the Company and Group. This is also considered a key performance indicator for stakeholders.	
Performance materiality	On the basis of our risk assessment, together with our assessment of the Group and Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality for the Group and Company:	
	$291,750 (2020: $224,250)	$233,400 (2020: $179,400)
Specific materiality	We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions of $1,000.	
Reporting threshold	We agreed with the Audit Committee that we would report to them all misstatements over 5% of Group and Company materiality identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.	
	$19,450 (2020: $14,950)	$15,560 (2020: $11,950)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 27, 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the use of regulated chemicals, tax legislation, employment and health and safety regulations, anti-bribery, corruption and fraud and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of regulatory inspections, review of correspondence with legal advisors, in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located 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 part 3 of Chapter 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.

Daniel Hutson
(Senior Statutory Auditor)

For and on behalf of UHY Hacker Young
Chartered Accountants and Statutory Auditor

UHY Hacker Young
4 Thomas More Square
London E1W 1YW

6 May 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $,000
Revenue	3	39,039	29,688
Cost of sales	4	(28,307)	(21,283)
Gross profit		**10,732**	**8,405**
Administrative expenses	4	(3,789)	(3,686)
EBITDA – earnings before interest, tax, depreciation and amortisation		**6,943**	**4,719**
Depreciation and amortisation	4	(1,731)	(1,793)
Operating profit		**5,212**	**2,926**
Paycheck Protection Program loans forgiven	21	1,090	–
Fair value loss on investments in equity instruments designated as fair value through profit and loss	16	(900)	–
Profit before finance expense		**5,402**	**2,926**
Finance income	7	17	15
Interest payable	6	(368)	(1,114)
Interest swap derivative liability	20	69	(69)
Loan arrangement fees	6	–	(480)
Profit before taxation	4	**5,120**	**1,278**
Taxation	8	4,066	–
Profit for the year attributable to owners of the parent		**$9,186**	**$1,278**
Earnings per share attributable to owners of the parent:			
- Basic	9	$0.048	$0.007
- Diluted	9	$0.048	$0.007

All activities are classed as continuing.

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Note	31 December 2021 $'000	31 December 2020 $'000
Assets			
Non-current assets			
Intangible assets	10	463	643
Goodwill	11	3,087	3,087
Property, plant and equipment	12	19,113	18,782
Deferred tax	25	4,066	–
Total non-current assets		**26,729**	**22,512**
Current assets			
Inventories	13	6,296	9,656
Trade and other receivables	15	6,158	3,285
Investments	16	–	900
Cash and cash equivalents	17	5,262	3,481
Total current assets		**17,716**	**17,322**
Total assets		**$44,445**	**$39,834**
Equity and liabilities			
Current liabilities			
Trade and other payables	18	5,802	5,473
Term loan – due within one year	20	1,429	1,429
Government subsidies	21	–	1,090
Lease liabilities	19	58	141
Total current liabilities		**7,289**	**8,133**
Non-current liabilities			
Term loan – due after one year	20	6,785	8,214
Revolving loan facility	20	–	2,718
Term loan – interest swap liability	20	–	69
Lease liabilities	19	410	45
Total non-current liabilities		**7,195**	**11,046**
Total liabilities		**$14,484**	**$19,179**
Equity attributable to owners of the parent			
Issued share capital	23	3,107	3,107
Share premium		60,687	60,687
Share-based payment reserve	24	2,007	2,136
Retained losses		(29,896)	(39,331)
Foreign currency reserve		(5,944)	(5,944)
Total equity		**$29,961**	**$20,655**
Total equity and liabilities		**$44,445**	**$39,834**

The financial statements on pages 47 to 82 were approved and authorised for issue by the Board and were signed on its behalf on 6 May 2022.

Dr. Thomas M. Becker - Chief Executive Officer and President

The accompanying notes form part of these financial statements. Company number 05393357

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to owners of the parent					
	Share capital	Share premium	Share-based payment reserve	Retained losses	Foreign currency reserve	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	**$3,107**	**$60,687**	**$1,988**	**$(40,609)**	**$(5,944)**	**$19,229**
Transactions with owners						
Share-based expense	–	–	148	–	–	148
Total transactions with owners	**–**	**–**	**148**	**–**	**–**	**148**
Profit for the year attributable to owners of the parent	–	–	–	1,278	–	1,278
Total comprehensive income attributable to owners of the parent	–	–	–	**1,278**	–	**1,278**
Balance at 31 December 2020	**$3,107**	**$60,687**	**$2,136**	**$(39,331)**	**$(5,944)**	**$20,655**
Transactions with owners						
Share-based expense	–	–	120	–	–	120
Share options lapsed and forfeited	–	–	(249)	249	–	–
Total transactions with owners	**–**	–	**(129)**	**249**	**–**	**120**
Profit for the year attributable to owners of the parent	–	–	–	9,186	–	9,186
Total comprehensive income attributable to owners of the parent	–	–	–	**9,186**	–	**9,186**
Balance at 31 December 2021	**$3,107**	**$60,687**	**$2,007**	**$(29,896)**	**$(5,944)**	**$29,961**

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Cash flows from operating activities		
Profit before taxation	5,120	1,278
Adjustments for:		
Depreciation	1,551	1,613
Amortisation	180	180
Share-based payments	120	148
Paycheck Protection Program loans forgiven	(1,090)	–
Impairment of investment	900	–
Finance expense	299	1,663
Finance income	(17)	(15)
Operating cash inflow before changes in working capital	**7,063**	**4,867**
Changes in working capital		
(Increase)/decrease in trade and other receivables	(2,873)	2,841
Decrease/(increase) in inventories	3,360	(3,579)
Increase/(decrease) in trade and other payables	342	(353)
Net cash inflow from operating activities	**7,892**	**3,776**
Cash flows from investing activities		
Interest received	17	15
Acquisition of property, plant and equipment	(1,485)	(2,449)
Asset disposal proceeds	–	5
Net cash outflow from investing activities	**(1,468)**	**(2,429)**
Cash flows from financing activities		
Government loans received	–	1,090
Term loan notes repaid	–	(18,177)
Term loan drawn	–	10,000
Term loan repayments	(1,429)	(357)
Revolving loan facility drawn	–	3,000
Revolving loan facility net payments	(2,718)	(283)
Refinancing and arrangement fees paid	–	(676)
Interest paid	(386)	(1,055)
Lease payments	(110)	(126)
Net cash outflow from financing activities	**(4,643)**	**(6,584)**
Net increase/(decrease) in cash and cash equivalents	**1,781**	**(5,237)**
Cash and cash equivalents at beginning of year	**3,481**	**8,718**
Cash and cash equivalents at end of year	**$5,262**	**$3,481**

COMPANY BALANCE SHEET

	Note	31 December 2021 $'000	31 December 2020 $'000
Assets			
Non-current assets			
Investment in subsidiary undertakings	28	17,199	17,199
Total non-current assets		**17,199**	**17,199**
Current assets			
Due from subsidiaries	28	20,792	21,712
Trade and other receivables	15	3	3
Cash and cash equivalents	17	163	60
Total current assets		**20,958**	**21,775**
Total assets		**$38,157**	**$38,974**
Equity and liabilities			
Current liabilities			
Trade and other payables	18	137	202
Total current liabilities		**137**	**202**
Equity attributable to the owners of the parent			
Issued share capital	23	3,107	3,107
Share premium		60,687	60,687
Share-based payment reserve	24	2,007	2,136
Retained losses		(22,022)	(21,398)
Foreign currency reserve		(5,759)	(5,759)
Total equity		**38,020**	**38,773**
Total equity and liabilities		**$38,157**	**$38,974**

The loss for the financial year dealt with in the financial statements of the parent company was $873k (2020 profit $3,379k).

The financial statements on pages 47 to 82 were approved and authorised for issue by the Board and were signed on its behalf on 6 May 2022

Dr. Thomas M Becker
Chief Executive Officer and President
Company number: 05393357

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the parent					
	Share capital	Share premium	Share based payment reserve	Retained losses	Foreign currency reserve	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	**$3,107**	**$60,687**	**$1,988**	**$(24,777)**	**$(5,759)**	**$35,246**
Transactions with owners						
Share-based expense	–	–	148	–	–	148
Total transactions with owners	**–**	**–**	**148**	**–**	**–**	**148**
Profit attributable to owners of the parent	–	–	–	3,379	–	3,379
Total comprehensive income for the year	**–**	**–**	**–**	**3,379**	**–**	**3,379**
Balance at 31 December 2020	**$3,107**	**$60,687**	**$2,136**	**$(21,398)**	**$(5,759)**	**$38,773**
Transactions with owners						
Share-based expense	–	–	120	–	–	120
Share options lapsed and forfeited	–	–	(249)	249	–	–
Total transactions with owners	–	–	**(129)**	**249**	**–**	**120**
Loss attributable to owners of the parent	–	–	–	**(873)**	**–**	**(873)**
Total comprehensive income for the year	**–**	**–**	**–**	**(873)**	**–**	**(873)**
Balance at 31 December 2021	**$3,107**	**$60,687**	**$2,007**	**$(22,022)**	**$(5,759)**	**$38,020**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

The Company is a public limited company incorporated and domiciled in the United Kingdom. The Company is listed on the AIM Market of the London Stock Exchange.

The registered office is located at 48 Chancery Lane, London, WC2A 1JF. The principal activities of the Company have been and continue to be investment in subsidiaries engaged in the production of iodine and iodine derivatives, including the arrangement of finance for and the provision of management services to subsidiaries.

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRIC') and the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

b) New standards, interpretations and amendments

Management continues to evaluate standards, amendments and interpretations which are effective for reporting periods beginning after the date of these financial statements and have not been adopted early, including:

- IFRS1 (First-time Adoption of International Financial Reporting Standards)
- IFRS9 (Financial Instruments)
- IFRS16 (Leases)

Implementation of the above is not expected to have a material effect on the Group's financial statements.

c) Basis of preparation of financial statements

The financial statements have been prepared on the historical cost convention as modified by the revaluation of financial liabilities at fair value through profit and loss.

The financial statements are presented in US Dollars, which is also the Group's functional currency.

Amounts are stated in thousands of US Dollars, unless otherwise stated.

As permitted by Section 408 of the Companies Act 2006, the parent company's income statement has not been included in these financial statements.

d) Revenue recognition

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services, and is recognized when performance obligations are satisfied under the terms of contracts with our customers. A performance obligation is deemed to be satisfied when transfer of benefit of the product or service is transferred to our customer. The transaction price of a contract, or the amount we expect to receive upon satisfaction of all performance obligations, is determined by reference to the contract's terms and includes adjustments, if applicable, for any variable consideration, such as customer rebates or commissions, although these adjustments are generally not material. Costs incurred to obtain contracts with customers are expensed immediately.

Revenue consists of sales of iodine derivatives, iodine, chemicals and ancillary products. All of our revenue is derived from contracts with customers, and almost all of our contracts with customers contain one performance obligation for the transfer of goods where such performance obligation is satisfied at a point in time. Transfer of benefit of a product is deemed to be transferred to the customer upon shipment or delivery. Significant portions of our sales are sold free on board shipping point or on an equivalent basis, while delivery terms of other transactions are based upon specific contractual arrangements. Our standard terms of delivery are generally included in our contracts of sale, order confirmation documents and invoices, while the timing between shipment and delivery generally ranges between 1 and 45 days. Costs for shipping and handling activities, whether performed before or after the customer obtains control of the goods, are accounted for as fulfilment costs.

Trade receivables at December 31, 2021 of $5,419k (2020 $3,102k) represent all balances arising from contracts with customers.

e) Research and development expenditures

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Costs that are directly attributable to the development phase of a new customised chemical manufacturing process or development of a new iodine project are recognised as intangible assets provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. In 2021, all research and development expenditures were expensed as incurred.

f) Going concern

The Group considers that it is now well placed financially in light of recent reductions in debt, generation of profits and sustained upwards trends in iodine pricing. On that basis the Group has prepared forecasts and projections that indicate there are adequate resources to continue in operational existence for the foreseeable future. However, the Group recognises that there can be no certainty where these predictions are concerned. After due consideration of the foregoing, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

g) Basis of consolidation and investments in subsidiary undertakings

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December 2021. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights. The acquisition method of accounting is used to account for the purchase of subsidiaries by the Group. On acquisition, the subsidiary’s assets and liabilities are recorded at fair value, reflecting their condition at the date of acquisition.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements, unless the losses provide an indication of impairment of the assets transferred.

Amounts reported in the financial statements of the subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in subsidiary undertakings are stated in the parent company balance sheet at cost less provision for any impairment losses.

h) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group’s accounting policies. Acquisition costs are expensed as incurred.

Goodwill represents the excess of the fair value of consideration payable in a business combination over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over the fair value of consideration is recognised in profit or loss immediately after acquisition.

As described in Note 1m) below, goodwill is tested for impairment at least annually.

i) Foreign currency

The vast majority of the Group's business is denominated in U.S. Dollars, which is the functional currency of the main operating subsidiaries. U.S. Dollars is the presentational currency for the Group financial statements.

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date 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 profit and loss in the period in which they arise. Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of changes in equity, otherwise such gains and losses are recognised in profit and loss.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

• income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

• all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation for which the presentational and functional currencies were different in previous periods, the cumulative translation differences are transferred to profit and loss as part of the gain or loss on disposal. The US Dollar/Pounds Sterling exchange rate averaged 1.3756 in 2021 (2020 1.284), and at 31 December 2021 was 1.351 (2020: 1.365).

j) Intangible assets

Undeveloped leasehold costs

Undeveloped leasehold costs relate to the costs of acquiring brine leases in respect of the surface and mineral rights of landowners in areas of interest outside of those currently connected to the Group's operating plants.

These costs are capitalised as exploration and evaluation assets and are carried at historical cost less any impairment losses recognised. If areas leased provide brine to operating plants, the related costs are transferred to the relevant plants and amortized over the lives of those plants.

Other intangible assets

Other identifiable intangible assets arose from the acquisition of H&S Chemical in 2009. These assets were valued by an external, independent valuation firm. Based on the type of asset, the useful life of each asset was estimated. The value of each identifiable intangible asset is amortised evenly over its useful life. The following useful lives are applied:

- WET® patent: 15 years
- Customer relationships: 10 years
- Patent portfolio: 8 years
- EPA registrations: 2 years

Goodwill

Goodwill represents the excess of the fair value of consideration in a business combination over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

k) Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of depreciation and any provision for impairment. Cost includes purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as costs relating to construction, site preparation, installation and testing.

Costs relating to assets put into service at a later date are accumulated as construction in progress, and depreciation only commences once such assets are put into use.

Depreciation is provided at rates calculated to write off the depreciable amount of each asset on a straight line basis over its expected useful life, as follows:

- Buildings: 2.5 percent per annum
- Office lease: term of the lease (38 months)
- Equipment and machinery:
  - IOSorb plants - 5 percent per annum
  - Other plant and equipment – 5 to 7 years
  - Vehicles and office equipment - 20 percent per annum
  - Computer equipment - 33 percent per annum

Reviews of the estimated remaining lives and residual values of individual assets are made at least semi-annually, and adjustments are made where appropriate. Construction in progress is also reviewed for impairment.

Freehold land is not depreciated.

l) Financial instruments

Financial liabilities

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Loan notes

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Interest-bearing loans are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement, redemption or conversion, are recognised in profit or loss over the term of the instrument using the effective rate of interest.

Financial assets

Cash and cash equivalents represent short term, highly liquid investments with an original maturity of fewer than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. At the end of 2021 and 2020, all cash amounts were in 100 percent liquid accounts.

The Group uses the ‘simplified method of expected credit losses’. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Expected credit losses are based on the Group’s historical credit losses experienced, then adjusted for current and forward looking information on factors affecting the Group’s customers.

m) Impairment

Whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, that asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combinations and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit’s recoverable amount exceeds its carrying amount.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Intercompany loans due to the parent company from its subsidiaries are tested for impairment as part of the overall investment in those subsidiaries, by reference to the present values of estimated future cash flows of the subsidiaries, as further described in Note 2c.

n) Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses for the share issue.
- “Share-based payment reserve” represents the cumulative fair value of options and warrants issued by the Company and recognised in profit and loss.
- "Retained losses" represents accumulated losses.
- "Foreign currency reserve" represents the cumulative differences arising from translation of foreign operations.

o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost excludes unrealised gains arising from intra-Group transactions. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. When inventory is sold the cost is included in Cost of Sales on the Statement of Comprehensive Income.

p) Taxation

Tax expense recognised in profit or loss is the tax currently payable based on taxable profit for the year and deferred tax not recognised directly in equity.

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward, as well as other income tax credits to the Group, are assessed for recognition as deferred tax assets according to the likelihood of their recoverability in the foreseeable future.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

q) Leases

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a lease liability on the balance sheet at the lease commencement date. The right-of-use asset is initially measured at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and an estimate of any costs to restore the underlying asset to the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use-asset or the end of the lease term. Amounts relating to such assets are disclosed separately in note 12. In addition, the Group assess the right-of-use asset for impairment when such indicators exist.

At the commencement date, the lease liability is initially measured at the present value of the lease payments discounted using the Group’s incremental borrowing rate at the date of transition as the interest rate implicit in the lease could not be readily determined. Interest is charged at the same discount rate used to calculate the present value of the lease.

The lease liability is re-measured if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount for the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value operating value. These are charged to profit and loss on a straight-line basis over the period of the lease. At 31 December 2021 the Group had one lease, for office space.

r) Share-based payments

The cost of equity settled transactions is measured at fair value at the grant date as measured by use of the Black Scholes model. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to those estimated on vesting.

Charges made to profit or loss, in respect to share-based payments, are credited to the share-based payment reserve.

s) Segment reporting (Note 3)

In identifying its operating segments, management follows the Group's service lines, which represent the main products provided by the Group and are based on the information presented to the chief operating decision maker, which is the Board.

2. Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical estimates made in the preparation of the financial statements are set out below. The resulting accounting estimate may not equal the related actual result, and management must also make judgements about current circumstances and expectations of future events. Significant judgements made by management include:

a. Intangible and tangible assets are tested for impairment where there is an indication that they may be impaired. In accordance with IAS 36 - Impairment of Assets, an intangible or tangible asset is considered impaired when its carrying amount exceeds its recoverable amount on an individual cash generating unit basis. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future business performance. For this purpose management regards all the iodine production plants as a single cash generating unit given their mutual dependence on centralised management, financial, maintenance and sales and marketing functions. In carrying out impairment testing, management will make a number of significant estimates in relation to the assumptions incorporated into their calculations. These will include factors such as growth rates and discount rates. Details and carrying values of intangible assets, goodwill and property, plant and equipment are provided in notes 10, 11 and 12.

b. Management reviews the useful lives of depreciable and amortisable assets at each reporting date. The carrying amounts are analysed in notes 10 and 12. Management's estimate of the useful lives of plant and equipment as detailed in note 1k are common life expectancies for the industry. In particular, the expected useful life attributed to each IOsorb® plant is 20 years. Changes in the expected level of usage or other technological developments could impact the life and residual value of these assets.

c. The carrying amount of the parent company's investment in its subsidiaries of $38.0m (2020: $38.9M) has been evaluated for impairment. For this purpose the two operating subsidiaries have been treated as one unit, given the vertical integration of the Group's operating activities. The carrying amount of the parent company's investment of $38.0m (2020: $38.9M) compares to carrying amounts of the subsidiaries' net assets, excluding loans from the parent company, of $25.9m (2020: $20.8m). An assessment has been made of the present values of the future cash flows related to the operating activities of the subsidiaries to determine whether any impairment losses should be recognised. The Group has concluded that it no impairment provision is required.

d. Based on reports received from Organic Vines OP LLC management has concluded that there is currently no basis for projecting any positive return (see Note 16), and that therefore it is appropriate to impair the investment of $900,000 to Nil.

e. In accordance with IAS12 and in light of the Group's recent much improved profitability, and therefore its likely utilisation of its $19.4m accumulated US Federal tax losses in the foreseeable future, a deferred tax asset of $4.1m reflecting the value of those losses at a tax rate of 21% has now been set up in the balance sheet and credited to tax in the profit and loss account. This asset will be amortised to the profit and loss account in line with future reductions in tax payable from utilisation of the losses.

3. Segment reporting

a. **Business segments -** The Group's operations comprise the exploration and production of iodine with complete vertical integration into its specialty chemical halogen derivatives business, and are therefore considered to fall within one business segment. In November 2019 the Group made an investment of $900,000 in Organic Vines OP LLC, which was engaged in the production of hemp seeds. This investment has been impaired to Nil in 2021 (see Note 16), and there was no trading activity during 2020 or 2021. Therefore segment reporting below is limited to the separate recognition of the asset in 2020.

	31 December 2021 $	**31 December 2020 $**
Assets		
Halogen Derivatives and Iodine	40,379	38,934
Hemp seeds	–	900
Total	**$40,379**	**$39,834**
Liabilities		
Halogen Derivatives and Iodine	14,484	19,179
Total	**$14,484**	**$19,179**

b. **Geographical segments -** The Group reports by geographical segment. The Group's activities are related to exploration for, and development of, iodine in certain areas of the USA and the manufacturing of specialty chemicals in the USA with support provided by the UK office. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets.

3. Segment reporting (continued)

	31 December 2021 $'000	31 December 2020 $,000
Assets		
UK	166	63
USA	40,213	39,771
Total	**$40,379**	**$39,834**
Liabilities		
UK	137	202
USA	14,347	18,977
Total	**$14,484**	**$19,179**
Revenue		
North America	19,858	13,843
Asia	15,851	13,524
South America	3,148	1,749
Europe	156	550
Other	26	22
Total	**$39,039**	**$29,688**

c. Significant customers – in 2021 Iofina Chemical had five customers in excess of 5% of sales (2020 three customers). 2021 percentages were 10%, 9%, 7%, 7%, 6% (2020 percentages were 15%, 9%, 6%).

4. Profit before taxation

Profit before taxation is stated after charging:

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Depreciation expense	1,551	1,613
Amortisation expense	180	180
Other:		
Annual audit fees for audit of parent company and consolidated financial statements	82	79
Fees payable to the company's auditor for other services	8	4

4. Profit before taxation (continued)

Cost of sales – analysis by nature

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Raw materials	14,912	9,711
Freight	782	891
Sales commission	359	257
Labour, manufacturing overhead and royalties	12,254	10,424
	$28,307	**$21,283**

Administrative expenses – analysis by nature

	Year ended **31 December 2021 $'000**	Year ended **31 December 2020 $'000**
Remuneration and benefits	2,582	2,518
Share-based payments	120	148
Office expenses	257	197
Professional services	554	579
Travel	75	69
Rent	(19)	(36)
Other	220	211
	$3,789	**$3,686**

Research and development expenses recognised during the period were $241k (2020: $279k), and are included in administrative expenses above.

5. Staff numbers and costs

The average number of Group employees, including executive directors, and their costs were:

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Production	81	81
Administrative	14	14
Sales	1	1
Total staff	**96**	**96**

5. Staff numbers and costs (continued)

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Wages and salaries	6,454	6,227
Social security costs	1,057	903
	$7,511	**$7,130**

Of the total staff costs above, $5,120k (2020: $4,800k) is included within cost of sales and $2,391k (2020: $2,330k) is included within administrative expenses.

Payments to executive directors and senior officers of subsidiaries (considered to be key management personnel) for their services during the year were as follows:

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Wages and salaries	941	907
Social security costs	108	96
Total directors' cost	**$1,049**	**$1,003**

Included within wages and salaries above is $295k (2020: $286k) in respect of the highest paid director. No options were exercised by a director in 2021 (2020 Nil).

6. Finance expense

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Bank facilities 16 September 2020		
Term loan interest	345	114
Revolving loan facility interest	27	24
Interest swap liability	(69)	69
Refinancing fees	–	396
Debt restructure 29 March 2019		
Term loan notes interest paid	–	949
Arrangement fees	–	84
Other interest payable	–	9
IFRS16 lease interest	(4)	18
Total finance expense	**$299**	**$1,663**

7. Finance income

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Interest income	17	15
	$17	**$15**

8. Taxation

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Current tax	–	–
Deferred tax	(4,066)	–
	$(4,066)	–
Tax reconciliation:		
Profit on ordinary activities before tax	5,120	1,278
Tax at UK income tax rate of 19% (2020: 19.00%)	973	243
Effects of:		
Temporary differences	(110)	323
Permanent differences	(32)	29
Losses not recognised for deferred tax purposes	(831)	(595)
Losses carried forward recognised as deferred tax asset	(4,066)	–
Total tax charge/(credit)	**$(4,066)**	–

As previously disclosed, the Group has accumulated US Federal tax losses that are expected to be deductible from future US Federal taxable profits subject to agreement with the relevant tax authorities. As of 31 December 2021 these losses are estimated to be approximately $19.4 million (2020: $24.6 million). To the extent US Federal tax losses are not utilised to offset current income taxes they will begin to expire in 2035.

In accordance with IAS 12 and in light of the Group's recent much improved profitability, and therefore its likely utilisation of its $19.4m accumulated US Federal tax losses in the foreseeable future, a deferred tax asset of $4.1m reflecting the value of those losses at a tax rate of 21% has now been set up in the balance sheet and credited to tax in the profit and loss account. This asset will be amortised to the profit and loss account in line with future reductions in tax payable from utilisation of the losses.

9. Earnings per share

The calculation of earnings per ordinary share is based on the profit after tax attributable to shareholders of $9,186k (2020 profit $1,278k) and the weighted average number of ordinary shares outstanding of 191,858,408 (2020: 191,858,408). After including the weighted average effect of dilutive share options of 1,232,450 (2020: 2,030,649) the diluted weighted average number of ordinary shares outstanding was 193,090,858 (2020: 193,889,057).

10. Intangible assets (Group)

	Exploration & Evaluation Assets		
	Montana Atlantis Field	Other intangible assets (see below)	Total
	$'000	$'000	$'000
Cost			
At 1 January 2020	3,358	3,844	7,202
Disposals	(3,358)	(25)	(3,383)
At 31 December 2020 & 2021	–	**$3,819**	**$3,819**
Accumulated amortization			
At 1 January 2020	3,358	3,021	6,379
Charge for the year	–	180	180
Disposals	(3,358)	(25)	(3,383)
At 31 December 2020	–	3,176	3,176
Charge for the year	–	180	180
At 31 December 2021	–	**$3,356**	**$3,356**
Carrying amounts			
At 31 December 2019	–	$822	$822
At 31 December 2020	–	$643	$643
At 31 December 2021	–	**$463**	**$463**

10. Intangible assets (Group) (continued)

Details of Other intangible assets are set out below:

Other intangible assets	WET® patent	Customer relationships	Patent portfolio	EPA registrations	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2020	2,700	661	212	271	3,844
Disposals	–	–	(25)	–	(25)
At 31 December 2020 & 2021	**$2,700**	**$661**	**$187**	**$271**	**$3,819**
Accumulated amortization					
At 1 January 2020	1,877	661	212	271	3,021
Charge for the year	180	-	-	-	180
Disposals	–	–	(25)	–	(25)
At 31 December 2020	2,057	661	187	271	3,176
Charge for the year	180	–	–	-	180
At 31 December 2021	**$2,237**	**$661**	**$187**	**$271**	**$3,356**
Carrying amounts					
At 31 December 2019	$823	–	–	–	$823
At 31 December 2020	$643	–	–	–	$643
At 31 December 2021	**$463**	**–**	**–**	**–**	**$463**

Other intangible assets were acquired in the acquisition of H&S Chemical in 2009.

WET® Patent

The WET® Patent technology employs two different iodine extraction methods depending on brine chemistry for optimal efficiency. We utilised a with and without analysis, a variation of the discounted cash-flow method, to estimate the fair value of a WET® Patent at date of acquisition. The methodology compared the cash flow generating capacity of Iofina Chemical assuming it was operating without the benefit of the WET® Patent to the projected cash flow with the benefit of the patent. The contractual life of the patent is in excess of 20 years; however, the useful life of the patent was estimated at 15 years based on the following:

- Management's expectation for the expected viability of the technology
- Management's expectations regarding the timing of significant substitute technology
- The lack of comparable substitute technologies as of the valuation date
- The remaining amortization period is 2.5 years

11. Goodwill (Group)

Carrying amounts	$'000
At 31 December 2019, 31 December 2020 and 31 December 2021	**$3,087**

Goodwill arose on the acquisition of H&S Chemical in 2009 and is wholly allocated to the Iofina Chemical cash generating unit of the Group. Goodwill impairment testing is conducted annually, based on projected cash flow to be generated.

The Chemical business has been in operation for 35 years, and much of its products and customer base are long established. For impairment testing, a long term growth rate of 1.00% per annum was applied to budgeted cash flows and a discount rate of 12.88% per annum was used. On this basis the net present value of cash flow exceeded the goodwill amount of $3,087k.

Sensitivity analysis

Projections based on the above assumptions show headroom of $4.8m between the value in use of the business net of other assets of $22.3m and the carrying value of $17.5m, comprising goodwill of $3.1m, other intangible assets of $0.5m, and net business trading assets of $13.9m. In order for the value in use to equal the carrying value it would be necessary for the discount rate to rise to 15.6% or the long term growth rate to be 5.7% negative or projected EBITDA to be lower by 18.8%. Based on the results of this impairment testing management are satisfied that a reasonably possible change in assumptions would not lead to an impairment.

12. Property, plant and equipment (Group)

	Exploration and Evaluation Assets						
	Montana Atlantis Field $'000	Freehold Land $'000	Buildings $'000	Right of use $'000	Equipment and Machinery $'000	Construction in Progress $'000	Total $'000
Cost							
At 1 January 2020	5,841	209	1,719	355	26,323	1,840	36,287
Transfers	–	–	–	–	3,466	(3,466)	–
Additions	–	–	11	–	176	2,262	2,449
Disposals	(5,605)	–	–	–	(4,901)	–	(10,506)
At 31 December 2020	236	209	1,730	355	25,064	636	28,230
Transfers	(236)	–	276	–	1,124	(1,164)	–
Additions	–	–	38	415	168	1,279	1,900
Disposals	–	–	–	(18)	(80)	–	(98)
At 31 December 2021	**–**	**$209**	**$2,044**	**$752**	**$26,276**	**$751**	**$30,032**
Accumulated depreciation							
At 1 January 2020	5,602	–	435	93	12,207	–	18,337
Charges for the year	–	–	57	112	1,444	–	1,613
Disposals	(5,602)	–	–	–	(4,900)		(10,502)
At 31 December 2020	–	–	492	205	8,751	–	9,448
Charges for the year	–	–	57	96	1,398	–	1,551
Disposals	–	–	–	–	(80)	–	(80)
At 31 December 2021	**–**	**–**	**$549**	**$301**	**$10,069**	**–**	**$10,919**
Carrying amounts							
At 31 December 2019	$239	$209	$1,284	$262	$14,116	$1,840	$17,950
At 31 December 2020	$236	$209	$1,238	$150	$16,313	$636	$18,782
At 31 December 2021	–	**$209**	**$1,495**	**$451**	**$16,207**	**$751**	**$19,113**

Right-of-use assets

Right-of-use assets relate to the Group's lease on office premises in Denver, Colorado. During 2021 the expiry date of the lease was extended from April 2022 to April 2026, and an amount of $415k has been capitalised as an addition in respect of future rentals, in accordance with IFRS 16. Liabilities for future payments are shown in Note 19.

13. Inventories

Group	31 December 2021 $'000	31 December 2020 $'000
Raw materials	4,487	6,588
Work in progress	1,753	2,813
Finished goods	56	255
	$6,296	**$9,656**

At year end, there were no provisions against the carrying value of inventories (2020: nil). During the year, the cost of inventories recognised as expense and included in 'cost of sales' amounted to $27,165k (2020: $20,135k).

14. Financial instruments

The Board of directors determines, as required, the degree to which it is appropriate to use financial instruments to mitigate risks. The main risks for which such instruments may be appropriate are interest rate risk, foreign currency risk, credit risk, investment risk, liquidity risk and commodity risk. The Group's principal financial asset is cash, which is invested with major banks. The Group has a term loan and a revolving loan facility and no other borrowings.

Financial assets and liabilities

Group

2021	Loans and receivables at amortised cost $'000	Financial liabilities at amortised cost $'000	Investment and swap liability at fair value $'000	Total $'000
Cash and cash equivalents	5,262			5,262
Trade receivables	5,653			5,653
				$10,915
Trade payables		1,521		1,521
Accrued liabilities		4,281		4,281
Lease liabilities		468		468
Term loan		8,214		8,214
				$14,484
2020				
Cash and cash equivalents	3,481			3,481
Trade receivables	3,102			3,102
Investment			900	900
				$7,483
Trade payables		1,194		1,194
Accrued liabilities		4,279		4,279
Lease liabilities		186		186
Term loan		9,643		9,643
Revolving loan facility		2,718		2,718
Government subsidies		1,090		1,090
Interest rate swap liability			69	69
				$19,179

14. Financial instruments (continued)

Company 2021	Loans and receivables at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
Cash and cash equivalents	163		163
Other receivables	3		3
Due from subsidiaries	20,792		20,792
			$20,958
Accruals		137	137
			$137
2020			
Cash and cash equivalents	60		60
Other receivables	3		3
Due from subsidiaries	21,712		21,712
			$21,775
Accruals		202	202
			$202

The interest rate swap liability at fair value is valued on the basis of Level 2 inputs as defined in IFRS 13.

Interest rate risk

Surplus funds are held within the Group's checking and savings accounts. The benefit of fixing rates for the longer term is kept under review, having regard to forecast cash requirements and the levels of return available. Given the short term nature of Iofina's surplus funds, the Group has limited interest rate risk. As of 31 December 2021, all surplus funds were invested in checking and savings accounts that had no terms and were 100% liquid. Bank facilities have variable interest rate terms and therefore there is an exposure to increases in interest rates. This is mitigated by the use of an interest rate swap to fix the rate on the majority of the term loan. Also the interest on the revolving credit facility is reduced by arrangements to sweep surplus funds into that account.

Foreign currency risk

The Group has potential transactional currency exposure in respect of items denominated in foreign currencies relating to the Group's administration in the UK. The balance of cash held in foreign currency was $163k (GBP £120k) as of year-end, and provides a hedge against GBP denominated UK expenses.

Sales transactions are denominated in US Dollars, which is the operating currency. Other impacts of foreign currency risk are not deemed material to these financial statements.

Credit risk

The maximum exposure is reflected by the carrying amount of financial assets. Because the counterparties to Iofina's holdings of cash and cash equivalents are prime financial institutions, Iofina

14. Financial instruments (continued)

does not expect any counterparty to fail to meet its obligations. Additionally, the Group is exposed to marginal credit risk in the form of receivables for product sales. Credit risk in this regard is mitigated through long-term customer payment history, insurance of certain foreign receivables, extensive credit analysis of large purchasers, use of letters of credit, and the requirement for partial or total payment prior to shipment for some customers.

Investment risk

There is a risk that short term investments may not realise their carrying value.

Liquidity risk

The Group raises funds as required on the basis of forecast expenditure and cash inflows over the next 12 months. When necessary, the scope and rate of activity are adjusted to take account of the funds available. There is a risk that the Group may not be able to raise sufficient funds to repay loans at their maturity.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Group At 31 December 2021:	**Up to 3 months $'000**	**Between 3 and 12 months $'000**	**Between 1 and 2 years $'000**	**Between 2 and 6 years $'000**
Trade payables	1,521	–	–	–
Accrued liabilities	1,476	2,804	–	–
Lease liabilities	2	56	102	309
Term loan	357	1,071	1,429	5,357
	$3,356	**$3,931**	**$1,531**	**$5,666**

Group At 31 December 2020:	**Up to 3 months $'000**	**Between 3 and 12 months $'000**	**Between 1 and 2 years $'000**	**Between 2 and 7 years $'000**
Trade payables	1,194	–	–	–
Accrued liabilities	1,235	3,045	–	–
Lease liabilities	–	141	45	–
Term loan	357	1,071	1,429	6,786
Revolving loan facility	–	–	2,718	–
	$2,786	**$4,257**	**$4,192**	**$6,786**

14. Financial instruments (continued)

Commodity risk

The Group is exposed to movements in the price of raw iodine. Sales of iodine based products were $30,473k (2020: $18,507k). The effects of changes in the price of iodine on 2021 revenue and profits are set out in the Financial Review on pages 9 to 11. Iodine is produced internally and is the most significant cost component for iodine based products.

15. Trade and other receivables Group

	31 December 2021 $'000	31 December 2020 $'000
Trade receivables	5,653	3,102
Prepayments and other receivables	505	183
	$6,158	**$3,285**

Company

	31 December 2021 $'000	31 December 2020 $'000
Prepayments and other receivables	3	3
	$3	**$3**

All receivables and prepayments are short term in nature. The carrying values are considered a reasonable approximation of fair value. There are no expected credit losses.

The Group and the Company have not received a pledge of any assets as collateral for any receivable or asset.

16. Investment

	31 December 2021 $'000	31 December 2020 $'000
Investment in Organic Vines Op LLC	–	900
	–	**$900**

The investment in Organic Vines Op LLC was made in November 2019 and related to a single season's production of organically certified hemp seeds. The market for these seeds has not developed as initially anticipated, and sales to date have been negligible. The company considers it is unable to predict any future income with any reasonable probability, and therefore the investment has been impaired to Nil.

17. Cash and cash equivalents

Group

	31 December 2021 $'000	31 December 2020 $'000
Cash in US Dollar accounts	5,099	3,421
Cash in GB Pound Sterling accounts	163	60
	$5,262	**$3,481**

Company

	31 December 2021 $'000	31 December 2020 $'000
Cash in GB Pound Sterling accounts	163	60
	$163	**$60**

18. Trade and other payables

Group

	31 December 2021 $'000	31 December 2020 $'000
Trade payables	1,521	1,194
Accrued expenses and deferred income	4,281	4,279
	$5,802	**$5,473**

Company

	31 December 2021 $'000	31 December 2020 $'000
Accrued expenses	137	202
	$137	**$202**

All trade and other payables are considered short term. The carrying values are considered to be a reasonable approximation of fair value.

Except as regards the term loan, the Group and Company have not pledged any assets as collateral for any liabilities or contingent liabilities.

19. Lease liabilities

	31 December 2021 $'000	31 December 2020 $'000
Lease liabilities – current	58	141
Lease liabilities – non-current	410	45
	$468	**$186**

Movements:	**2021 $'000**	**2020 $'000**
Opening balance	186	294
Payments	(110)	(126)
Lease extension liabilities	405	–
Interest accrued	(4)	18
Adjustments	(9)	–
	$468	**$186**

Lease liabilities relate to the Group's lease on office premises in Denver, Colorado, which was extended during 2021 to run till 30 April 2026. Liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate on commencement of the lease or the extension period. Lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced by lease payments made.

20. Term loans and Revolving loan facility

	2019 Term loans $'000	2020 Term loan $'000	2020 Revolving loan facility $'000
At 1 January 2020	**$18,177**	–	–
Repaid 30 June 2020	(2,726)	–	–
Repaid 16 September 2020	(15,451)	–	–
First Financial Bank Facilities:			
Term loan drawn 16 September 2020	–	10,000	–
Revolving loan facility drawn 16 September 2020	–	–	3,000
Term loan instalment repayments	–	(357)	–
Revolving loan facility net payments	–	–	(282)
At 31 December 2020	–	**$9,643**	**$2,718**
Term loan instalment repayments	–	(1,429)	–
Revolving loan facility net payments	–	–	(2,718)
At 31 December 2021	–	**$8,214**	–
Due within one year	–	**$1,429**	–
Due after one year	–	**$6,785**	–

20. Term loans and Revolving loan facility (continued)

At the end of June 2020, the Group repaid 15% of debt outstanding, amounting to $2.73 million. In September 2020, the Group completed the refinancing of all its then outstanding debt of $15.45 million. Facilities of a 7-year $10 million term loan and a 2 year revolving line of credit of up to $8 million, secured by a charge over the Group's assets, were provided by First Financial Bank, Ohio. The total amount drawn on completion was $13 million, representing the term loan of $10 million and $3 million relating to the revolving line of credit. With the addition of $2.45 million from the Group's cash resources the existing debt balance of $15.45 million was repaid in full, together with accrued interest. The principal terms applying to the 2020 facilities are:

a) The $10 million term loan is repayable in full by equal monthly instalments over the 7 years to 30 September 2027. There are accelerated repayments based on 25% of 2021 and 2022 surpluses of EBITDA over the total of capital expenditure and debt payments of principal and interest, payments to be made on 30 June 2022 and 2023 respectively. The interest rate on $7 million of the loan has been fixed to maturity by a swap contract at 3.99%, and the interest rate on the balance is variable monthly at 2.50% above LIBOR, subject to a minimum LIBOR rate of 1.00%, and is currently 3.50%. Repayment of all or part of the loan may be made at any time, subject to the cost or benefit of unwinding the swap contract. At 31 December 2021 the amount outstanding after instalment payments was $8.2 million.

b) The $8 million revolving line of credit has a 2 year term and may be drawn and repaid in variable amounts at the Group's discretion, with the amount available at closing being fixed at $3 million. Amounts that may be drawn are subject to a borrowing base of sufficient eligible discounted monthly values of receivables and inventory, and compliance on a quarterly basis with trailing 12 months financial covenant ratios of 1) a maximum multiple of 2.5 total debt to EBITDA, and 2) a minimum multiple of 1.2 EBITDA net of capital expenditure to the total of principal and interest payments on the total debt. The interest rate is variable monthly at 2.25% above LIBOR, subject to a minimum LIBOR rate of 1.00%, and is currently 3.25%. The amount outstanding at 31 December 2020 of $2.72 million was reduced to Nil by payments made during the year.

The derivative liability resulting from the swap contract described above has been revalued by reference to market expectations for future LIBOR rates, and the liability of $69k previously recognised and charged to finance expense has been reduced to Nil (Note 6). The actual cost of the swap during the year was $31k (2020 $10k).

21. Net debt

	2021 **$'000**	**2020** **$'000**
2020 Term loan	8,214	9,643
Revolving loan facility	–	2,718
Total bank debt	8,214	12,361
Cash and cash equivalents	5,262	3,481
Net debt at 31 December	**$2,952**	**$8,880**

22. Government subsidies – Paycheck Protection Program loans

In mid May 2020 the Group's operating subsidiaries, Iofina Chemical, Inc. and Iofina Resources, Inc., received loans totalling US$1.09m under the US Small Business Administration's Paycheck Protection Program ('PPP'), which is part of the Coronavirus Aid Relief and Economic Security Act ('CARES Act'). PPP loans, or a portion of the loan, may be forgivable if loan proceeds are used for eligible purposes, including employee retention and payroll. The Group received notice of 100% forgiveness from the US Small Business Administration, as of 22 January 2021 as regards $552,500 in respect of iofina Resources, Inc., and as of 27 January 2021 as regards $537,400 in respect of Iofina Chemical, Inc. The amounts forgiven have been recognised as income.

23. Share capital

		31 December 2021	31 December 2020
Authorised:			
Ordinary shares of £0.01 each	- number of shares	1,000,000,000	1,000,000,000
	- nominal value	£10,000,000	£10,000,000
Allotted, called up and fully paid:			
Ordinary shares of £0.01 each	- number of shares	191,858,408	191,858,408
	- nominal value	£1,918,584	£1,918,584

There was no change in share capital or share premium in 2021.

24. Share based payments

No options were granted or exercised during the year. A further 1,196,700 options were granted on 9 March 2022 at an exercise price of £0.176 ($0.23). In 2021 a total of 1,378,250 options either lapsed or were forfeited. Total options outstanding at 9 March 2022 were 5,000,400, representing 2.61% of shares in issue.

Options granted to directors and key employees and outstanding at 31 December 2021 are as follows:

Date of Grant	Number of Options	Vesting Date	Share Price £	Exercise Price £	Exercise Price 2021 $	Exercise Price 2020 $
13 June 2018	880,000	13 June 2019	0.162	0.162	0.22	0.22
13 June 2018	880,000	13 June 2020	0.162	0.162	0.22	0.22
25 July 2019	451,000	25 July 2020	0.213	0.213	0.29	0.29
25 July 2019	451,000	25 July 2021	0.213	0.213	0.29	0.29
16 December 20	570,850	16 December 21	0.125	0.125	0.17	0.17
16 December 20	570,850	16 December 22	0.125	0.125	0.17	0.17
Weighted average	**3,803,700**		**£0.16**	**£0.16**	**$0.22**	**$0.22**

The weighted average contractual life of options outstanding at 31 December 2021 was 7.5 years (2020 6.9 years).

Exercise prices shown in USD are based on the US Dollar/Pounds Sterling exchange rate at 31 December 2021 of 1.351 (2020 1.365). Options outstanding at 31 December 2021 expire the earlier of ten years from grant date or 90 days after the termination of service to the Company.

24. Share based payments (continued)

	2021 Number of Options	Weighted average exercise price £	$	2020 Number of Options	Weighted average exercise price £	$
Options outstanding						
At 1 January	**5,181,950**	**£0.19**	**$0.26**	**3,949,500**	**£0.21**	**$0.28**
Granted	–	–	–	1,232,450	£0.125	$0.17
Lapsed	(985,000)	£0.30	$0.41	–	–	–
Forfeited	(393,250)	£0.16	$0.22	–	–	–
At 31 December	**3,803,700**	**£0.16**	**$0.22**	**5,181,950**	**£0.19**	**$0.26**
Options exercisable						
At 1 January	**3,457,250**	**£0.21**	**$0.28**	**1,975,000**	**£0.23**	**$0.31**
Lapsed	(985,000)	£0.30	$0.41	–	–	–
Forfeited	(261,250)	£0.17	$0.23	–	–	–
Vested	1,021,850	£0.16	$0.22	1,482,250	£0.18	$0.24
At 31 December	**3,232,850**	**£0.17**	**$0.23**	**3,457,250**	**£0.21**	**$0.28**

Movements in the Share-based payment reserve were as follows:

	31 December 2021 $'000	31 December 2020 $'000
Balance 1 January	2,136	1,988
Share-based payment charge	120	148
Lapsed and forfeited options	(249)	–
Balance 31 December	**$2,007**	**$2,136**

25. Deferred tax

	2021 $'000	2020 $'000
At 1 January	–	–
Prior years US Federal tax losses available for offset against future US Federal taxable profits (see note 8)	4,066	–
At 31 December	**$4,066**	–

26. Related party transactions

In November 2019 the Group made an investment of $900k in Organic Vines OP LLC, a company which is controlled by Lance Baller, Iofina's chairman, and in which he has a substantial personal investment. In 2021 this investment has been impaired to Nil (Note 16).

There are intercompany transactions between the members of the Group. In both 2020 and 2021 all iodine produced by Iofina Resources was sold to Iofina Chemical. Related party balances are as follows:

26. Related party transactions (continued)

	31 December 2021 $'000		31 December 2020 $'000	
	Due to	Due from	Due to	Due from
Iofina plc	20,792	–	21,712	–
Iofina Resources	–	28,846	900	27,258
Iofina Chemical	8,125	71	5,586	40
IofinaEX	–	–	–	900

Additional related party transactions with directors, who are considered to be key management personnel, are set out in the Corporate Governance Statement on page 29. Option grants as described in note 24 are to employees and Directors.

The Company has entered into a number of unsecured related party transactions with its subsidiary undertakings. The most significant transactions carried out between the Company and its subsidiary undertakings are financing.

27. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as being share capital plus reserves as shown in the balance sheet. The Directors continue to monitor the level of capital as compared to the Group's commitments and adjust the level of capital as is determined to be necessary by issuing new shares. Iofina plc is not subject to any externally imposed capital requirements. The Directors consider the capital of the Group to be the total equity attributable to the equity holders of the parent of $30.0 million as at 31 December 2021 (2020: $20.6 million).

28. Subsidiary undertakings

Investment in subsidiaries

	Investment in subsidiaries $'000
Cost	
Balance at 31 December 2019, 2020 and 2021	**$17,199**

Due from subsidiaries

	2021 $'000	2020 $'000
Cost		
At 1 January	21,712	35,541
Finance expense paid by subsidiaries	–	(1,033)
Loans repaid	–	(18,177)
Management fees	100	100
Net funding from subsidiaries	(1,020)	(19)
Reversal of impairment of amount due from Iofina Resources	–	5,300
At 31 December	**$20,792**	**$21,712**

28. Subsidiary undertakings (continued)

The Group's debt arrangements are on a joint and several basis with all Group companies excluding dormant subsidiaries. The principal beneficiary of these arrangements is Iofina Resources, Inc., and therefore the debt is accounted for in that company and the consolidated balance sheet, and does not appear in the balance sheet of Iofina Plc.

Company	Country of incorporation and operation	Principal activity	Interest in ordinary shares and voting rights
Iofina, Inc.	United States/CO	Holding company	100%
Iofina Resources, Inc.	United States/CO	Iodine production	100%
Iofina Chemical, Inc.	United States/DE	Specialty chemical	100%
IofinaEX, Inc.	United States/KY	Dormant	100%
Iofina Resources, LLC	United States/CO	Dormant	100%
Iofina Resources, LLC	United States/TX	Dormant	100%

Iofina, Inc. was established in February 2006 and is a wholly owned subsidiary of Iofina plc. Iofina, Inc. owns the whole of the issued share capital of Iofina Resources, Inc., Iofina Chemical, Inc. and IofinaEX, Inc. Other entities are subsidiaries of Iofina Resources, Inc., the iodine production company.

The registered offices of the above companies are as follows:

Company	Registered office
Iofina, Inc.	8480 East Orchard Road, Greenwood Village CO 80111, USA
Iofina Resources, Inc.	8480 East Orchard Road, Greenwood Village CO 80111, USA
Iofina Chemical, Inc.	306 W. Main Street, Frankfort, KY 40601, USA
IofinaEX, Inc.	212 N 2nd St., Suite 100, Richmond, KY 40475
Iofina Resources, LLC (CO)	8480 East Orchard Road, Greenwood Village CO 80111, USA
Iofina Resources, LLC (TX)	815 Brazos Street, Austin TX 78701, USA

29. Capital commitments

At 31 December 2021 the Group had capital commitments amounting to $463k.

30. Post balance sheet events

1,196,700 share options were granted on 9 March 2022 at an exercise price of £0.176 ($0.23). There were no other post balance sheet events.

31. Contingent liabilities

There are no contingent liabilities.

32. Ultimate controlling party

There is no ultimate controlling party of the Group.

Iofina and the environment

Iofina promotes, wherever possible, environmental sustainability in its working practices and seeks to minimise, mitigate, or remedy any harmful effects from the Group's operations on the environment at each of its operational sites. To continue that effort through all aspects of business, this report has been produced to minimise its effect on the environment by using thinner paper, fewer pages, smaller type set, and non-colour printing as much as possible. As part of this effort Iofina is trying to move attention to its online annual reports available at **www.iofina.com**. By being a better steward of the environment, Iofina saves valuable shareholder funds instead of producing glossy magazine pages throughout the whole document.

This page does not form part of the statutory financial statements.