



23 September 2019

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

### **INTERIM RESULTS**

#### **EBITDA up 172%; Construction of IO#8 underway**

Iofina plc, specialists in the exploration and production of iodine and manufacturers of specialty chemical products, is pleased to announce its Interim Results for the six months ended 30 June 2019 (the "Period").

During the Period the Group significantly strengthened its financial performance, with revenue up 29% to \$14.53m (H1 2018: \$11.30m) and EBITDA up 172% to \$1.97m (H1 2018: \$0.72m). The \$3.23m increase in revenue and substantial increase in EBITDA was a result of the growth in sales volumes and higher iodine prices.

The Group's four IOsorb® iodine production plants produced a total of 286.7 metric tonnes ("MT") of crystalline iodine, an 8.6% increase from the prior year (H1 2018: 264.1 MT). The Group is pleased to confirm that a fifth IOsorb® plant, IO#8, is now in the first phase of construction and the new partner in IO#8 is anticipated to provide opportunities for future plants at future sites.

#### **KEY FINANCIAL POINTS:**

- Revenue increased by 29% to \$14.53m (H1 2018: \$11.30m);
- Gross profit increased by 53% to \$3.90m (H1 2018: \$2.55m), and from 23% to 27% of sales;
- EBITDA increased by 172% to \$1.97m (H1 2018: \$0.72m), and from 6% to 14% of sales;
- Operating profit was \$1.21m (H1 2018 loss \$0.05m);
- Loss before and after tax was \$0.30m (H1 2018 \$0.75m) (profit of \$0.13m if \$0.43m residual non-cash convertible loan notes charges are excluded);
- Basic loss per share was \$0.002 (H1 2018: \$0.006);
- Cash balances were \$10.26m (H1 2018: \$3.0m) (\$5.05m unspent from fundraise after debt repayment of \$3.26m, \$5.21m other cash);
- Equity increased by \$8.31m cash from fundraising and \$4.19m from debt converted to equity;
- Debt was restructured by extending term and removing convertibility, and reduced by \$7.46m to \$18.18m.

## **KEY OPERATIONAL AND MARKET HIGHLIGHTS:**

- IO#8 is in the first phase of construction;
- Production of crystalline iodine up 8.6% to 286.7 metric tonnes ("MT") (H1 2018: 264.1 MT)
- Iodine prices have continued to rise with the current spot price at or near \$33/kg
- Launch of IofinaEX, licensed in Kentucky to process and develop products derived from hemp such as CBD
- Incorporation of IofinaEX Global, a specialist division focused on the production of hemp derived products in Central America and the Caribbean
- Iofina Chemical continues strong performance with a diverse portfolio of iodine and other halogen products and has increased capacity of some key products to meet demand.

## **OUTLOOK**

- Iodine market remains tight, with iodine prices likely to move higher with Chilean supply being squeezed
- Iodine expansion remains on track, with the new partner at IO#8 providing opportunities for future plants at future sites.

**Commenting on today's results, Dr. Tom Becker, President and CEO stated:** *"It has been an exceptionally strong first half for Iofina, with the Group having achieved a record revenue of \$14.53 million in the period. This, together with the significantly improved EBITDA, has been a result of an increase in iodine production accompanied by growth in sales volumes and higher iodine prices."*

*"The Company has been working diligently to expand its iodine production capabilities further and is delighted to confirm that IO#8 is currently in its first phase of construction. Whilst iodine expansion remains on track, the Group has also successfully launched IofinaEX and IofinaEx Global, entities that are designed to directly benefit from the profitable and rapidly growing hemp market."*

*"The strengthening iodine market, coupled with our timely execution of iodine expansion and product development, will ensure that Iofina expands in line with its growth strategy and achieves a record profit in 2019 and future years to come."*

## **Enquiries:**

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## **Overview**

Iofina plc (“Iofina” or the “Company”) is the holding company of a group of companies (the “Group”) involved in the exploration and production of iodine with complete vertical integration into its specialty chemical derivatives business. Iofina Resources (“IR”) identifies, develops, builds, owns and operates iodine extraction plants, currently focused in North America, based on Iofina's WET® IOsorb® technology. Iodide is isolated from a brine waste stream produced from existing oil and gas operations, and without Iofina, this resource would not be realised. The isolation of iodine from this waste stream adds value to Iofina and its shareholders, our oil and gas partners and the overall global iodine market. Iodine containing or other halogen based products are produced at and sold through the Company's wholly owned subsidiary Iofina Chemical (“IC”) 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 through IC. IofinaEX (“EX”) is a new venture for the Group exploring hemp derived products such as CBD and is licensed to process hemp in the state of Kentucky. IofinaEX Global is exploring hemp derived product opportunities outside of the USA.

## **Financial Review**

### **Highlights**

The most notable features of the period under review were the 172% \$1.23m increase in EBITDA, and the debt restructure and equity fundraise. The bulk of the EBITDA improvement reflected increases in iodine prices, with the balance related to sales volume increases. The fundraise resulted in net funds received of \$8.31m, followed by the repayment of \$3.26m debt and the conversion of a further \$4.19m of debt into equity.

### **Sales**

Total sales increased by \$3.23m (29%) to \$14.53m. Sales of iodine products increased by 46% from \$6.72m to \$9.77m, while non-iodine sales increased by 4% from \$4.59m to \$4.75m. Sales volumes of IOsorb® plant produced iodine increased by 27% overall, comprising an increase of 123% in sales of raw iodine offset by a reduction of 27% in sales of crystallised iodine in derivative compounds. The net volume increase reflects both increased production at IOsorb® plants with the most recent IO#7 plant in full production throughout the period, and also some reduction in work in progress inventories of derivative compounds. The average raw iodine selling price achieved was 15% higher for the six months to 30 June 2019 compared to the same period last year. Sales prices of derivative compounds overall reflected the same value per kilogram increase as raw iodine, though the rate of increase in certain products is somewhat lagging behind the raw iodine increases. Non-iodine sales continued to perform strongly, with a net volume increase of 10%, offset by some price reductions associated with higher volumes.

### **Operational expense**

Iofina Resources' IOsorb® plant average production costs per kilogram for the period were 2.5% higher than for H1 2018. Manufacturing and fulfilment costs at the Iofina Chemical plant were overall 1% higher than for H1 2018. Administrative expenses were up by 5% on 2018, this reflecting \$102k of additional non-cash share option charges compared to 2018. Against this background of well contained operational expenditure the great majority of the benefit of the sales increases described above has been able to flow through to gross profit (up by \$1.34m and increased from 23% to 27% of sales) and EBITDA (up by \$1.23m and increased from 6% to 14% of sales) – operational gearing in action.

### **Interest payable**

Interest payable of \$1.09m is significantly greater than the \$0.62m amount for H1 2018. The increase reflects the provisions of the debt restructure agreement, completed on 29 March 2019 but including new interest rates retroactive to 1 January 2019. The H1 2018 interest payable of \$0.62m represents interest capitalised at 5% on convertible loan notes of \$20m plus capitalised interest to date, and interest capitalised at 6% in the same fashion on the term loan of \$3m. The H1 2019 interest of \$1.09m represents interest payable quarterly at 7.5% on the \$25.63m total balance of the loan notes (convertibility removed) and the term loan including accrued interest at 31 December 2018. This balance was reduced to \$18.18m by the repayment of the term loan balance of \$3.26m on 20 June 2019 and the conversion of \$4.19m loan notes debt into equity on 14 June 2019. The revised terms also included an arrangement of fee of 1% on all debt outstanding as of 31 December 2018, to be paid on 1 July 2020. The 2019 interest payable amount includes \$135k amortisation of this fee. Based on the reduced amount of debt of \$18.18m outstanding as of 30 June 2019 it is anticipated that interest payable in the second half of 2019 will be reduced to \$687k and amortisation of arrangement fees for the same period will be \$61k, assuming in both cases that there are no further alterations to the balance of debt outstanding.

### **Finance expense accounting**

The September 2016 debt agreements continued legally in force until completion of the restructure agreements on 29 March 2019, and therefore the residual amounts of the conversion rights accounting were carried forward into 2019. These appear as loan note discount expense of \$0.81m and derivative liability revaluation credit of \$0.39m, both non-cash items. However, as noted above, there were increased rates of interest effective 1 January 2019 under the new agreements, inter alia in anticipation of the removal of convertibility. Consequently there was in effect an overlap in the accounting for the previous and the new agreements, and a very high total finance expense of \$1.52m. If one discounts the non-cash net conversion rights expense of \$0.43m as de facto relating to prior to 1 January 2019, then the H1 2019 loss after tax shown of \$0.30m would become a profit of \$0.13m.

### **Fundraise and cash flow**

The equity fundraise completed in June 2019 brought in funds of \$8.31m net of expenses. The principal purposes of the fundraise were to pay off the outstanding term loan of \$3.26m, on which the interest rate increased from 7.5% to 12.0% as of 1 June 2019, and to accelerate the expansion of the business, in the first instance by funding the imminent building of a new IOsorb<sup>®</sup> plant at a cost in the region of \$3m. The loan of \$3.26m was paid off in June 2019 and therefore \$5.05m of the sums raised remained at 30 June 2019. Operating cash flow was \$1.77m positive in H1 2019 (H1 2018 \$0.32m positive). Deducted from this amount are \$0.12m of capital expenditure (H1 2018 \$0.75m), and interest paid of \$0.95m (H1 2018 Nil). Therefore excluding the \$5.05m from the fundraise the net cash inflow for the period was \$0.69m (H1 2018 \$0.43m outflow). Adding in the cash on hand of \$4.52m at the start of the year brings the total at 30 June 2019 excluding fundraise funds to \$5.21m, and with the \$5.05m fundraise funds to \$10.26m.

### **Debt**

The debt restructuring that was completed at the end of March 2019 removed the former share conversion rights and the option to capitalise interest payable, and extended the repayment date from 1 June 2019 to 1 July 2020. As described above, interest rates were increased from 5% and 6% to 7.5% and there is a 1% arrangement fee on the total sum outstanding at 31 December 2018. All debt is now therefore treated as term loans with interest payable quarterly, and comprehensive security remains in place. Debt outstanding at 31 December 2018 was \$25.64m, and that sum has been reduced by repayment of the previous term loan due to one debt holder of \$3.26m as part of the utilisation of the equity fundraise, and the conversion by the other debt holder of \$4.19m of previous loan notes into equity. After these reductions the balance of debt outstanding at 30 June 2019 was \$18.18m.

## **Iofina Resources**

During H1 2019 (the “Period”) Iofina Resources produced a total of 286.7 metric tonnes (“MT”) of crystalline iodine from its four Oklahoma IOsorb® iodine production plants, an 8.6% increase from the prior year (H1 2018: 264.1 MT).

IR continues to execute its strategy of minimising production costs and process improvements resulting in a 5% increase in iodine recovery efficiencies year-over-year. Efficiency improvements, particularly at IO#4 and IO#6, were achieved within H1 2019. The Company placed a greater emphasis on the small details of operations of its WET® IOsorb® process by reviewing everything from sampling and testing procedures to data collection and input and all steps in the IOsorb® process. The team continues to execute other process improvement projects at its other current sites.

During the Period the Company ramped up its exploration program. IR increased its area of focus and the frequency of sampling and testing in specific areas. This has resulted in the identification of additional locations for future IOsorb® plants. The Company recently announced an agreement and start of construction of IO#8, an important continuation of its corporate growth policy. This plant is expected to be online in H1 2020 and will significantly increase iodine production. Iofina has partnered with a new company for the source of the brine water raw material for IO#8. The new location is outside of the Company’s current core area, but is located in a rapidly expanding portion of oil and gas drilling in western Oklahoma. This is in-line with the Company’s iodine production expansion strategy, which was re-launched in 2018 with the development of the very successful IO#7 plant. IR continues to identify possibilities for future sites with various partners and the Iofina team is committed to continue to grow its iodine production operation in the ever-expanding worldwide iodine market. Diversity and increasing the number of plants it operates gives Iofina’s customers additional comfort in the reliability of Iofina’s iodine supply. The Company is currently assessing the future use of IO#5 which is currently not in operation.

## **Iofina Chemical**

All of the Group’s products are currently sold through Iofina Chemical, a specialty chemical enterprise that has been in operation for over 35 years and is well respected and known globally in the specialty iodine product market. IC continues to develop sales channels for IR’s produced crystalline iodine and IC’s specialty chemical products. IC prides itself as a dynamic organisation, which can quickly meet customers’ needs and develop new chemistries to continue to grow the Company’s portfolio of specialty chemical products.

Iofina Chemical, Inc. closed the first half of 2019 with the highest first half sales in Company history. IC’s sales closed June 2019 at \$14.53m, 29% higher than H1 2018. IC expects sales to continue to be strong in H2 2019. Sales of the Group’s crystalline iodine were higher than for any half year in Group history. Additionally, sales of non-iodine products are also robust and the Group has added additional shifts to meet product demand. With the increasing sales of the Group’s crystalline iodine, Iofina has achieved REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) compliance for iodine, and iodine samples have been sent for evaluation at new opportunities in the EU. IC has purchased additional equipment for two iodide products to meet customer demands and it is working on a pilot expansion of a non-iodine process to scale up to larger reactions in order to meet the increasing needs of our major customer.

## **IofinaEX**

IofinaEX is a new endeavour for the Group, investigating hemp derived products such as CBD. The Group has specialty chemical experience and expertise in extraction, distillation, analytical chemistry, scale-up and other knowledge which, the Board believes, provides a strong base for IofinaEX to be successful in this rapidly growing area. The Group is continuing R&D efforts in the state of Kentucky, where it holds a Hemp Processor/Handler License, and is constantly evaluating its R&D efforts as well as the rapidly changing cannabinoid/CBD market to determine the best path forward.

Currently IofinaEX is extracting full spectrum cannabinoid products and evaluating their composition. The next phase will be distilling and isolating additional products. The Group intends to update the market on its progress as appropriate. To that, the Group is also working to develop this business outside of the USA with its announced subsidiary IofinaEX Global. This Company has started to explore non-USA prospects with its initial focus in Central America. Whilst the Directors are excited about the prospects of the specialty hemp derived products, the Group remains fully focused on its core iodine businesses.

## **Iodine Outlook**

Iodine prices in H1 2019 have moved higher, faster than expected and have continued to rise in H2 2019. End of H1 year-on-year pricing for iodine rose approximately 20%. From the Company's observations of the iodine market and sales of its produced iodine, current iodine prices on the spot market are generally in the low \$30's per kilogram and moving higher towards the mid \$30's. Contract iodine pricing lags a bit behind the spot price but is also increasing. The iodine market supply is tight versus the demands of the market. Iofina continues to see strong demand for its crystalline iodine. The Group expects iodine pricing to continue to rise in H2 2019, as it believes the supply and demand conditions in the global iodine market are not likely to change significantly in the near term.

Current pricing levels for large iodine purchases are now similar to levels in 2011 before the supply disruption caused by the tragic tsunami in Japan and factors in Chilean production. The Directors believe that our strategy of prudent growth will place Iofina in a positive position without disrupting the market dynamics. Our ability to develop IOsorb® plants quickly, with relatively low Capex per kg of iodine produced at these plants, differentiates Iofina from its competition. Based on observations in the market we forecast iodine global consumption to grow ~3-4% in 2019. Pricing of iodine derivatives has slightly lagged behind the current iodine price. As iodine derivative producers consume iodine purchased at lower prices, we expect iodine derivative prices and margins to rise going forward.

## **Outlook**

Iofina has never been better positioned and the Directors are excited about the Group's future prospects. The recent oversubscribed fundraise and debt reduction has allowed the Group to fast-track growth and new prospects and we are expanding our iodine production with the construction of IO#8. Exploration and plans for future iodine production sites are moving forward and iodine prices are rising and are likely to move higher. New specialty chemical products through Iofina Chemical and IofinaEX are exciting opportunities for the Group and its shareholders. Safety, regulatory compliance, exceeding customer expectations, and focusing on employee satisfaction are key elements to the success of Iofina.

There have been great achievements in the past six months and the direction of the iodine market continues to work in Iofina's favour. The successful support of new and current investors has allowed Iofina to embark on its next phase of growth in iodine and other specialty chemicals. Iofina has a new partner in IO#8 which provides opportunities for future plants at future sites. The Directors believe that the Group's cost of iodine production is one of the lowest in the industry and that its ability to build plants quickly, with minimal Capex relative to its competition, puts the Group at a competitive advantage in the market. Construction of IO#9 is expected to commence in 2020 and the Board will continue to assess its options for utilising the assets of IOsorb® plant IO#5.

The specialty chemical divisions Iofina Chemical and IofinaEX are working hard to continue to grow the Group's current products and develop new specialty chemical products. Specifically, the Group's focus to develop products derived from hemp is a bold new step utilising the Group's specialty chemical expertise. We will provide the market updates on the progress of IofinaEX during H2 2019.

The Company's management team continues to nimbly adjust to global changes in areas such as tariffs, currency, and others to mitigate any risk. The Company, in conjunction with its debt holders, has significantly reduced its debt in H1 2019. The Directors are conscious that ongoing debt must be managed effectively whilst having the proper capital available to meet growth targets. The Directors believe the business strategies it has executed, combined with the recovery of the iodine market, have positioned the Company well for the future to achieve record profits in 2019 and beyond.

**IOFINA PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

	Note	Unaudited		Audited
		30 June 2019 \$	30 June 2018 \$	Year ended 31 December 2018 \$
<b>Continuing operations</b>				
Revenue		14,527,110	11,302,914	23,958,289
Cost of sales		<u>(10,631,843)</u>	<u>(8,749,925)</u>	<u>(17,651,387)</u>
<b>Gross profit</b>		<b>3,895,267</b>	<b>2,552,989</b>	<b>6,306,902</b>
Administrative expenses		<u>(1,924,696)</u>	<u>(1,828,142)</u>	<u>(3,664,716)</u>
<b>EBITDA – Earnings before interest, tax, depreciation and amortisation</b>		<b>1,970,571</b>	<b>724,847</b>	<b>2,642,186</b>
Depreciation and amortisation		<u>(755,966)</u>	<u>(771,774)</u>	<u>(1,576,317)</u>
<b>Operating profit/(loss)</b>		<b>1,214,605</b>	<b>(46,927)</b>	<b>1,065,869</b>
Impairment expense		-	-	(2,592,276)
Finance income		162	573	974
Interest payable		(1,086,313)	(623,251)	(1,273,178)
Amortisation of convertible loan notes	5	(821,649)	(887,546)	(1,789,804)
Revaluation of derivative liability	5	<u>392,835</u>	<u>806,722</u>	<u>3,214,166</u>
<b>Loss before taxation</b>		<b>(300,360)</b>	<b>(750,429)</b>	<b>(1,374,249)</b>
Taxation	7	-	-	231,233
<b>Loss for the period attributable to owners of the parent</b>		<b><u>\$(300,360)</u></b>	<b><u>\$(750,429)</u></b>	<b><u>\$(1,143,016)</u></b>
<b>Other comprehensive income</b>				
Foreign currency differences		-	(534)	(9,516)
<b>Total comprehensive income for the period</b>		<b><u>\$(300,360)</u></b>	<b><u>\$(750,963)</u></b>	<b><u>\$(1,152,532)</u></b>
<b>Basic and diluted loss per share</b>	4	<u>\$(0.002)</u>	<u>\$(0.006)</u>	<u>\$(0.009)</u>



**IOFINA PLC**  
**CONSOLIDATED BALANCE SHEET**  
**30 JUNE 2019**

		Unaudited 30 June 2019 \$	Unaudited 30 June 2018 \$	Audited 31 December 2018 \$
	Note			
Intangible assets		965,651	1,843,456	1,064,642
Goodwill		3,087,251	3,087,251	3,087,251
Property, plant & equipment		17,171,120	19,431,841	17,351,258
<b>Total non-current assets</b>		<b>21,224,022</b>	<b>24,362,548</b>	<b>21,503,151</b>
Inventories		5,299,785	5,410,222	5,674,168
Trade and other receivables		5,748,542	4,488,620	4,428,004
Cash and cash equivalents		10,257,607	3,018,948	4,519,895
<b>Total current assets</b>		<b>21,305,934</b>	<b>12,917,790</b>	<b>14,622,067</b>
<b>Total assets</b>		<b>\$42,529,956</b>	<b>\$37,280,338</b>	<b>\$36,125,218</b>
Trade and other payables		5,740,793	4,760,840	4,970,843
Lease liabilities		130,252	-	-
Convertible loan notes	5	-	20,094,629	-
Term loan	5	-	3,167,014	-
Derivative liability	5	-	2,800,279	-
<b>Total current liabilities</b>		<b>5,871,045</b>	<b>30,822,762</b>	<b>4,970,843</b>
Term loans	5	18,177,207	-	3,263,529
Lease liabilities		211,927	-	-
Convertible loan notes	5	-	-	21,550,297
Derivative liability	5	-	-	392,835
Deferred tax liability		-	231,233	-
<b>Total non-current liabilities</b>		<b>18,389,134</b>	<b>231,233</b>	<b>25,206,661</b>
<b>Total liabilities</b>		<b>\$24,260,179</b>	<b>\$31,053,995</b>	<b>\$30,177,504</b>
Issued share capital	6	3,112,078	2,292,683	2,292,683
Share premium		60,681,312	48,991,647	48,991,647
Share-based payment reserve		1,882,056	1,645,753	1,768,693
Retained earnings		(41,461,347)	(40,768,400)	(41,160,987)
Foreign currency reserve		(5,944,322)	(5,935,340)	(5,944,322)
<b>Total equity</b>		<b>18,269,777</b>	<b>6,226,343</b>	<b>\$5,947,714</b>
<b>Total equity and liabilities</b>		<b>\$42,529,956</b>	<b>\$37,280,338</b>	<b>\$36,125,218</b>

**IOFINA PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital	Share Premium	Share- based payment reserve	Retained earnings	Foreign currency reserve	Total equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 31 December 2017 (Audited)</b>	<b>2,292,683</b>	<b>48,991,647</b>	<b>1,634,390</b>	<b>(40,017,971)</b>	<b>(5,934,806)</b>	<b>6,965,943</b>
Share-based expense	-	-	134,303	-	-	134,303
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>134,303</b>	<b>-</b>	<b>-</b>	<b>134,303</b>
<b>Loss for the year attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,143,016)</b>	<b>-</b>	<b>(1,143,016)</b>
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	-	-	-	-	(9,516)	(9,516)
<b>Total comprehensive income attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,143,016)</b>	<b>(9,516)</b>	<b>(1,152,532)</b>
<b>Balance at 31 December 2018 (Audited)</b>	<b>2,292,683</b>	<b>48,991,647</b>	<b>1,768,693</b>	<b>(41,160,987)</b>	<b>(5,944,322)</b>	<b>5,947,714</b>
Issue of shares	814,112	11,694,948	-	-	-	12,509,060
Share-based expense	-	-	113,363	-	-	113,363
Prior year options adjustment	5,283	(5,283)	-	-	-	-
<b>Total transactions with owners</b>	<b>819,395</b>	<b>11,689,665</b>	<b>113,363</b>	<b>-</b>	<b>-</b>	<b>12,622,423</b>
<b>Loss for the period attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(300,360)</b>	<b>-</b>	<b>(300,360)</b>
<b>Total comprehensive income attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(300,360)</b>	<b>-</b>	<b>(300,360)</b>
<b>Balance at 30 June 2019 (Unaudited)</b>	<b>3,112,078</b>	<b>60,681,312</b>	<b>1,882,056</b>	<b>(41,461,347)</b>	<b>(5,944,322)</b>	<b>18,269,777</b>

**IOFINA PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended</b>		<b>Year ended</b>
	<b>30 June</b>	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
EBITDA – Earnings before interest, tax, depreciation and amortisation	1,970,571	724,847	2,642,186
Share options expense	113,363	11,359	134,303
Impairment adjustments	-	-	(378,944)
	<u>2,083,934</u>	<u>736,206</u>	<u>2,397,545</u>
<b>Changes in working capital</b>			
Trade receivables (increase)/decrease	(1,320,537)	133,061	193,677
Inventories decrease/(increase)	374,382	(1,096,722)	(1,360,668)
Trade and other payables increase	633,462	546,261	756,263
	<u>1,771,241</u>	<u>318,806</u>	<u>1,986,817</u>
<b>Net cash inflow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received	163	573	974
Acquisition of intangible assets	(23,512)	-	-
Acquisition of property, plant & equipment	(98,677)	(749,578)	(908,056)
	<u>(122,026)</u>	<u>(749,005)</u>	<u>(907,082)</u>
<b>Net cash outflow from investing activities</b>			
<b>Cash flows from financing activities</b>			
Issue of shares	8,314,320	-	-
Term loan repaid	(3,263,529)	-	-
Interest paid	(949,826)	-	-
Lease payments	(12,468)	-	-
	<u>4,088,497</u>	<u>-</u>	<u>-</u>
<b>Net cash inflow from financing activities</b>			
<b>Net increase/(decrease) in cash</b>	<b>5,737,712</b>	<b>(430,199)</b>	<b>1,079,735</b>
Effects of foreign exchange	-	(534)	(9,521)
<b>Cash and equivalents at beginning of period</b>	<b>4,519,895</b>	<b>3,449,681</b>	<b>3,449,681</b>
<b>Cash and equivalents at end of period</b>	<b><u>\$10,257,607</u></b>	<b><u>\$3,018,948</u></b>	<b><u>\$4,519,895</u></b>

## **1. Nature of operations and general information**

**Iofina plc** is the holding company of a group of companies (the “Group”) involved primarily in the exploration and production of iodine and the manufacturing of halogen-based specialty chemical derivatives. Iofina's principal business strategy is to identify, develop, build, own and operate iodine extraction plants, with a current focus in North America, based on Iofina's WET® IOsorb® technology. Iofina has current production operations in the United States, specifically in Kentucky and Oklahoma. The Group has complete vertical integration from the production of iodine from produced brine waters, to the manufacture of the chemical end-products derived from iodine and sold to global customers. Iofina is also investigating the isolation of hemp derived products such as CBD and is licensed in the state of Kentucky to manufacture these products.

The address of Iofina plc's registered office is 48 Chancery Lane, London WC2A 1JF.

Iofina plc's shares are listed on the London Stock Exchange's AIM market.

Iofina's consolidated financial statements are presented in US Dollars, which is the functional currency of the operating subsidiaries.

The figures for the six months ended 30 June 2019 and 30 June 2018 are unaudited and do not constitute full statutory accounts. The comparative figures for the year ended 31 December 2018 are extracts from the 2018 audited accounts (which are available on the Company's website, and have been delivered to the Registrar of Companies) and do not constitute full statutory accounts. The independent auditor's report on the 2018 accounts was unqualified and did not contain statements under sections 498(2) or (3) (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006.

## **2. Accounting policies**

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 December 2018 have been applied in the preparation of these condensed consolidated interim financial statements. These interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (“IFRS”) as endorsed by the EU that are expected to be applicable to the consolidated financial statements for the year ending 31 December 2019 and on the basis of the accounting policies expected to be used in those financial statements. The Group has implemented IFRS 16 Leases with effect from 1 January 2019, using the modified retrospective approach.

### 3. Segment reporting

#### (a) Business segments

The Group's operations during the period comprised 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.

#### (b) Geographical segments

The Group reports by geographical segment. All the Group's activities during the period were 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.

	Unaudited		Audited
	Six months ended 30 June		31 December
	2019	2018	2018
	\$	\$	\$
<b>Total assets</b>			
UK	1,013,401	185,183	124,847
USA	41,516,555	37,095,155	36,000,371
<b>Total</b>	<b>\$42,529,956</b>	<b>\$37,280,338</b>	<b>\$36,125,218</b>
<b>Total liabilities</b>			
UK	18,191,877	26,468,486	25,393,479
USA	6,068,302	4,585,509	4,784,025
<b>Total</b>	<b>\$24,260,178</b>	<b>\$31,053,995</b>	<b>\$30,177,504</b>
<b>Capital expenditures</b>			
UK	-	-	-
USA	476,837	749,578	908,056
<b>Total</b>	<b>\$476,837</b>	<b>\$749,578</b>	<b>\$908,056</b>

### 4. Loss per share

The calculation of loss per ordinary share is based on losses of \$300,360 (H1 2018: \$750,429) and the weighted average number of ordinary shares outstanding of 133,557,963 (H1 2018: 127,569,398). The diluted weighted average number of ordinary shares outstanding was 168,147,936 (H1 2018: 192,094,916). Due to the loss in the period, there is no difference between the diluted loss per share and the basic loss per share, because the additional shares outstanding on a diluted basis would have the effect of reducing the loss per ordinary share and would not therefore be dilutive under the terms of IAS 33.

## 5. Term loans, convertible loan notes and derivative liability

	Term loans	Convertible loan notes	Derivative liability (share conversion rights)
	\$	\$	\$
<b>At 31 December 2018</b>	<b>\$3,263,529</b>	<b>\$21,550,297</b>	<b>\$392,835</b>
<b>Debt restructure 29 March 2019:</b>			
Revaluation of derivative liability	-	-	(392,835)
Amortisation of discount	-	821,649	-
Loan notes restructured as term loans	22,371,946	(22,371,946)	-
	<u>25,635,475</u>	<u>-</u>	<u>-</u>
Debt for equity conversion 14 June 2019	(4,194,739)	-	-
Term loan repaid 20 June 2019	(3,263,529)	-	-
	<u>(7,458,268)</u>	<u>-</u>	<u>-</u>
<b>At 30 June 2019</b>	<b><u>\$18,177,207</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

As of 29 March 2019 the total amounts of \$22,371,946 repayable at 31 December 2018 in respect of the convertible loan notes, representing \$20,000,000 principal together with \$2,371,946 accrued capitalised interest, were restructured as term loans. As the term loans have no rights of conversion into shares of the Company, the derivative liability ceased to have any value, and the remaining unamortised discount on the loan notes was added to the brought forward balance to reflect the amounts actually repayable.

Under the terms of the debt restructure interest is payable quarterly on the term loans at the rate of 7.5% per annum with effect from 1 January 2019. In the case of the \$3,263,259 term loan outstanding at 31 December 2018 the rate increased to 12.0% per annum with effect from 1 June 2019. This loan was repaid in cash on 20 June 2019.

On 14 June 2019 \$4,194,739 of the term loans was repaid by the issue of 20,449,355 ordinary shares of £0.01 each at a price of 16p, as set out in Note 6 below.

The other principal terms applying to the term loans are:

- a) Repayment is due on 1 July 2020, and repayment may be made at any time without penalty;
- b) An arrangement fee of 1% on the total loan balances outstanding at 29 March 2019 is payable on 1 July 2020;
- c) The loans are secured against the assets of the Group, by a share pledge and a debenture granted by the Company, and by further pledges, a security agreement and guarantees granted by certain subsidiaries of the Group.

## 6. Share capital

	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
Authorised:			
Ordinary shares of £0.01 each			
-number of shares	1,000,000,000	1,000,000,000	1,000,000,000
-nominal value	£10,000,000	£10,000,000	£10,000,000
Allotted, called up and fully paid:			
Ordinary shares of £0.01 each			
-number of shares	191,858,408	127,569,398	127,569,398
-nominal value	£1,918,584	£1,275,694	£1,275,694

Details of shares issued during the six months ended 30 June 2019 are as follows:

	Shares issued	Nominal value \$	Share premium \$
<b>At 31 December 2018</b>	<b>127,569,398</b>	<b>\$2,292,683</b>	<b>\$48,991,647</b>
Issue of shares:			
- for cash	43,839,655	551,941	8,279,119
-on conversion of loan notes	20,449,355	262,171	3,932,569
Expenses of issue	-	-	(516,740)
Adjustment re options	-	5,283	(5,283)
<b>At 30 June 2019</b>	<b>191,858,408</b>	<b>\$3,112,078</b>	<b>\$60,681,312</b>

On 14 June 2019 43,839,655 ordinary shares of £0.01 each were issued at a price of 16p per share for a total gross consideration of £7,014,345 (\$8,831,060). The shares issued comprised 33,804,375 placing shares, 570,625 directors' subscription shares, and 9,464,655 open offer shares.

On 14 June 2019 20,449,355 ordinary shares of £0.01 each were also issued at a price of 16p per share for a total gross consideration of £3,271,897 (\$4,194,739). These shares were issued as consideration for the conversion of \$4,194,739 term loan into equity of the company.

## 7. Income tax

No income tax expense was recognised for the period due to the loss during the period of the Group as well as the carried forward losses of the Group. A deferred tax asset has not been recognised due to uncertainty over the timing of the recovery of these tax losses.

## **8. Post balance sheet events**

There were no material events arising after the balance sheet date that need to be reflected in these interim financial statements.

## **9. Cautionary Statement**

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of Iofina plc. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report. However, such statements should be treated with caution as they involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.