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29 September 2020

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

### **INTERIM 2020 RESULTS**

#### **Record Revenue and EBITDA**

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 2020 (the "Period").

During the Period the Group achieved a number of significant milestones including record half year sales revenues of \$15.74m (H1 2019: \$14.53m) and record half year EBITDA of \$2.95m (H1 2019: \$1.97m). These record figures were a result of continued cost controls, solid iodine production, strong non-iodine specialty chemicals sales and increases in iodine prices.

The Group's iodine production plants produced a total of 284.4 metric tonnes ("MT") of crystalline iodine in the Period, in line with H1 2019 production of 286.7 MT. The Group also completed IOsorb® plant, IO#8, on budget which is now fully operational.

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

- Revenue increased by 8% to \$15.74mm (H1 2019: \$14.53m);
- Gross profit increased by 25% to \$4.87m (H1 2019: \$3.90m), and from 27% to 31% of sales;
- EBITDA increased by 50% to \$2.95m (H1 2019: \$1.97m), and from 14% to 19% of sales;
- Operating profit increased by 77% to \$2.15m (H1 2019 \$1.21m);
- Profit before and after tax was \$1.32m (H1 2019 loss \$0.30m);
- Basic and diluted profit per share was \$0.007 (H1 2019 basic loss per share \$(0.002));
- Cash balances were \$5.51m (H1 2019: \$10.26m);
- Paycheck Protection Program loans of \$1.09m were received and are eligible for forgiveness;
- New plant IO#8 was completed on time in April 2020 at a total cost of \$3.1m;
- Debt of \$2.73m was repaid at the end of June and the balance of \$15.45m was refinanced in September 2020 by a \$10m bank term loan and a working capital facility of up to \$8m (of which \$3m initially available).

**KEY OPERATIONAL NOTES:**

- IO#8 completed on budget and on schedule; IO#8 was shut-in between early May and late June but is now fully operational;
- Production of crystalline iodine was 284.4 MT, in line with 2019 H1 production of 286.7 MT;
- Iodine prices continued to be strong in H1 2020 and spot prices ended the Period at or above \$35/kg;
- With the exception of a brief pause at IO#8, COVID-19 related issues did not affect production at Iofina facilities;
- Iofina Chemical continues to invest in improvements and expansion of processes.

**OUTLOOK:**

- The iodine market was robust pre-COVID-19 and remained fairly strong through Q2 2020. Demand for iodine and iodine-based products has seemingly slowed slightly in Q3 2020 and, as a result, large volume iodine prices have fallen marginally from \$35-37/kg in early Q3 to \$33-35/kg currently. It is difficult to predict the outlook of iodine demand and prices, which will likely be driven by the speed of the global economic recovery;
- Iofina recently completed restructuring of its debt with First Financial Bank and this new partnership allows the Group to focus on operations and growth;
- No plans to invest further in IofinaEX given the regulatory uncertainty and low pricing environment for hemp-based products in the USA;
- Iofina continues to explore opportunities for new IOsorb® plants, expansion of existing halogen-based derivatives and development of new products.

**Commenting on today's results, Dr. Tom Becker, President and CEO stated:** *"I am pleased with the excellent results achieved in the first half of 2020. Despite a challenging global trading environment caused by COVID-19 we continued to execute our strategy effectively, reflected in the financial highlights and in our levels of iodine produced. The record revenues and EBITDA achieved by the Group is a result of business strategies implemented over the last few years and the efficiency of our IOsorb® plants.*

*"The delivery of our newest plant IO#8 on time and on budget is testament to our skilled workforce and our ability to manage and plan for projects of this scale and complexity. The new plant, although shut for several weeks due to the knock-on impact of COVID-19 and historically low oil prices, is now fully operational and contributing to our H2 iodine production. All of our other plants have been fully operational and have remained so throughout the pandemic as essential businesses.*

*"Despite the economic uncertainty, Iofina is a highly efficient, low-cost operator, so we are still delivering good margins on our Iodine sales. The completion of our debt restructuring also means that we have a much stronger balance sheet and eliminates an overhang on the business. With this major hurdle complete, we look to the future with confidence and look forward to continuing to update shareholders on our progress."*

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**Company 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. Iofina has explored hemp/CBD opportunities through its subsidiary IofinaEX (‘EX’), however the Directors of the Group have determined to currently focus the Group’s resources into its IR and IC businesses.

## ***Financial Review***

### ***Summary***

Sales increased by \$1.21m versus H1 2019 while production costs of sales increased by \$0.23m, generating a gross profit increase of \$0.98m. This was an improvement from 27% to 31% of sales, which fed through into a \$0.98m (50%) increase in EBITDA, with administrative costs almost unchanged. Interest payable reduced by \$0.26m reflecting debt reductions, and there was no equivalent of the 2019 net \$0.43m charges relating to loan note derivative accounting. Consequently, there was a \$1.62m improvement in profit before tax, which was \$1.32m compared to a loss of \$0.30m in 2019. Cash balances declined over the Period by \$3.2m to \$5.5m, the main non-working capital factors being \$2.73m loan repayments and \$1.96m capital expenditure principally on IO#8 plant. In September 2020, the entirety of the outstanding term loans was refinanced by facilities arranged with First Financial Bank, Ohio.

### ***Sales***

Sales increased by \$1.21m (8%) to \$15.74m. Sales of iodine products increased by 4% from \$9.86m to \$10.27m, while non-iodine sales increased by 17% from \$4.67m to \$5.47m. Sales volumes of IOsorb® plant produced iodine products decreased by 26% overall, comprising a decrease of 18% in sales of raw iodine and a reduction of 38% in sales of crystallised iodine in derivative compounds, reflecting the impact of COVID-19 on end markets. However, this was more than offset by price increases, with an average \$35.50 iodine price achieved for sales of crystallised iodine, 30% higher than for 2019. Sales of non-iodine products showed strong increases in key product lines.

### ***Production and administrative costs***

Iodine production was 284 metric tonnes, similar to the 2019 figure of 287 metric tonnes. Average production costs per kilogram increased by 15%, of which approximately 5% relates to costs of the new IO#8 plant, which was commissioned in April but shut down at the start of May until late June due to wells being temporarily switched off due to COVID-19 and negative oil prices. Consequently, IO#8 H1 production was negligible, and it has only become a full contributor since the start of H2. Chemical plant manufacturing and fulfilment costs were 10% higher than 2019, in line with the budget for the period. SGA administrative expense of \$1.93m was held at the 2019 level.

### ***Finance expense***

Interest payable was reduced by \$0.26m to \$0.69m, reflecting the \$7.46m reduction in loan balances in June 2019. There were also net non-cash charges of \$0.43m in 2019 relating to the tail end of loan note derivative accounting that did not recur in H1 2020. Loan arrangement fees were \$0.15m, of which \$86k relate to the March 2019 debt restructure and \$68k relate to the September 2020 debt refinancing described below.

### ***Cash flow***

Cash balances were reduced by \$3.21m from \$8.72m to \$5.51m. Net working capital changes were \$1.57m negative, the main item being an inventory increase of \$2.52m partly related to an additional 18 metric tonnes of iodine produced in excess of sales. Capital expenditures were \$1.96m, principally relating to the construction of IO#8 plant, the total cost of which including 2019 expenditure was \$3.10m. Paycheck Protection Program (PPP) loans of \$1.09m were received and are eligible for forgiveness, though it is anticipated that completion of the necessary procedures may not be completed before the end of 2020. Term loan amounts of \$2.73m were repaid in June 2020, reducing loan balances to \$15.45m. Arrangement fees of \$0.28m were also paid in respect of the March 2019 debt restructuring.

### ***Debt refinancing September 2020***

In September 2020, the entirety of the outstanding term loans was refinanced by facilities arranged with First Financial Bank, Ohio. Amounts drawn on completion were \$13m, being a 7-year term loan of \$10m and \$3m on a 2-year revolving line of credit. The details of the new facilities are set out in Note 5. The outstanding loan balances of \$15.45m were repaid together with accrued interest, utilising the \$13m above together with the Group's existing cash resources. On completion of this transaction the Group's debt stood at \$13m, a reduction of \$12.6m (49%) compared to the \$25.6m debt outstanding 18 months earlier at March 2019.

### ***COVID -19***

The COVID-19 pandemic has influenced all businesses. Iofina has taken significant steps to protect its workforce to minimize exposure or spread of COVID-19 as well as taking proper business precautions to enable continuity of business operations. Chemical manufacturing was deemed an 'essential business' in the United States where Iofina operates and our employees continued their strong commitment to the Company and each other to perform their duties throughout these unprecedented times. Further impacts of COVID-19 are discussed below.

### ***Iofina Resources***

Iofina Resources ("IR") is the iodine production business of the Group. During H1 2020 (the "Period") IR produced a total of 284.4 MT of crystalline iodine, in line with H1 2019 production of 286.7 MT. In April of 2020, Iofina's newest iodine plant, IO#8, was completed within budget. With IO#8, the Group is currently operating five iodine production plants in western Oklahoma.

IO#8 was briefly shutdown at the start of May until late-June of 2020 because of oil well shut-ins at our brine supply partners due to the economic impact of COVID-19 and oil prices consequently falling. This was short-lived, and in late June IO#8 was restarted and continues in full operation. Oil prices have also stabilised.

One of Iofina Resources' strategies is to diversify its iodine operations at multiple plants with multiple suppliers. This strategy achieves several business advantages including minimizing catastrophic risk by operating multiple plants (and not a single plant) and the opportunity to expand in the future by developing business partnerships with multiple iodine-rich brine suppliers.

Iofina Resources continues to focus on both improvements at existing plants and exploration of opportunities for additional iodine production. Iofina Resources plants are open 24 hours per day every day of the year and Iofina's workforce and brine supply partners are committed to process maximum amounts of available brine with minimal downtime. Currently IR is undertaking a project at IO#4 to boost output at this plant. Additional projects at other existing sites are being evaluated.

IR continues to expand its proprietary exploration program to help determine the best opportunities for future iodine production sites. The business development team at IR also is working with current and new partners regarding new sites for expansion of iodine production. With the current economic uncertainties, the Directors of the Group will carefully evaluate new projects as well as the global iodine market when determining the timing and frequency of new iodine plants.

### ***Iofina Chemical***

Iofina Chemical ("IC") is the chemical derivatives producer and sales arm for the Group including sales of the Company's produced IOflo® crystalline iodine. IC's operations are based in Covington, KY USA and serve all of Iofina's global customers. Established in 1983, IC is a leader in iodine and

halogen-based speciality chemicals and is well recognized globally as a technology and quality-based organization driven to meet customers' needs.

As mentioned in the financial review, the COVID-19 induced global economic downturn had a negative impact on iodine-based volumes sold by IC. However, iodine price increases and strong non-iodine product sales helped to offset these negative impacts resulting in record revenues and EBITDA for the Period. The Directors' strategy over the last number of years to diversify Iofina through multiple types of products, namely iodine, iodine derivatives and non-iodine halogen specialty compounds, has been important in 2020 and gives the Group stability during turbulent times.

Currently, existing product expansion projects are scheduled in H2 2020 at IC for both an iodine based and a fluorine-based process to meet future anticipated demand.

### ***IofinaEX***

IofinaEX is a new endeavour for the Group and has explored business opportunities of hemp derived products such as CBD. Over the last year, IofinaEX has explored extraction chemistries to isolate cannabinoids, seed-to-sale opportunities outside of the USA, and hemp seed production.

Exploration of extraction processes of CBD and other cannabinoids were done on a laboratory scale at minimal expense. Recently, the U.S. Drug Enforcement Administration (DEA) issued an Interim Final Rule (IFR), which if finalised in current form, would make it difficult to manufacture CBD in the USA. Additionally, during the last 10 months, prices for CBD and other cannabinoids have fallen significantly due to COVID-19 impacts, and consequently the current USA business climate is unfavourable to the CBD industry.

Last year, IofinaEX also began to explore hemp related business opportunities outside of the USA. However, after extensive due diligence by the Board, these opportunities were deemed too high risk with the Board deciding in February of 2020 not pursue them any further.

Additionally, in late 2019, IofinaEX invested \$900k into a one grow cycle hemp seed project with Organic Vines OP LLC. The investment was anticipated to pay up to a \$1.8m profit by the end of H1 2020 but due to the factors cited above, seed sales from this project have been slow in the USA as minimal acres of hemp were planted in 2020 compared to 2019 due to COVID-19. Certified organic seeds from the Organic Vines project, were recently sold overseas to qualify the seed in that market. Feedback from Organic Vines' sales partner has been positive for further sales in the fourth quarter of 2020.

Based on all of the above factors Iofina has determined it is best to use its resources in its core areas of iodine extraction and halogen specialty chemical production, and is not putting any resources towards IofinaEX at this time with the exception of time required to manage the Organic Vines seed investment. The Directors and management will be reviewing whether to proceed with any further activity in IofinaEX in the future.

### ***Iodine Market Outlook***

Iodine prices in H1 2020 moved modestly higher from year end 2019 prices. Spot iodine prices for large volumes were generally in the \$35-37/kg range in the Period. However, the 3-year trend of increasing iodine prices has been curbed in Q3 2020 by the economic impact of COVID-19. From the Company's observations of the iodine market and sales of its produced iodine, current iodine prices on the spot market are now generally in the \$33-35 per kilogram range and are holding at these levels. Contract iodine pricing is now similar to spot prices.

It is much more difficult to predict future iodine demand and prices in the current environment. Future iodine prices are likely dependent on the speed of the global economy and, in particular for iodine, the recovery of the automotive, electronics and health care sectors. When evaluating future iodine production growth, the Directors will closely evaluate market conditions and execute a prudent strategy for the Group, its investors, and partners.

### ***Business Outlook***

The COVID-19 pandemic has negatively affected the global economy. While Iofina and the iodine market have not been as negatively affected as many other business sectors, Iofina has recently noted a slight slowdown in iodine demand and a modest reduction in iodine price. With global economies recovering, this is likely short lived.

Iofina is well positioned with diversified iodine production from five IOsorb® plants, iodine and non-iodine specialty chemicals, low cost iodine production, an improved balance sheet and new lending partner, and management's commitment to prudent growth. The record revenues and profits in this Period are expected to continue as additional production from IO#8 is fully realised. The Group will continue to look for new business opportunities in our core expertise whilst evaluating the recovery of global markets. The Group has proven it is geared to properly expand operations whilst controlling production and SGA costs.

Iofina will continue to invest in its people and expertise. In 2020 Iofina added former Oklahoma governor Mary Fallin to its Board of Directors and continues to hire and promote highly skilled individuals in the organisation. Our main goal is 'Continuous Improvement' throughout the business and these improvements can be measured by various metrics including safety, financial results, production output, share price and others.

There have been great advances in the Group in 2020 despite the current global situation. The completion of IO#8, debt refinancing, record profits, continued growth of non-iodine specialty chemicals, and personnel investments are a sample of these achievements which the Group will look to expand upon in the second half of 2020 and beyond.

**IOFINA PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

	Note	Unaudited Six months ended		Audited
		30 June 2020 \$	30 June 2019 \$	Year ended 31 December 2019 \$
<b>Continuing operations</b>				
Revenue		15,737,537	14,527,110	29,245,228
Cost of sales		(10,862,887)	(10,631,843)	(20,999,775)
<b>Gross profit</b>		<b>4,874,650</b>	<b>3,895,267</b>	<b>8,245,453</b>
Administrative expenses		(1,927,503)	(1,924,696)	(3,823,432)
<b>EBITDA – Earnings before interest, tax, depreciation and amortisation</b>		<b>2,947,147</b>	<b>1,970,571</b>	<b>4,422,021</b>
Depreciation and amortisation		(793,295)	(755,966)	(1,612,060)
<b>Operating profit</b>		<b>2,153,852</b>	<b>1,214,605</b>	<b>2,809,961</b>
Finance income		14,478	162	18,055
Interest payable		(689,782)	(951,473)	(1,650,680)
Loan arrangement fees		(154,004)	(134,840)	(196,097)
Amortisation of convertible loan notes	5	-	(821,649)	(821,649)
Revaluation of derivative liability	5	-	392,835	392,835
<b>Profit/(Loss) before taxation</b>		<b>1,324,544</b>	<b>(300,360)</b>	<b>552,425</b>
Taxation	7	-	-	-
<b>Profit/(Loss) for the period attributable to owners of the parent</b>		<b>\$1,324,544</b>	<b>\$(300,360)</b>	<b>\$552,425</b>
<b>Profit/(loss) per share:</b>				
- Basic	4	\$0.007	\$(0.002)	\$0.003
- Diluted	4	\$0.007	-	\$0.003



**IOFINA PLC**  
**CONSOLIDATED BALANCE SHEET**  
**30 JUNE 2020**

	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
Note	\$	\$	\$
Intangible assets	732,594	965,651	822,596
Goodwill	3,087,251	3,087,251	3,087,251
Property, plant & equipment	19,205,075	17,171,120	17,950,874
<b>Total non-current assets</b>	<b>23,024,920</b>	<b>21,224,022</b>	<b>21,860,721</b>
Inventories	8,599,239	5,299,785	6,077,270
Trade and other receivables	5,418,775	5,748,542	6,126,450
Investments	900,000	-	900,000
Cash and cash equivalents	5,509,820	10,257,607	8,717,890
<b>Total current assets</b>	<b>20,427,834</b>	<b>21,305,934</b>	<b>21,821,610</b>
<b>Total assets</b>	<b>\$43,452,754</b>	<b>\$42,529,956</b>	<b>\$43,682,331</b>
Trade and other payables	6,004,491	5,740,793	5,982,162
Lease liabilities	131,385	130,252	119,926
Term loans	5 15,450,626	-	18,177,209
<b>Total current liabilities</b>	<b>21,586,502</b>	<b>5,871,045</b>	<b>24,279,297</b>
Term loans	5 -	18,177,207	-
Lease liabilities	111,413	211,927	174,167
Paycheck Protection Program Loans	1,089,900	-	-
<b>Total non-current liabilities</b>	<b>1,201,313</b>	<b>18,389,134</b>	<b>174,167</b>
<b>Total liabilities</b>	<b>\$22,787,815</b>	<b>\$24,260,179</b>	<b>\$24,453,464</b>
Issued share capital	6 3,106,795	3,112,078	3,106,795
Share premium	60,686,595	60,681,312	60,686,595
Share-based payment reserve	2,099,889	1,882,056	1,988,361
Retained earnings	(39,284,018)	(41,461,347)	(40,608,562)
Foreign currency reserve	(5,944,322)	(5,944,322)	(5,944,322)
<b>Total equity</b>	<b>\$20,664,939</b>	<b>\$18,269,777</b>	<b>\$19,228,867</b>
<b>Total equity and liabilities</b>	<b>\$43,452,754</b>	<b>\$42,529,956</b>	<b>\$43,682,331</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 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	-	-	219,668	-	-	219,668
<b>Total transactions with owners</b>	<b>814,112</b>	<b>11,694,948</b>	<b>219,668</b>	<b>-</b>	<b>-</b>	<b>12,728,728</b>
<b>Profit for the year attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>552,425</b>	<b>-</b>	<b>552,425</b>
<b>Total comprehensive income attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>552,425</b>	<b>-</b>	<b>552,425</b>
<b>Balance at 31 December 2019 (Audited)</b>	<b>\$3,106,795</b>	<b>\$60,686,595</b>	<b>\$1,988,361</b>	<b>\$(40,608,562)</b>	<b>\$(5,944,322)</b>	<b>\$19,228,867</b>
Share-based expense	-	-	111,528	-	-	111,528
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>111,528</b>	<b>-</b>	<b>-</b>	<b>111,528</b>
<b>Profit for the period attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,324,544</b>	<b>-</b>	<b>1,324,544</b>
<b>Total comprehensive income attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,324,544</b>	<b>-</b>	<b>1,324,544</b>
<b>Balance at 30 June 2020 (Unaudited)</b>	<b>\$3,106,795</b>	<b>\$60,686,595</b>	<b>\$2,099,889</b>	<b>\$(39,284,018)</b>	<b>\$(5,944,322)</b>	<b>\$20,664,939</b>

**IOFINA PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

	Unaudited		Audited
	Six months ended		Year ended
	30 June	30 June	31 December
	2020	2019	2019
	\$	\$	\$
<b>Cash flows from operating activities</b>			
EBITDA – Earnings before interest, tax, depreciation and amortisation	2,947,147	1,970,571	4,422,021
Share options expense	111,528	113,363	219,668
	<u>3,058,675</u>	<u>2,083,934</u>	<u>4,641,689</u>
<b>Changes in working capital</b>			
Trade receivables decrease/(increase)	707,675	(1,320,537)	(1,698,445)
Inventories (increase)/decrease	(2,521,969)	374,382	(403,102)
Trade and other payables increase	218,422	633,462	813,579
	<u>1,462,803</u>	<u>1,771,241</u>	<u>3,353,721</u>
<b>Net cash inflow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received	14,478	163	18,055
Asset disposal proceeds	-	-	81,006
Acquisition of property, plant & equipment	(1,957,495)	(122,189)	(1,695,989)
Investment	-	-	(900,000)
	<u>(1,943,017)</u>	<u>(122,026)</u>	<u>(2,496,928)</u>
<b>Net cash outflow from investing activities</b>			
<b>Cash flows from financing activities</b>			
Issue of shares	-	8,314,320	8,314,320
Paycheck Protection Program Loans received	1,089,900	-	-
Term loan repaid	(2,726,580)	(3,263,529)	(3,263,529)
Interest paid	(679,778)	(949,826)	(1,628,227)
Arrangement fees paid	(282,105)	-	-
Refinancing fees paid	(67,995)	-	-
Lease payments	(61,299)	(12,468)	(81,362)
	<u>(2,727,856)</u>	<u>4,088,497</u>	<u>3,341,202</u>
<b>Net cash (outflow)/inflow from financing activities</b>			
<b>Net increase/(decrease) in cash</b>	<b>(3,208,071)</b>	<b>5,737,712</b>	<b>4,197,995</b>
<b>Cash and equivalents at beginning of period</b>	<b>8,717,890</b>	<b>4,519,895</b>	<b>4,519,895</b>
<b>Cash and equivalents at end of period</b>	<b><u>\$5,509,820</u></b>	<b><u>\$10,257,607</u></b>	<b><u>\$8,717,890</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 2020 and 30 June 2019 are unaudited and do not constitute full statutory accounts. The comparative figures for the year ended 31 December 2019 are extracts from the 2019 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 2019 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 2019 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 2020 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 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 addition, the Group created a strategy to develop a new line of Cannabidiol (“CBD”) products and to that end made an investment of \$900,000 in Organic Vines OP LLC, and also purchased a consignment of hemp biomass. There has been no trading activity in CBD to date, and therefore segment reporting below is limited to the separate recognition of CBD assets.

### 3. Segment reporting (continued)

	Unaudited		Audited
	Six months ended 30 June		31 December
	2020	2019	2019
<b>Assets</b>	\$	\$	\$
Halogen Derivatives and iodine	42,438,788	45,259,956	42,668,366
CBD	1,013,965	-	1,013,965
<b>Total</b>	<b>\$43,452,753</b>	<b>\$42,529,956</b>	<b>\$43,682,331</b>
<b>Liabilities</b>			
Halogen Derivatives and iodine	22,787,815	24,260,178	24,453,464
<b>Total</b>	<b>\$22,787,815</b>	<b>\$24,260,178</b>	<b>\$24,453,464</b>

#### (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
	2020	2019	2019
<b>Total assets</b>	\$	\$	\$
UK	266,876	1,013,401	824,645
USA	43,185,877	41,516,555	42,857,686
<b>Total</b>	<b>\$43,452,753</b>	<b>\$42,529,956</b>	<b>\$43,682,331</b>
<b>Total liabilities</b>			
UK	15,503,142	18,191,877	18,319,622
USA	7,284,673	6,068,302	6,133,842
<b>Total</b>	<b>\$22,787,815</b>	<b>\$24,260,178</b>	<b>\$24,453,464</b>
<b>Capital expenditures</b>			
UK	-	-	-
USA	1,957,495	476,837	1,695,989
<b>Total</b>	<b>\$1,957,495</b>	<b>\$476,837</b>	<b>\$1,695,989</b>

### 4. Profit/(Loss) per share

The calculation of profit/(loss) per ordinary share is based on profits of \$1,324,544 (H1 2019 Loss: \$(300,360)) and the weighted average number of ordinary shares outstanding of 191,858,408 (H1 2019: 133,557,963). After including the weighted average effect of share options of 3,949,500 (H1 2019: 2,965,000) and convertible notes of Nil (H1 2019: 31,624,973) the diluted weighted average number of ordinary shares outstanding was 195,807,908 (H1 2019: 168,147,936). Due to the loss in H1 2019, there was no difference between the diluted loss per share and the basic loss per share for that period, because the additional shares outstanding on a diluted basis would have had 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)	-
<b>At 29 March 2019</b>	<b>\$25,635,475</b>	-	-
Debt for equity conversion 14 June 2019	(4,194,739)	-	-
Term loan repaid 20 June 2019	(3,263,529)	-	-
<b>At 31 December 2019</b>	<b>\$18,177,207</b>	-	-
Repaid 26 June 2020	(2,726,581)	-	-
<b>At 30 June 2020</b>	<b>\$15,450,626</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.

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.

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

### Debt refinancing September 2020:

At the end of June 2020, the Group repaid 15% of debt outstanding, amounting to \$2.73m. In September 2020, the Group completed the refinancing of all its then outstanding debt of \$15.45 million. Fully secured facilities of a 7-year \$10 million term loan and a 2 year revolving line of credit of up to \$8 million have been 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 new 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.

b) The \$8 million revolving line of credit 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%.

## 6. Share capital

	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
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	191,858,408	191,858,408
-nominal value	£1,918,584	£1,918,584	£1,918,584

## **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**

In September 2020, the Group completed the refinancing of all its then outstanding debt of \$15.45 million. Details of the transaction are set out in Note 5.

## **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.