

**TOR MINERALS INTERNATIONAL, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

TOR MINERALS INTERNATIONAL, INC. AND SUBSIDIARIES

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Independent Auditor's Report

Board of Directors and Shareholders of
TOR Minerals International, Inc.
Corpus Christi, Texas

Opinion

We have audited the consolidated financial statements of TOR Minerals International, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

Houston, Texas
March 24, 2022

TOR Minerals International, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands)

	Years Ended December 31,	
	2021	2020
NET SALES	\$ 29,170	\$ 22,464
Cost of sales	27,034	21,315
GROSS MARGIN	2,136	1,149
Technical services and research and development	63	79
Selling, general and administrative expenses	3,936	3,911
(Gain) on disposal of assets	(50)	(2)
OPERATING LOSS	(1,813)	(2,839)
OTHER (EXPENSE) INCOME:		
Interest expense, net	(49)	(85)
(Loss) Gain on foreign currency exchange rate	(107)	62
Other income, net	664	668
Total Other Expense	508	645
Loss from Continuing Operations	(1,305)	(2,194)
Income tax (benefit) expense	(1)	3
Discontinued Operations:		
Income (Loss) from discontinued operations, TMI.Plant, for the year ended 2021 (including loss on disposal of \$372) and for year ended 2020	62	(78)
NET LOSS	\$ (1,242)	\$ (2,275)

See accompanying notes to the consolidated financial statements.

TOR Minerals International, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Loss
(In thousands)

	Years Ended December 31,	
	2021	2020
NET LOSS	\$ (1,242)	\$ (2,275)
OTHER COMPREHENSIVE LOSS, net of tax		
Currency translation adjustment, net of tax:		
Net foreign currency translation adjustment (loss) gain	(798)	797
Other comprehensive loss, net of tax	(798)	797
COMPREHENSIVE LOSS	<u>\$ (2,040)</u>	<u>\$ (1,478)</u>

See accompanying notes to the consolidated financial statements.

TOR Minerals International, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except per share amounts)

	December 31,	
	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,661	\$ 1,242
Trade accounts receivable, net	4,393	2,226
Inventories	9,149	7,615
Other current assets	508	644
Current Assets - discontinued operations	2	8,295
Current Assets - held for sale	473	473
Total current assets	18,186	20,495
PROPERTY, PLANT AND EQUIPMENT, net	9,681	10,436
OTHER ASSETS	4	4
Total Assets	\$ 27,871	\$ 30,935
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,046	\$ 2,048
Accrued expenses	1,183	1,602
Notes payable under lines of credit from continued operations	1,596	920
Notes payable under line of credit - discontinued operations	-	900
Current maturities - capital leases from continued operations	55	35
Current maturities - capital leases from discontinued operations	-	18
Current maturities of long-term debt – financial institutions	157	458
Total current liabilities	5,037	5,981
LONG-TERM LIABILITIES:		
Long-term debt - Financial Institutions from Operations, net of current	634	855
Long-term debt - Financial Institutions from discontinued operations, net of current	-	153
Long-term debt - Capital Leases, net of current	50	28
Other Long Term Liability, net of current	211	-
Total liabilities	5,932	7,017
COMMITMENTS AND CONTINGENCIES (Note 10)		
SHAREHOLDERS' EQUITY:		
Common stock \$1.25 par value: authorized, 6,000 shares; 3,542 shares issued and outstanding at December 31, 2021 and 2020	4,427	4,427
Additional paid-in capital	30,901	30,840
Accumulated deficit	(12,518)	(11,276)
Accumulated other comprehensive loss	(871)	(73)
Total shareholders' equity	21,939	23,918
Total Liabilities and Shareholders' Equity	\$ 27,871	\$ 30,935

See accompanying notes to the consolidated financial statements.

TOR Minerals International, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
Years ended December 31, 2021 and 2020
(In thousands, except per share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance at January 1, 2020	3,542	\$ 4,427	\$ 30,755	\$ (9,001)	\$ (870)	25,311
Share based compensation			85			85
Net loss				(2,275)		(2,275)
Cumulative Translation Adjustment					797	797
Balance at December 31, 2020	3,542	\$ 4,427	\$ 30,840	\$ (11,276)	\$ (73)	23,918
Share based compensation			61			61
Net loss				(1,242)		(1,242)
Cumulative Translation Adjustment					(798)	(798)
Balance at December 31, 2021	3,542	\$ 4,427	\$ 30,901	\$ (12,518)	\$ (871)	21,939

See accompanying notes to the consolidated financial statements.

TOR Minerals International, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (1,242)	\$ (2,275)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	1,639	2,142
Extinguishment of Debt -PPP Loan	(416)	(332)
Gain on disposal of assets	(50)	(2)
Share-based compensation	61	85
Recovery for bad debts	(2)	(11)
Changes in working capital:		
Trade accounts receivables	(1,055)	(289)
Inventories	(369)	(275)
Other current assets	105	212
Accounts payable and accrued expenses	(33)	261
Net cash used in operating activities	<u>(1,362)</u>	<u>(484)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(1,428)	(708)
Proceeds from sales of property, plant and equipment	5,596	4
Net cash provided by (used in) investing activities	<u>4,168</u>	<u>(704)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from lines of credit	806	1,651
Payments on lines of credit	(982)	-
Proceeds from PPP Loan	416	332
Payments on capital lease	28	(27)
Payments on long-term bank debt	(577)	(220)
Net cash (used in) provided by financing activities	<u>(309)</u>	<u>1,736</u>
Effect of foreign currency exchange rate fluctuations on cash and cash equivalents	(78)	62
Net increase in cash and cash equivalents	2,419	610
Cash and cash equivalents at beginning of year	1,242	632
Cash and cash equivalents at end of year	<u>\$ 3,661</u>	<u>\$ 1,242</u>
Supplemental cash flow disclosures:		
Interest paid	\$ 64	\$ 110
Income taxes paid	\$ -	\$ -
Non-cash investing activities:		
Capital expenditures financed through accounts payable and accrued expenses	\$ 58	\$ 252

See accompanying notes to the consolidated financial statements.

TOR Minerals International, Inc.
Notes to the Audited Consolidated Financial Statements
December 31, 2021 and 2020

1. Description of Business

TOR Minerals International, Inc. and Subsidiaries (“TOR”, “we”, “us”, “our”, or the “Company”), a Delaware Corporation, is engaged in a single industry, the manufacture and sale of mineral products for use as pigments and extenders, primarily in the manufacture of paints, industrial coatings plastics, and solid surface applications. The Company’s global headquarters are located in Corpus Christi, Texas (“TMI.” or “U.S. Operation”). The Asian Operation, TOR Minerals Malaysia, Sdn. Bhd. (“TMM”), is located in Ipoh, Malaysia, and the European Operation, TOR Processing and Trade, BV (“TPT”), is located in Hattem, The Netherlands.

The Company entered into an agreement, dated March 5, 2021, with United Minerals and Properties, Inc. “the Buyer” where in the Buyer was to purchase the Corpus Christi assets engaged in producing the Aluminum Trihydrate and Barium Sulfate business at the 722 Burluson St, Corpus Christi, TX location. The Company has other businesses and assets that are not part of this negotiated sale. The referenced sale solely relates to the specific processes, machines, materials and business at the Corpus Christi Facility for the BARTEX, HALTEX and OPTILOAD products. The sale was approved by the majority shareholders on March 10, 2021 and a press release was done on March 17, 2021 to notify the public of the Company’s intent to sell this segment of the business. The sale transaction was completed on April 15, 2021.

Basis of Presentation and Use of Estimates: The consolidated financial statements include accounts of TOR Minerals International, Inc. and its wholly-owned subsidiaries, TMM and TPT. All significant intercompany transactions and balances are eliminated in the consolidation process.

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, we evaluate our estimates, including those related to bad debt, inventories, income taxes, financing operations, contingencies and litigation. TOR bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Cash and Cash Equivalents: The Company considers all highly liquid investments readily convertible to known cash amounts and with a maturity of twelve months or less at the date of purchase to be cash equivalents.

Allowance for Doubtful Accounts: The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The allowance for non-collection of accounts receivable is based upon the expected collectability of all accounts receivable including review of current aging schedules and current economic conditions and customer history. Accounts are written off when all reasonable internal and external collection efforts have been performed. At December 31, 2021 and 2020, we maintained a reserve for doubtful accounts of approximately \$29,000 and \$90,000, respectively.

Foreign Currency: Results of operations for the Company’s foreign operations, TMM and TPT, are translated from the designated functional currency to the U.S. Dollar using average exchange rates during the period, while assets and liabilities are translated at the exchange rate in effect at the reporting date. Resulting gains or losses from translating foreign currency financial statements are reported as other comprehensive loss, net of income tax. The effect of changes in exchange rates between the designated functional currency and the currency in which a transaction is denominated are recorded as foreign currency transaction gains (losses) in earnings.

TMM measures and records its transactions in terms of the local Malaysian currency, the Ringgit (“RM”), which is also TMM’s functional currency. As a result, gains and losses resulting from translating the balance sheet from RM to U.S. Dollars are recorded as cumulative translation adjustments (which are included in accumulated other comprehensive loss, a separate component of shareholders’ equity) on the consolidated balance sheets. As of December 31, 2021, the cumulative translation adjustment included on the consolidated balance sheets was a loss of approximately \$1,322,000.

TPT’s functional currency is the Euro. As a result, gains and losses resulting from translating the balance sheet from Euros to U.S. Dollars are recorded as cumulative translation adjustments on the consolidated balance sheets. As of December 31, 2021, the cumulative translation adjustment included on the consolidated balance sheets was income of approximately \$451,000.

TOR Minerals International, Inc.
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Inventory: We write down our inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the net realizable value based upon assumptions about future demand and market conditions. Based on our 2021 inventory analysis, TMM wrote down approximately \$88,000 or 158 metric tons of in-process material to match similar inventory on hand, while for 2020 no such write down was required.

Overhead is charged to inventory based on normal capacity and we expense abnormal amounts of idle facility expense, freight and handling costs in the period incurred. For the year ended December 31, 2021, the Company recorded an increase in the 2021 consolidated statement of operations as a component of Cost of sales of approximately \$67,000, primarily related to idle facility expense at TPT and TMM operations and the inventory count adjustments made during the TMI operation sale of assets. During 2020, we recorded an increase in the 2020 consolidated statement of operations as a component of Cost of sales of approximately \$1,657,000, primarily related to idle facility expense primarily at the TMI and TPT operations.

Property, Plant and Equipment: Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of depreciable assets, which range from 3 to 39 years. Maintenance and repair costs are charged to operations as incurred and major improvements extending asset lives are capitalized.

Impairment of Long-Lived Assets: The impairment of long-lived assets is assessed when changes in circumstances (such as, but not limited to, a decrease in market value of an asset, current and historical operating losses or a change in business strategy) indicate that their carrying value may not be recoverable. This assessment is based on management's estimates of future undiscounted cash flows, salvage values or net sales proceeds. These estimates take into account management's expectations and judgments regarding future business and economic conditions, future market values and disposal costs. Actual results and events could differ significantly from management's estimates. Based upon our most recent analysis, management determined no assets were impaired. There can be no assurance that future impairment tests will not result in a charge to net earnings (loss).

Revenue Recognition: The Company follows Accounting Standards Codification ("ASC") Revenue from Contracts with Customers ("ASC 606"), using the modified retrospective method. This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaborative arrangements and financial instruments. Under ASC 606, an entity recognizes revenue when it transfers control of the promised goods or services to its customer, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. If control transfers to the customer over time, an entity selects a method to measure progress that is consistent with the objective of depicting its performance.

In determining the appropriate amount of revenue to be recognized as the Company fulfills the obligations under its contracts with customers, the following steps must be performed at contract inception: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company satisfies its performance obligation as the products are delivered to its customers or common carrier at which point control is transferred to the customer. The Company invoices customers once the product has shipped and collection generally occurs within the payment terms agreed with customers. Accordingly, there is no financing component to the Company's arrangements with customers.

Shipping and Handling: The Company records shipping and handling costs, associated with the outbound freight on products shipped to customers, as a component of cost of sales.

Income Taxes: The Company records a provision for income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Deferred income taxes are recognized by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as net operating loss and tax credit carry-forwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which future realization is uncertain.

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December 31, 2021 and 2020

When accounting for uncertainties in income taxes, the Company evaluates all tax years still subject to potential audit under the applicable state, federal and foreign income tax laws. The Company is subject to taxation in the United States, Malaysia and The Netherlands. Federal income tax returns in the United States are subject to examination for the tax years ended December 31, 2018 through December 31, 2021. State tax returns, which are filed in Texas, are subject to examination for the tax years ended December 31, 2017 through December 31, 2021. The Company's tax returns in various non-U.S. jurisdictions are subject to examination for various tax years dating back to December 31, 2017.

The Company did not recognize certain tax benefits from uncertain tax positions within the provision for income taxes. The Company may recognize a tax benefit only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement.

In addition, the Company did not recognize any interest and penalties in the consolidated financial statements during the years ended December 31, 2021 and 2020. If any interest or penalties related to any income tax liabilities are imposed in future reporting periods, the Company expects to record both of these items as components of income tax expense.

Share Based Compensation: The Company calculates share based compensation using the Black-Scholes-Merton ("Black-Scholes") option-pricing model, which requires the input of subjective assumptions including the expected stock price volatility. For the years ended December 31, 2021 and 2020, we recorded approximately \$61,000 and \$85,000, respectively, in share-based employee compensation. This compensation cost is included in general and administrative expenses in the accompanying Consolidated Statements of Operations.

2. Discontinued Operations

As discussed in Note 1, Description of Business, on April 15, 2021, the Company completed the asset sale of its manufacturing operations at the TMI location and the requirements for the presentation of those operations as a discontinued operation were met on that date. The Company sold the group of assets for \$2,250,000 and all inventory on hand associated with the segment of the business for an additional \$3,207,400. As a result of this strategic shift, the Company classified all amounts related to the sale as discontinued operations in the consolidated balance sheets and statements of operations for all periods presented.

The financial results of the TMI operations are presented as a gain of approximately \$62,000 from discontinued operations in the 2021 consolidated statements of operations and a loss of approximately \$78,000 for 2020 on the consolidated statement of operations. The following table presents the financial results of the discontinued operations.

(In thousands)		
Major classes of line items constituting pretax profit (loss) of discontinued operations (in thousands)	<u>2021</u>	<u>2020</u>
Revenue		
Bartex	\$ 2,432	\$ 5,093
Haltex	1,230	3,067
Optiload	142	305
Other	21	(0)
Total revenue	\$ 3,825	\$ 8,465
Cost of Sales		
Bartex	(2,308)	(4,442)
Haltex	(1,155)	(2,616)
Optiload	(117)	(264)
Total cost of sales	\$ (3,580)	\$ (7,322)
Freight	(146)	(325)
Other Direct Associated Costs	393	(768)
Selling, general and administrative expenses	(45)	(97)
Interest Expense	(13)	(31)
Pretax income (loss) of discontinued operations related to major classes of pretax income (loss)	\$ 434	\$ (78)
Pretax loss on the disposal of discontinued operations	(372)	-
Total pretax gain (loss) on discontinued operations	\$ 62	\$ (78)
Income tax expense (benefit)	0	0
Total income (loss) on discontinued operations as presented in the Statements of Operations	\$ 62	\$ (78)

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The following table presents the Balance Sheets detail of the discontinued operations.

(In thousands)

Carrying amounts of major classes of assets included as part of discontinued operations	2021	2020
Trade Receivables	\$ 2	\$ 1,207
Inventories	-	4,630
Property, Plant and equipment, net	-	2,459
Total major classes of assets of the discontinued operation	\$ 2	\$ 8,295
Other assets included in the disposal group classified as held for sale	473	473
Total assets classified as current assets - discontinued operations or held for sale in the Consolidated Balance Sheets	\$ 475	\$ 8,768
Carrying amounts of major classes of liabilities included as part of discontinued operations		
Short-term borrowings	\$ -	\$ 900
Long-term borrowings	\$ -	\$ 153
Other classes of liabilities that are not major	-	18
Total liabilities classified as current liabilities - discontinued operations in the Consolidated Balance Sheets	\$ -	\$ 1,071

3. Debt and Notes Payable

Long-term Debt – Financial Institutions

The Dutch Union of Banks provided to its corporate clients a COVID-19 relief loan payment deferral program. Companies healthy prior to the Covid crisis were offered a six-month postponement for the repayment of their loans. The Company took part in this relief program on the four outstanding Netherlands bank loans. Interest payments remained payable during the deferral period and were remitted on time by the Company. Full repayment terms resumed January 31, 2021.

On June 18, 2020, a loan from the Small Business Administration was funded through the Economic Injury Disaster Loan (“EIDL”) program. The loan bears a 3.75% interest rate with a collateral clause against the TMI plant tangible and intangible person property. As part of the TMI plant asset sale, the loan was paid-in-full before the sale date of April 15, 2021 and the Uniform Commercial Code (UCC) form has been terminated.

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Below is a summary of our long-term debt to financial institutions as of December 31, 2021 and 2020:

(In thousands)	December 31, 2021	December 31, 2020
Fixed rate Euro term note payable to a Netherlands bank, with an interest rate of 2.1% at December 31, 2021, due August 31, 2027, secured by TPT's land and buildings. Monthly principal payments are €1,616 (\$1,834) at December 31, 2021 and a Euro balance of €108k	\$ 123	\$ 157
Fixed rate Euro term note payable to a Netherlands bank, with an interest rate of 2.1% at December 31, 2021, due May 31, 2029, secured by TPT's land and buildings. Monthly principal payments are €1,566 (\$1,778) at December 31, 2021 and a Euro balance of €138k.	157	192
Fixed rate Euro term note payable to a Netherlands bank, with an interest rate of 2.2% at December 31, 2021. The loan is due July 31, 2026 and is secured by TPT's land and buildings. Monthly principal payments are €8,333 (\$9,460) at December 31, 2021 and a Euro balance of €450k.	511	675
Variable rate Euro term note payable to a Netherlands bank, with a EURIBOR interest rate plus bank margin of 2.3% per annum, and at June 30, 2021. The loan is paid in full.	-	288
Fixed rate USD term note payable to Small Business Administration with an interest rate of 3.75% at June 18, 2020, due May 18, 2050, secured by TMI's tangible and intangible personal property. Loan is paid in full as part of the TMI asset sale and SBA release letter has been received.	-	153
Total	\$ 791	\$ 1,466
Less current maturities	157	458
Total long-term debt - financial institutions	\$ 634	\$ 1,008

Short term Debt

U.S. Operations

On November 29, 2018, the Company entered into a new loan agreement ("Loan Agreement") with American Bank, N.A., which replaced the Agreement with the Lender, dated August 15, 2017. Under the terms of the Loan Agreement, our Line of Credit (the "TMI Line") was reestablished at \$1,000,000 and the maturity date was established at November 15, 2019. During 2019, this was extended to November 15, 2021. Under the terms of the Loan Agreement, the Company is required to maintain positive net earnings before taxes, interest, depreciation, amortization and all other non-cash charges on a rolling four-quarter basis. During 2020, this was amended and this covenant was removed. In its place, a covenant requiring a \$0 balance for a 30-day period in a calendar year was implemented.

Under the terms of the Loan Agreement, the amount the Company is entitled to borrow under the Line is subject to a borrowing base, which is based on the loan value of the collateral pledged to the Lender to secure the indebtedness owing to the Lender by the Company. Amounts advanced under the TMI Line bears interest at a variable rate equal to one percent per annum above the Wall Street Journal Prime Rate as such prime rate changes from time to time, with a minimum floor rate of 4.5%. The Loan Agreement was paid in full on April 15, 2021 as part of the TMI asset sale and the UCC has been terminated. At December 31, 2020, there was \$900,000 outstanding on the TMI Line.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the SBA Paycheck Protection Program ("PPP") loans that are forgivable in certain situations to promote continued employment. The Company applied and was approved to receive \$331,962. These funds were received on April 17, 2020 and forgiveness for these funds was granted on December 30, 2020. The resulting gain from the forgiveness of this loan is included in other income, net on the Consolidated Statements of Operations.

On December 27, 2020, President Trump signed into law the "Consolidated Appropriations Act", making available funds for the second round of the SBA Paycheck Protection Program loans ("Loan"). These loans are forgivable in certain situations to promote continued employment and to provide liquidity to small businesses harmed by COVID-19. The Company applied

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for the second round of PPP and received \$416,258 on February 25, 2021 and forgiveness for these funds was granted on September 2, 2021. The resulting gain from the forgiveness of this loan is included in other income, net on the Consolidated Statements of Operations.

European Operations

On July 13, 2015, TPT entered into an amended short term banking facility (the “TPT Amended Agreement”) with Rabobank. Under the terms of the TPT Amended Agreement, the TPT line of credit (the “TPT Line”) was as that time €500,000 and interest was the average 1-month EURIBOR plus the bank margin of 3.3%. On November 6, 2020, a short term amendment was made to the TPT Line. The TPT Line was temporarily increased to €800,000 (\$981,680 at December 31, 2020) with a periodic reduction of €100,000 on March 12, March 26 and on April 9, 2021; the TPT Line was reduced back to the original amended amount of €500,000 at that time. The interest rate was 2.9% at December 31, 2021. At December 31, 2021, TPT had €262,000 (\$297,000 at 12/31/2021) outstanding on the TPT Line.

Asian Operations

On September 22, 2020, TMM entered into an amended short-term banking facility with HSBC to extend the maturity date from June 30, 2020 to June 30, 2021 and further extended to June 30, 2022. The HSBC facility includes the following in RM: (1) overdraft and bank guarantee each of RM 500,000 (\$120,050 at 12/31/2021); (2) an import line of RM 4,500,000 (\$1,080,500 at 12/31/2021); and (3) an export (“ECR”) line of RM 2,000,000 (\$480,200 at 12/31/2021). At December 31, 2021, TMM import line had RM 2,198,000 (\$527,700 at 12/31/2021) outstanding on the HSBC short-term banking facility.

On August 19, 2021, TMM amended its short-term banking facility with RHB Bank Berhad (“RHB”) to extend the maturity date from August 31, 2021 to August 31, 2022. The RHB facility, as amended, includes the following in RM. (1) multi-trade line of RM 6,750,000 (\$1,620,700 at 12/31/2021); (2) a bank guarantee of RM 250,000 (\$60,000 at 12/31/2021); and (3) the foreign exchange contract line of RM 2,000,000 (\$480,200 at 12/31/2021). At December 31, 2021, TMM had RM 3,212,500 (\$771,300 at 12/31/21) outstanding balance on the RHB short-term banking facility.

The banking facilities with both HSBC and RHB bear an interest rate on the respective overdraft facilities at 1.25% over bank prime, and the respective ECR facilities bear interest at 1.0% above the funding rate stipulated by the Export-Import Bank of Malaysia Berhad. The ECR facilities, which are a government supported financing arrangement specifically for exporters, are used by TMM for short-term financing of up to 180 days against customers’ and inter-company shipments.

The borrowings under both the HSBC and the RHB short-term credit facility are subject to certain subjective acceleration covenants based on the judgment of the banks and a demand provision that provides that the banks may demand repayment at any time. A demand provision is customary in Malaysia for such facilities. The loan agreements are secured by TMM’s property, plant and equipment. However, if demand is made by HSBC or RHB, we may be unable to refinance the demanded indebtedness, in which case, the lenders could foreclose on the assets of TMM. While repatriation is allowed in the form of dividends, the credit facilities prohibit TMM from paying dividends, and the HSBC facility further prohibits loans to related parties without the prior consent of HSBC.

The Company was in compliance with all financial covenants at RHB as of December 31, 2021. The Company was in breach of one covenant at HSBC during the 2021 facilities review. The breached covenant was to maintain a Facility Utilization Ratio of 70% during the Agreement year and TMM’s Utilization rate was 54% for the review period. HSBC considered the covenant breach serious and asked that TMM take action to ensure the breach does not occur again. There was no fine or penalty incurred because of the breach.

The following is a summary of the future maturities of long-term debt to financial institutions as of December 31, 2021:

Years Ending December 31,

(In thousands)

2022	\$ 157
2023	157
2024	157
2025	157
2026	100
Thereafter	63
Total	\$ 791

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4. Fair Value Measurements

Fair value measurements consist of the following three levels:

Level 1 inputs: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).

Level 2 inputs: Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 inputs: Level 3 inputs are unobservable inputs (e. g., a company's own data) for the asset or liability and should be used to measure fair value to the extent that relevant observable inputs are not available.

The fair value of the Company's debt is based on estimates using standard pricing models and Level 2 inputs, including the Company's estimated borrowing rate, that take into account the present value of future cash flows as of the consolidated balance sheet date. The computation of the fair value of these instruments is performed by the Company. The carrying amounts and estimated fair values of the Company's long-term debt, including current maturities, are summarized below:

(In Thousands)	December 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current portion	\$ 791	\$ 713	\$ 1,466	\$ 1,341

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, trade receivables, accounts payable and accrued liabilities, accrued income taxes and short-term borrowings approximate fair values due to the short-term nature of these instruments.

5. Inventories

A summary of inventories follows:

(In thousands)	December 31,	
	2021	2020
Raw materials	\$ 4,036	\$ 5,481
Work in progress	674	1,725
Finished goods	3,936	4,282
Supplies	889	1,168
Total Inventories	9,536	12,656
Inventory reserve	(387)	(411)
Net Inventories	\$ 9,149	\$ 12,245

A summary of the inventories carried at December 31, 2020 as presented in the discontinued operations disclosure under current assets.

(In thousands)	December 31, 2020
Raw materials	\$ 3,215
Work in progress	172
Finished goods	840
Supplies	402
Total Inventories disclosed	\$ 4,630

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6. Property, Plant and Equipment

Major classifications and expected lives of property, plant and equipment are summarized below:

(In thousands)	Expected Life	December 31,	
		2021	2020
Land	--	\$ 311	\$ 329
Office buildings	39 years	3,783	4,891
Production facilities	10 - 20 years	2,258	11,734
Machinery and equipment	3 - 15 years	20,804	29,680
Furniture and fixtures	3 - 20 years	1,682	1,988
Total		28,837	48,621
Less accumulated depreciation		(19,552)	(36,286)
Property, plant and equipment, net		9,285	12,335
Construction in progress		396	1,033
		\$ 9,681	\$ 13,368

A summary of the property, plant and equipment carried at December 31, 2020 as presented in the discontinued operations disclosure under current assets. In addition to the \$2,459,000 current assets presented as discontinued operations there is approximately \$473,000 in held for sale on the consolidated balance sheets for both years ending 2021 and 2020.

(In thousand)	December 31, 2020
Land	0
Office buildings	896
Production facilities	9,321
Machinery and equipment	4,836
Furniture and fixtures	374
Total	15,426
Less accumulated depreciation	(13,201)
Property, Plant and Equipment, net	2,225
Construction in progress	234
	2,459

All property, plant and equipment is depreciated using the straight-line method over the estimated useful lives of depreciable assets.

The amounts of depreciation expense recorded on the Company's property, plant and equipment for the years ended December 31, 2021 and 2020 was approximately \$1,639,000 and \$2,142,000, respectively.

7. Income Taxes

Loss after provision for income taxes was as follows:

(In thousands)	Years Ended December 31,	
	2021	2020
Domestic	\$ (1,077)	(1,756)
Foreign	(165)	(519)
Loss before income taxes	\$ (1,242)	\$ (2,275)

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The components of provision for income taxes for periods presented are as follows:

(In thousands)	Components of Provision for Income Tax (Benefit) Expense					
	Years Ended December 31,					
	2021			2020		
	Current	Deferred	Total	Current	Deferred	Total
Federal	\$ -	-	-	\$ -	-	-
State	(1)	-	(1)	3	-	3
Foreign	-	-	-	-	-	-
Total Income Tax (Benefit) Expense	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>

A reconciliation of the provision for income taxes, with the amount computed by applying the statutory Federal income tax rate to loss before income taxes is as follows:

Effective Tax Rate Reconciliation (In thousands)	Years Ended December 31,	
	2021	2020
Benefit computed at statutory rate	\$ (261)	\$ (479)
Change in valuation allowance - Domestic	301	454
Change in valuation allowance - Foreign	(1)	70
Effect of items deductible for book not tax, net		
Share based compensation	13	18
Other - Domestic	-	1
Other - Foreign	(1)	-
PPP loan forgiveness	(87)	(70)
Effect of foreign tax rate differential	36	13
Other adjustments	-	(7)
State income taxes, net of Federal benefit	(1)	3
	<u>\$ (1)</u>	<u>\$ 3</u>

Significant Components of Deferred Taxes (In thousands)	Years Ended December 31,	
	2021	2020
Deferred Tax Assets:		
Net operating loss carry-forwards - Domestic	\$ 1,058	\$ 698
Net operating loss carry-forwards - Foreign	1,363	1,310
Non-Qualifying Share Based compensation	33	33
Unrealized foreign currency losses - Domestic	48	48
Foreign tax credits	629	652
PP&E - Domestic	4	61
PP&E - Foreign	89	161
Other deferred assets - Domestic	7	9
Other deferred assets - Foreign	98	110
	<u>\$ 3,329</u>	<u>\$ 3,082</u>
Valuation Allowance	(3,329)	(3,082)
Total deferred tax assets	<u>-</u>	<u>-</u>

Our effective tax rate is based on our level of pre-tax income, statutory rates and tax planning strategies. Significant management judgment is required in determining the effective rate and in evaluating our tax position. At December 31, 2021, our TMI operation had federal NOL carry-forwards of approximately \$5,037,000, which will begin to expire in 2035 and which, combined with other items, resulted in a deferred tax asset (“DTA”) of \$1,149,900. After reviewing the factors under ASC 740, which should be considered in determining whether a valuation allowance is appropriate, the Company decided to maintain the valuation allowance (“VA”) already in place to fully reserve its U.S. DTA and as noted below, also maintained the VA already in place against the net DTA of its foreign subsidiaries.

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At December 31, 2021, TPT had NOL carry-forwards of approximately \$3,618,700, which resulted in a DTA of approximately \$542,800. Under current law, these NOLs have a limited carryforward period. However, due the uncertainties regarding TPT's ability to utilize this DTA, the Company maintained the valuation allowance previously established to fully reserve against this DTA.

At December 31, 2021, TMM had NOL carry-forwards of approximately \$3,419,400 and certain other deferred tax assets which resulted in a DTA of approximately \$1,636,200. Under the current law, the NOLs have a seven-year carryforward period. Due to the uncertainties regarding TMM's ability to utilize this DTA, the Company maintained the valuation allowance previously established to fully reserve against this DTA.

During the years ended December 31, 2021 and 2020 the valuation allowance increased by approximately \$247,000 and \$1,254,000, respectively.

8. Stock Options

On February 21, 2000, the Company's Board of Directors approved the adoption of the 2000 Incentive Stock Option Plan (the "Plan") for TOR Minerals International, Inc. The Plan provides for the award of a variety of incentive compensation arrangements, including restricted stock awards, performance units or other non-option awards, to such employees and directors as may be determined by a Committee of the Board. At the Annual Shareholders' meeting on April 27, 2017, the fourth amendment to the Plan extended the period during which awards may be made under the Plan to April 27, 2026. At the Annual Shareholders' meeting on July 24, 2020, the maximum number of shares of the Company's common stock that may be sold or issued under the Plan was increased to 800,000 shares subject to certain adjustments upon recapitalization, stock splits and combinations, merger, stock dividend and similar events.

For the years ended December 31, 2021 and 2020, the Company recorded approximately \$61,000 and \$85,000, respectively, in stock-based employee compensation. This compensation cost is included in general and administrative expenses in the accompanying consolidated statements of operations.

On July 30, 2021, the Board of Directors granted senior management of the Company non-qualifying stock options (the "Performance Awards"). The Performance Awards, which are subject to the terms, definitions and provisions of the 2000 Incentive Plan as amended, consist of the following grants:

Officer's Name	Position	Three Year Performance
		Grant Award
James Roecker	CEO and Vice-Chairman of the Board of Directors	75,000
Olaf Karasch	President and CTO	75,000
Glenda Webb	VP of Finance and Accounting	10,000
Arjen Leenstra	TPT Plant Manager	10,000
David Lee	TMM Plant Manager	10,000

The Performance Awards, which vest over a three-year period, are based solely on the basis of satisfaction of the performance criteria established annually by the Company's Board of Directors. The Performance Periods begin on January 1 of each calendar year and ending on December 31 of such year. The first Performance Period began on January 1, 2021 and ended on December 31, 2021. The final Performance Period begins on January 1, 2023 and ends on December 31, 2023. The exercise price for the Performance Awards was set at \$1.90 per share.

The 2021 Performance Awards consisted of 60,000 or one third of the three-year total. Based on the satisfaction of the performance criteria established by the Company's Board of Directors, 31,332 Performance Awards vested on January 1, 2022.

The Company granted options to purchase 104,500 and 111,000 shares of common stock in the years ended December 31, 2021 and 2020, respectively. The weighted average fair value per option at the date of grant for options granted in the years ended December 31, 2021 and 2020 was \$1.87 and \$1.81, respectively, as valued using the Black-Scholes option-pricing model with the following weighted average assumptions:

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	Twelve Months Ended December 31,	
	2021	2020
Risk-free interest rate	0.69%	1.15%
Expected dividend yield	0.00%	0.00%
Expected volatility	0.44	0.39
Expected term (in years)	7.00	7.00

The risk free interest rate is based on the Treasury Constant Maturity Rate as quoted by the Federal Reserve at the time of the grant for a term equivalent to the expected term of the grant. The estimated volatility is based on the historical volatility of our stock and other factors. The expected term of options represents the period of time the options are expected to be outstanding from grant date.

The following table summarizes certain information regarding stock option activity:

	Total Reserved	Options		
		Outstanding	Weighted Avg Exercise Price	Range of Exercise Prices
Balances at January 1, 2020	384,869	150,590	\$9.72	\$3.05 - \$18.22
Increase in Reserve	300,000			
Granted		111,000	\$1.81	\$1.30 - \$2.25
Forfeited or expired		(10,439)	\$7.53	\$7.50 - \$7.63
Balances at December 31, 2020	684,869	251,151	\$6.21	\$1.30 - \$18.22
Granted		104,500	\$1.87	\$1.35 - \$2.50
Forfeited or expired		(23,000)	\$13.40	\$12.96 - \$16.33
Balances at December 31, 2021	684,869	332,651	\$4.35	\$1.30 - \$18.22

Of the 800,000 shares included in the Plan, there have been 115,131 options exercised. At December 31, 2021, there were 332,651 options outstanding and 352,218 were available for future issuance.

The number of shares of common stock underlying options exercisable at December 31, 2021 was 329,051 and the weighted-average remaining contractual life of those options is 6.86 years. Exercise prices on options outstanding at December 31, 2021, ranged from \$1.30 to \$18.22 per share as noted in the following table.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	332,651	\$4.40	352,218
Equity compensation plans not approved by security holders	--		--
Total	332,651	\$4.40	352,218

As of December 31, 2021, there was approximately \$4,090 of compensation expense related to non-vested awards. This expense is expected to be recognized over a weighted average period of 2.33 years.

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9. Profit Sharing Plan

The Company has a profit sharing plan that covers the U.S. employees. Contributions to the plan are at the option of, and determined by the Board of Directors and are limited to the maximum amount deductible by the Company for Federal income tax purposes. For the years ended December 31, 2021 and 2020, there were no contributions to the plan.

The Company also offers U.S. employees a 401(k) savings plan administered by an investment services company. Employees are eligible to participate in the plan after completing six months of service with the Company. The Company matches contributions up to 4% of the employee's eligible earnings. Total Company contributions to the 401(k) plan for the years ended December 31, 2021 and 2020 was approximately \$50,000 and \$67,000, respectively.

10. Commitments and Contingencies

Land Lease

The Company leases land located in the Rincon Industrial Park of approximately 14 acres from the Port of Corpus Christi Authority (the "Port"). Commencing on April 15, 2021, this property was sub-leased for a full twelve months to a Sub-lessee. Additionally, the Sub-lessee has the option to extend the Sublease term for an additional six months, so long as Sub-lessee is not in default and provides Sub-lessor written notice of exercise of the option at least ninety days prior to the end of the Sublease term. The sub-lessee agrees to and shall pay to Sub-lessor rent for the 12-month sub-lease term the sum of \$177,864 and for the extension period, if exercised, the sum of \$88,932 for the premises. Sub-lessee shall have the option to assume the lease at the end of the Sublease term or the extended term. In order to exercise the option, no default shall have occurred and Sub-lessee shall provide Sub-lessor written notice of the exercise at least ninety-days prior to the end of the Sub-lease or extended term if the extension has been exercised. In the event of such assumption, Sub-lessee shall assume all obligations under the Port lease and related to the premises in form and content acceptable to the Port and the Sub-lessor, and Sub-lessee shall cause the Port to fully release the Company from any and all liability related to or arising in connection with the lease of the premises.

The Port lease payment is subject to an adjustment every 5 years for what the Port calls the "equalization valuation". This is used as a means of equalizing rentals on various Port lands and is determined solely at the discretion of the Port. The last equalization valuation was July 2017 at which time the annual lease increased from approximately \$95,000 to \$178,000. The Company and the Port executed an amended lease agreement on July 11, 2000, which extended the expiration date of the lease to June 30, 2027.

The Company's global headquarters moved to a rental space in the First City, Texas Tower in September 2021. The executed lease is for three years ending September 15, 2024. Total future obligations remaining on this lease are approximately \$107,000.

Minimum future rental payments for non-cancelable leases as of December 31, 2021 for the next five years ending December 31 and in total thereafter are as follows:

Years Ending December 31,

(In thousands)	
2022	\$ 238
2023	229
2024	206
2025	178
2026	178
Thereafter	88
Total minimum lease payments	\$ 1,117

Rent expense under these leases was approximately \$203,000 and \$178,000 for the years ended December 31, 2021 and 2020, respectively. Sub-lessee rental income during 2021 totaled \$126,000.

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Capital Leases

The Company's operation in The Netherlands entered into a capital lease, in the amount of €14,500 (\$16,460) for a forklift from Post B.V. The lease term is 36 months, ending December 2022.

The Company's operation in The Netherlands entered into a capital lease, in the amount of €22,000 (\$24,974) for a forklift from BNP Paribas Leasing. The lease has an interest rate of 4.51% and a term of 36 months, ending January 2023.

The Company's operation in The Netherlands entered into a capital lease, in the amount of €19,750 (\$22,420) for a second forklift from BNP Paribas Leasing. The lease has an interest rate of 5.01% and a term of 36 months, ending November 2023.

The Company's operation in The Netherlands entered into a capital lease, in the amount of €48,413 (\$54,958) for a compressor from Diependael Leasing. The lease has a term of 48 months ending January 2024.

The Company's operation in The Netherlands entered into a capital lease, in the amount of €55,753 (\$63,291) for a lab analyzer from ABN-AMRO. The lease has an interest rate of 3.16% and a term of 36 months, ending April 2024.

Capital lease payments as of December 31, 2021 and for the remaining years until maturity are as follows:

Years Ending December 31,

(In thousands)

2022	\$	57
2023		43
2024		8
Total minimum lease payments		108
Less: Amount representing executory costs		(0)
Net minimum lease payments		108
Less: Amount representing interest		(3)
Less: Amount representing sales tax		0
Present value of net minimum lease payments		105
Less: Current maturities of capital lease obligations		(55)
Long-term capital lease obligations, net of current maturities	\$	50

Contingencies

From time to time, the Company may be involved in claims and litigation arising in the ordinary course of business. Because there are inherent uncertainties in the ultimate outcome of such matters, it is presently not possible to determine the ultimate outcome of any potential claims or litigation against the Company; however, management believes that the outcome of such matters will not have a material adverse effect on the Company's consolidated financial position, results of operation or liquidity.

The Company believes that it is in compliance with all applicable federal, state and local laws and regulations relating to the discharge of substances into the environment, and it does not expect that any material expenditure for environmental control facilities will be necessary in order to continue such compliance.

11. Significant Customers

For the years ended December 31, 2021 and 2020, one customer accounted for approximately 18% and 17%, respectively, of our total consolidated sales revenue including discontinued operations. The amount included in accounts receivable at December 31, 2021 and 2020, related to this customer were \$1,128,000 and \$211,000, respectively.

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12. Foreign Sales

Revenues from sales to customers located outside the U.S. for the years ended December 31, 2021 and 2020 are as follows:

(In thousands)	Years Ended December 31,	
	2021	2020
Canada, Mexico & South/Central America	\$ 1,865	\$ 1,713
Pacific Rim	1,037	328
Europe, Africa & Middle East	16,438	12,771
Total Foreign Sales	\$ 19,340	\$ 14,812
Less: Discontinued Operation Foreign Sales	937	1,372
Total Foreign sales net of Discontinued Operations	<u>\$ 18,403</u>	<u>\$ 13,440</u>

13. Sales by Product

Revenues from sales by product for the years ended December 31, 2021 and 2020 are as follows:

(In thousands)	December 31,		December 31,	
	2021		2020	
	Sales Revenue	% of Total Sales	Sales Revenue	% of Total Sales
Sales Revenue by Product				
ALUPREM	\$ 14,632	44%	\$ 12,387	41%
HITOX/TIOPREM	13,496	41%	8,708	30%
BARTEX / BARYPREM	3,495	11%	6,462	20%
HALTEX / OPTILOAD	1,372	4%	3,372	9%
Total Sales Revenue by Product	\$ 32,995	100%	\$ 30,929	100%
Less: Discontinued Operations Revenue	3,825	12%	8,465	27%
Total Sales Revenue by Product, net of Discontinued Operations	<u>\$ 29,170</u>	<u>100%</u>	<u>\$ 22,464</u>	<u>100%</u>

14. Risks & Uncertainties

The Company is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce because of the invasion of Ukraine. Trade transactions with Russian customers will be reviewed against current sanction listings in the United States, The Netherlands and Malaysia. Management will continue to monitor all developments in the region and determine if Russian customers' trade relationships need to change with the Company. The Company's revenues from Russian customers is insignificant. Given the daily evolution of the invasion by Russian troops and the global reaction to the event, the Company is not able to estimate the effects of the invasion on its results of operations, financial condition, or liquidity for fiscal year 2022.

15. Subsequent Events

The Company evaluates events and transactions occurring after the consolidated balance sheet date, but before the consolidated financial statements are available to be issued. The Company has evaluated such events and transactions through March 24, 2022 the date the consolidated financial statements were available for issuance.