



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

CONSOLIDATED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**

TOR MINERALS INTERNATIONAL, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of TOR Minerals International, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for the year 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, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2024, were audited by other auditors, who expressed an unmodified opinion on those statements on March 27, 2025.

Responsibilities of Management for the Consolidated 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 for one year after the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Consolidated 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 US 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 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.



Crowe LLP

Houston, Texas
March 31, 2026

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

	Years Ended December 31,	
	2025	2024
NET SALES	\$ 22,082	\$ 22,413
Cost of sales	19,777	21,141
GROSS MARGIN	2,305	1,272
Technical services and research and development	35	113
Selling, general and administrative expenses	3,349	3,585
Gain on disposal of assets	(19)	-
OPERATING LOSS	(1,060)	(2,426)
OTHER (EXPENSE) INCOME:		
Interest expense, net	(16)	(20)
Gain (loss) on foreign currency exchange rate	89	(166)
Other (expense) income, net	(2)	4
Total Other Income (Expense)	71	(182)
Loss before provision for income taxes	(989)	(2,608)
Income tax expense	-	-
NET LOSS	\$ (989)	\$ (2,608)
<i>Loss per common share:</i>		
Basic and Diluted	\$ (0.28)	\$ (0.74)
Diluted	\$ (0.28)	\$ (0.74)
<i>Weighted average common shares outstanding:</i>		
Basic and Diluted	3,542	3,542
Diluted	3,542	3,542

See accompanying notes to the consolidated financial statements.

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

	Years Ended December 31,	
	2025	2024
NET LOSS	\$ (989)	\$ (2,608)
OTHER COMPREHENSIVE LOSS, net of tax		
Currency translation adjustment, net of tax:		
Net foreign currency translation adjustment loss	1,131	(27)
Other comprehensive loss, net of tax	1,131	(27)
COMPREHENSIVE INCOME (LOSS)	\$ 142	\$ (2,635)

See accompanying notes to the consolidated financial statements.

TOR Minerals International, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands)

	December 31,	
	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,301	\$ 672
Short-term investment	500	750
Trade accounts receivable, net	2,510	2,773
Inventories, net	7,773	7,407
Other current assets	241	756
Total current assets	13,325	12,358
PROPERTY, PLANT AND EQUIPMENT, net	7,154	7,355
OTHER ASSETS:		
Operating lease right-of-use assets	135	199
Other asset - miscellaneous	2	2
Total other assets	137	201
Total Assets	\$ 20,616	\$ 19,914
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,196	\$ 1,860
Accrued expenses	819	1,021
Notes payable under lines of credit	167	541
Current maturities - financed lease liability	-	4
Current maturities - operating lease liability	67	59
Current maturities of short-term debt – financial institutions	-	294
Current maturities of long-term debt – private trust, net of deferred	113	-
Total current liabilities	3,362	3,779
LONG-TERM LIABILITIES:		
Long-term debt - operating lease liability, net of current	68	140
Long-term debt – private trust, net of current and deferred	877	-
Other long term liability, net of current	37	75
Total liabilities	4,344	3,994
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, 2025 and 2024	4,427	4,427
Additional paid-in capital	31,461	31,251
Accumulated deficit	(18,900)	(17,911)
Accumulated other comprehensive loss	(716)	(1,847)
Total shareholders' equity	16,272	15,920
Total Liabilities and Shareholders' Equity	\$ 20,616	\$ 19,914

See accompanying notes to the consolidated financial statements.

TOR Minerals International, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
Years ended December 31, 2025 and 2024
(In thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance at January 1, 2024	3,542	\$ 4,427	\$ 31,222	\$ (15,303)	\$ (1,820)	\$ 18,526
Share-based compensation	-	-	29	-	-	29
Net loss	-	-	-	(2,608)	-	(2,608)
Cumulative Translation Adjustment	-	-	-	-	(27)	(27)
Balance at December 31, 2024	3,542	\$ 4,427	\$ 31,251	\$ (17,911)	\$ (1,847)	\$ 15,920
Share-based compensation	-	-	210	-	-	210
Net loss	-	-	-	(989)	-	(989)
Cumulative Translation Adjustment	-	-	-	-	1,131	1,131
Balance at December 31, 2025	3,542	\$ 4,427	\$ 31,461	\$ (18,900)	\$ (716)	\$ 16,272

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,	
	2025	2024
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Net Loss	\$ (989)	\$ (2,608)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	1,329	1,473
Provision for inventory obsolescence	-	4
Gain on disposal of assets	(19)	-
Share-based compensation	210	29
Recovery of bad debt	-	(1)
Changes in working capital:		
Trade accounts receivable	392	(655)
Inventories	166	467
Other current assets	601	141
Right-of-use operating leases	(71)	(48)
Accounts payable and accrued expenses	(135)	(148)
Net cash provided by (used in) operating activities	1,484	(1,346)
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Additions to property, plant and equipment	(311)	(995)
Proceeds from sales of property, plant and equipment	19	-
Proceeds from maturity (purchase) of investment securities	250	(750)
Net cash used in investing activities	(42)	(1,745)
<i>CASH FLOWS FROM FINANCING ACTIVITIES:</i>		
Proceeds from lines of credit	147	541
Proceeds from long-term debt – private trust	1,000	-
Payment for loan origination costs	(10)	-
Payments on lines of credit	(582)	(16)
Payments on financed leases	(5)	(14)
Payments on short-term debt – financial institutions	(215)	(144)
Net cash provided by financing activities	335	367
Effect of foreign currency exchange rate fluctuations on cash and cash equivalents	(148)	211
Net increase (decrease) in cash and cash equivalents	1,629	(2,513)
Cash and cash equivalents at beginning of year	672	3,185
Cash and cash equivalents at end of year	\$ 2,301	\$ 672
<i>Supplemental cash flow disclosures:</i>		
Interest paid	\$ 39	\$ 63
Income taxes paid	\$ -	\$ 1
<i>Non-cash investing activities:</i>		
Capital expenditures financed through accounts payable and accrued expenses	\$ 14	\$ 1

See accompanying notes to the consolidated financial statements.

TOR Minerals International, Inc. and Subsidiaries
Notes to the Audited Consolidated Financial Statements
December 31, 2025 and 2024

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 headquarter is located in Corpus Christi, Texas (“TMI”). The Asian Operation, TOR Minerals Malaysia, Sdn. Bhd. (“TMM” or “Asian Operations”), is located in Ipoh, Malaysia, and the European Operation, TOR Processing and Trade, BV (“TPT” or “European Operations”), is located in Hattem, The Netherlands.

The individual who prepared both the financial statements and the notes to the audited, consolidated financial statements is Glenda Webb, TOR’s Chief Financial Officer. She holds a Masters in Accountancy and has been a CPA since 2010.

TOR’s authorized transfer agent is Computershare Limited. Their contact information is Computershare Investor Services, P.O. Box 43078, Providence, RI 02940-3078 at www.computershare.com or by phone at 1-800-564-6253.

Basis of Presentation and Use of Estimates: The consolidated financial statements include the 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. The Company maintains cash balances and investments at financial institutions in the U.S. which, at times, exceed federally insured amounts. For the years ended December 31, 2025 and 2024, the Company did not experience any such losses in the U.S. accounts. The Company also maintains cash balances in foreign countries, such as the Netherlands and Malaysia, to support the activities of the subsidiaries. Such foreign accounts may be subject to local banking regulations and insurance schemes, however, the Company has not experienced any losses related to these accounts for the years ended December 31, 2025 and 2024.

Short-term Investment: The Company holds several short-term investments with American Bank, a privately held bank, which has a 3 star rating with Bauer Financial. The credit risk related to the unsettled transactions are considered small due to the short settlement periods. As of December 31, 2025, the short-term investments included on the consolidated balance sheets totaled \$500,000, and accrued interest of approximately \$780. There is one four-month certificate of deposit investment, for \$250,000, that matured on January 31, 2026, with an annual interest rate of 3.65% and was subsequently renewed into a six-month certificate of deposit at an annual interest rate of 3.75% which matures on July 30, 2026. There is a one year certificate of deposit investment for \$250,000, which matures on October 7, 2026, with an annual interest rate of 3.25%. The one-year certificate of deposit is held as guarantee for a short-term line of credit facility at American Bank. Each investment has an early withdrawal penalty clause stating that a fee equal to 30 days of interest can be imposed if the Company wanted to withdraw any or all of the principal before the maturity date. If the investment has earned less than 30 days of interest the early withdrawal penalty may reduce the principal amount.

Allowance for Credit Losses: The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. During 2023, the Company adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) *Financial Instruments-Credit Losses* (“ASC 326”) which did not have a material impact on the financial statements. The objectives of ASC 326 are to decrease the number of credit impairment models that entities use to account for debt instruments, eliminate the barrier to timely recognition of credit losses by using an expected loss model instead of an incurred loss model, require an entity to recognize an allowance of lifetime expected credit losses, and does not require a specific method for entities to use in estimating expected credit losses. The change in estimation methodology and the consideration of forward-looking information, such as economic conditions and industry trends, does not significantly affect the allowance amount. TOR’s historical loss rate and the current economic conditions indicate that the credit risk associated with its trade receivables remains relatively stable. As a result, the estimated credit losses under ASC 326 are not significantly different from the previous allowance estimation method. As of December 31, 2025 and 2024, the allowance for credit losses was approximately \$53,000 and \$48,000, respectively.

TOR Minerals International, Inc. and Subsidiaries
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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 income (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, 2025, the cumulative translation adjustment included on the consolidated balance sheets was a loss of approximately \$1,074,000. Year ended December 31, 2024, the cumulative translation adjustment included on the consolidated balance sheets was a loss of approximately \$1,799,000.

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, 2025, the cumulative translation adjustment included on the consolidated balance sheets was income of approximately \$358,000. Year ended December 31, 2024, the cumulative translation adjustment included on the consolidated balance sheets was income of approximately \$48,000.

Inventory: Inventory is recorded at the lower of cost or market, where cost is determined using the weighted-average method and market represents the net realizable value. 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 inventory analysis, no write down was made in 2025 and an inventory write-down of approximately \$4,000 was made during the year ended December 31, 2024.

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, 2025, the Company recorded an increase in the 2025 consolidated statement of operations as a component of Cost of sales of approximately \$510,000, primarily related to idle facility expense at TPT and TMM operations. During 2024, the Company recorded an increase in the 2024 consolidated statement of operations as a component of Cost of sales of approximately \$515,000, primarily related to idle facility expense primarily at the TPT and TMM 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 FASB ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). 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

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December 31, 2025 and 2024

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.

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, 2022 through December 31, 2025. State tax returns, which are filed in Texas, are subject to examination for the tax years ended December 31, 2021 through December 31, 2025.

The Company's tax returns in various non-U.S. jurisdictions are subject to examination for various tax years dating back to December 31, 2020.

The Company did not recognize any 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, 2025 and 2024. 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, 2025 and 2024, we recorded approximately \$210,000 and \$29,000, respectively, in share-based employee compensation. This compensation cost is included in selling, general and administrative ("SG&A") expenses in the accompanying Consolidated Statements of Operations.

Leases

The company follows FASB ASC 842, *Leases*. The Company elected practical expedients that include the following: (i) not reassessing initial direct cost, (ii) not reassessing existing contracts that may contain a lease, and (iii) not recognizing a lease asset or lease liability for leases with terms of twelve months or less.

The Company considers a contract to be a lease when the terms of the agreement indicate a right to control the use of an identified asset for a period of time in exchange for consideration. A right to control the use of an identified asset exists when the contract terms set forth the Company's right to obtain substantially all of the economic benefits from use of the identified asset, or to direct its use throughout the contract period. The Company considers substantially all of the economic benefits to mean 90% or more of the utility of the identified asset.

The Company evaluates and classifies its leases as operating, financing or sales-type leases based on the criteria set forth in ASC 842 that considers whether a lease is economically similar to the purchase of a nonfinancial asset. The Company has adopted an accounting policy to define "substantially all" of the fair value of the underlying asset to mean 90% or greater and

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a “major part” of the remaining economic life to mean 75% or greater in performing its classification assessment. The Company excludes variable lease payments that are based on performance or use from the lease classification determination. The Company will include the exercise price of a purchase option when reasonable certainty exists that option will be exercised. The Company will also include termination penalties unless it is reasonably certain that any option to terminate the lease is not likely, and therefore will not incur the penalty. Lastly, the Company includes any residual value guarantees that are provided to lessors in the lease classification determination.

The Company recognizes a right-of-use asset based on the initial measurement amount of the lease liability, as discussed below, increased by any prepayments that are made to the lessor at or before the lease commencement date and any initial direct costs that are incurred, reduced by any incentive amounts received.

The Company recognizes lease liabilities based upon the discounted present value of the payment amounts expected to be made over the non-cancellable terms of the underlying leases. Variable lease payments that are based on performance or use are excluded in the measurement of the right of use (“ROU”) assets and liabilities. The exercise price of purchase options and termination penalties are included in the lease liability when reasonable certainty exists that these costs will be incurred.

The Company evaluates lease modifications as they occur and records such as a separate lease or an adjustment to the existing right-of-use asset and lease liability as appropriate.

For the years ended December 31, 2025 and 2024, the Company recognized a right-of-use lease asset of approximately \$135,000 and \$199,000, respectively, which includes both operating leases and finance type leases, reported for approximately \$4,000, for December 31, 2024, in plant, property, and equipment, net on the consolidated balance sheet. For the years ended December 31, 2025 and 2024 the corresponding liability of approximately \$135,000 and \$203,000, respectively, are reported on the balance sheet related to operating leases. See further discussion of leases in Note 9.

2. Debt and Notes Payable

Long-term Debt

European Operations

On December 1, 2025, TPT entered into a loan agreement with the Douglas MacDonald Hartman Family Irrevocable Trust, for \$1,000,000 with a term of 60 months at a stated interest rate of 7%, effective interest rate of 7.63%, with a fixed monthly payment of \$15,092.68 and a final principal payment of \$337,907 due on December 1, 2030. The loan agreement included a \$10,000 origination fee payable upon signing which will be amortized over the life of the loan. The agreement establishes the first right of mortgage on all real estate registered in the name of TPT and pledges all machinery, equipment and inventory as collateral.

Short-term Debt

European Operations

On July 13, 2015, TPT entered into an amended perpetual short-term banking facility with Rabobank. On March 31, 2023, Rabobank notified TPT of a new covenant, effective January 1, 2024 against all debt facilities held at Rabobank. The covenant required for TPT to exceed an earnings before income tax, depreciation, and amortization threshold of €500,000 on a stand-alone production basis, excluding all corporate income and expense.

The Rabobank covenant was not met for the year ended December 31, 2024 and the bank established a less than one year payment plan to end the financing relationship with TPT and as a result, all outstanding facilities with Rabobank were classified as current on the accompanying balance sheet for the year ended December 31, 2024. All credit facilities payable to Rabobank were paid in full on November 5, 2025 and all named collateral attached to the financing arrangement was released back to TPT.

On October 15, 2025, TPT entered into short-term banking facilities with American Bank for \$500,000. The banking facility is represented by two revolving lines of credit, each for \$250,000. The first line of credit is a one year facility with a fixed 5.25% interest rate per annum, guaranteed by a \$250,000 certificate of deposit. At December 31, 2025 there was \$103,000 available on the first line of credit. The second line of credit is a one year facility with a variable interest rate set by the prime

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rate (“reference rate”) reported in the Wall Street Journal. The reference rate, subject to change, shall never be less than 5.5% per annum, and shall never exceed the lesser of: (i) the maximum legal rate which may be lawfully contracted for, charged or received hereon from time to time under applicable law; or (ii) 17.5% per annum. The second line of credit is guaranteed by a personal guaranty from Mr. Douglas M. Hartman, Chairman of the TOR Board of Directors. At December 31, 2025 there was no outstanding balance on the second line of credit, and the full \$250,000 was available.

Below is a summary of the TPT short-term debt to financial institutions as of December 31, 2025 and December 31, 2024:

(In thousands)	December 31, 2025	December 31, 2024
Fixed rate Euro term note payable to Rabobank, with a stated interest rate of 4.00% at November 5, 2025, effective interest rate of 5.93% (December 31, 2024, stated rate of 7.35% and effective interest rate 7.46%), secured by TPT’s land and buildings was paid in full on November 5, 2025.	\$ -	\$ 53
Fixed rate Euro term note payable to Rabobank, with a stated interest rate of 4.45% at November 5, 2025, effective interest rate of 4.59% (December 31, 2024, stated rate of 4.85% and effective interest rate 5.02%), secured by TPT’s land and buildings was paid in full on November 5, 2025.	-	85
Fixed rate Euro term note payable to Rabobank, with a stated interest rate of 4.05% at November 5, 2025, effective interest rate of 2.13% (December 31, 2024, stated rate of 2.20% and effective interest rate 2.24%), secured by TPT’s land and buildings was paid in full on November 5, 2025.	-	156
Fixed rate line of credit for \$250,000 payable to American Bank, with an October 15, 2026 maturity and a stated and effective interest rate of 5.25% at December 31, 2025. At December 31, 2025 the available balance was approximately \$103,000.	147	-
Total short-term debt - financial institutions	\$ 147	\$ 294

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 with the ability to further extend each year, if approved. Current maturity of the agreement is June 30, 2026. The HSBC facility includes the following in RM: (1) overdraft and bank guarantee each of RM 500,000 (\$123,200 at 12/31/2025); (2) an import line of RM 4,500,000 (\$1,108,000 at 12/31/2025); and (3) an export (“ECR”) line of RM 2,000,000 (\$492,800 at 12/31/2025). At December 31, 2025, TMM had no outstanding balances, and all HSBC short-term banking facilities were available.

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, and further extended to August 31, 2026. The RHB facility, as amended, includes the following in RM. (1) multi-trade line of RM 6,750,000 (\$1,663,200 at 12/31/2025); (2) a bank guarantee of RM 250,000 (\$61,600 at 12/31/2025); and (3) the foreign exchange contract line of RM 2,000,000 (\$492,800 at 12/31/2025). At December 31, 2025, TMM had approximately RM 81,200 (\$20,000 at 12/31/25) outstanding on the RHB multi-trade short-term banking facility at a 6.01% effective interest rate, which was paid in full February 4, 2026, and all other RHB short-term facilities were available.

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, and as a result, all facilities with HSBC and RHB are classified as current liabilities. The loan agreements are secured by TMM’s property, plant and equipment. However,

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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.

TMM was in compliance with all financial and non-financial covenants at HSBC and RHB as of December 31, 2025.

3. 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 debt outstanding, including current maturities, net of deferred are summarized below:

(In thousands)	December 31, 2025	
	Carrying Value	Fair Value
Long-term debt, including current portion, net of deferred	\$ 990	\$ 893

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, trade receivables, accounts payable and accrued expenses, accrued income taxes and short-term borrowings approximate fair values due to the short-term nature of these instruments. There were no long-term borrowings for the year-ended December 31, 2024.

4. Inventories

A summary of inventories follows:

(In thousands)	December 31,	
	2025	2024
Raw materials	\$ 1,246	\$ 1,559
Work in progress	1,472	1,383
Finished goods	4,023	4,096
Supplies	1,434	734
Total Inventories	8,175	7,772
Inventory reserve	(402)	(365)
Net Inventories	\$ 7,773	\$ 7,407

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5. Property, Plant and Equipment

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

(In thousands)	Expected Life	December 31,	
		2025	2024
Land	--	\$ 276	\$ 247
Office buildings	39 years	4,129	3,662
Production facilities	10 - 20 years	2,602	2,221
Machinery and equipment	3 - 15 years	24,212	21,400
Furniture and fixtures	3 - 20 years	1,508	1,365
Total		32,727	28,895
Less accumulated depreciation		(25,591)	(21,592)
Property, plant and equipment, net		7,136	7,303
Construction in progress		18	52
		\$ 7,154	\$ 7,355

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, 2025 and 2024 was approximately \$1,329,000 and \$1,473,000, respectively.

6. Income Taxes

Loss after provision for income taxes was as follows:

(In thousands)	Years Ended December 31,	
	2025	2024
Domestic	\$ (912)	\$ (1,488)
Foreign	(77)	(1,120)
Loss after income taxes	\$ (989)	\$ (2,608)

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		Years Ended December 31,	
(In thousands)		2025	2024
Benefit computed at statutory rate	\$	(207)	\$ (548)
Change in valuation allowance - Domestic		191	312
Change in valuation allowance - Foreign		34	198
Effect of items deductible for book not tax, net			
Share-based compensation		1	1
Other - Foreign		(10)	16
Effect of foreign tax rate differential		(9)	21
Other adjustments		-	(1)
Total provision	\$	-	\$ -

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Significant Components of Deferred Taxes (In thousands)	Years Ended December 31,	
	2025	2024
Deferred Tax Assets:		
Net operating loss carry-forwards - Domestic	\$ 1,822	\$ 1,669
Net operating loss carry-forwards - Foreign	2,077	1,897
Non-qualifying share-based compensation	126	83
Unrealized foreign currency losses - Domestic	2	-
Domestic reserves	4	1
Foreign tax credits	476	423
PP&E - Domestic	(12)	(4)
Other deferred assets - Domestic	-	3
Other deferred assets - Foreign	58	17
	4,553	4,089
Valuation Allowance	(4,553)	(4,089)
Total deferred tax assets, net	\$ -	\$ -

The 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 tax rate and in evaluating our tax position. At December 31, 2025, our TMI operation had federal NOL carry-forwards of approximately \$8,677,000, which will begin to expire in 2035, and which, combined with other items, resulted in a deferred tax asset (“DTA”) of approximately \$1,942,000. After reviewing the factors under ASC 740, *Income Taxes*, 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.

At December 31, 2025, TPT had NOL carry-forwards of approximately \$6,866,000, which resulted in a DTA of approximately \$1,304,000. As of 2025, these NOLs have a unlimited carryforward period, but due to the uncertainties regarding TPT’s ability to utilize the NOLs associated with this DTA, the Company maintained the valuation allowance previously established to fully reserve against this DTA.

At December 31, 2025, TMM had NOL carry-forwards of approximately \$3,221,000 and certain other deferred tax assets net of deferred tax liabilities, which resulted in a net DTA of approximately \$1,307,000. The NOLs have a limited carryforward period, which will begin to expire in 2027, and 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, 2025 and 2024 the valuation allowance increased by approximately \$464,000 and \$409,000, respectively.

7. 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 May 10, 2024 the maximum number of shares of the Company’s common stock that may be sold or issued under the Plan was increased to 1,300,000 shares from 800,000 shares subject to certain adjustments upon recapitalization, stock splits and combinations, merger, stock dividend and similar events.

Service Contract agreement

On January 9, 2024, TOR management entered into a service agreement with Mr. Michael Dalton. The agreement includes stock option benefits granting 12,500 non-qualified stock options to the employee according to the terms of the Company’s Plan at an option price as determined by the Board of Directors according to the Plan, but not less than \$2.29 per share. The award dates are each January 1 for four consecutive years beginning January 1, 2025 and concluding on January 1, 2028. The employee must be employed by the Company on the award date in order to be eligible for these stock options. In the event

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of a change in control all remaining stock options shall be deemed as having been awarded as of the immediately preceding award date. The award of the stock options by the Company at each such award date shall establish the option price for both the stock options awarded on such date and the additional stock options awarded conditionally in the event of a change in control.

Long-Term Incentive Plans

On January 2, 2024, the Board of Directors granted senior management of the Company non-qualifying stock options (the “2024 Performance Awards”). The 2024 Performance Awards, which vest over a one-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 period began on January 1, 2024 and ended on December 31, 2024. The exercise price for the 2024 Performance Awards was set at \$2.08 per share.

The 2024 Performance Awards consisted of 47,700 shares. Based on the satisfaction of the performance criteria established by the Company’s Board of Directors, there were 7,246 shares awarded for 2024 performance that vested on January 1, 2025.

<u>Officer's Name</u>	<u>Position</u>	<u>2024 LTIP One Year Performance Grant Award</u>
James Roecker	CEO and Vice-Chairman of the Board of Directors	25,000
Michael Dalton	Chief Operating Officer	12,500
Glenda Webb	Chief Financial Officer	3,400
Arjen Leenstra	TPT Plant Manager	3,400
David Lee	TMM Plant Manager	3,400

Share-based payment arrangements

For the years ended December 31, 2025 and 2024, the Company recorded approximately \$210,000 and \$29,000, respectively, in share-based compensation. This compensation cost is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

The Company granted options to purchase 244,746 and 30,019 shares of common stock in the years ended December 31, 2025 and 2024, respectively. All grants for the comparative years were non-qualifying stock options. The following table summarizes the information pertaining to the granted options.

	<u>Twelve Months Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Number of shares granted - employees	39,996	23,019
Number of shares granted - non-employees	204,750	7,000
Fair market value - average per share	\$ 0.86	\$ 0.95
Weighted average exercise price per share	\$ 1.52	\$ 1.93

The following assumptions were used in the Black-Scholes option-pricing model for calculating the weighted average price per share:

	<u>Twelve Months Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Risk-free interest rate	4.35%	1.81%
Expected dividend yield	0.00%	0.00%
Expected volatility	0.54	0.52
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.

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The following table summarizes certain information regarding stock option activity:

	Options			
	<u>Total Reserved</u>	<u>Outstanding</u>	<u>Weighted Avg. Exercise Price</u>	<u>Range of Exercise Prices</u>
Balances at January 1, 2024	684,869	534,751	\$2.66	\$1.30 - \$10.48
Increase in Reserve	500,000			
Granted	-	30,019	\$1.93	\$1.90 - \$2.03
Forfeited or expired	-	(20,500)	\$10.33	\$10.31 - \$10.48
Balances at December 31, 2024	<u>1,184,869</u>	<u>544,270</u>	\$2.33	\$1.30 - \$7.35
Granted	-	244,746	\$1.52	\$1.25 - \$2.29
Forfeited or expired	-	(6,000)	\$6.43	\$6.43 - \$6.43
Balances at December 31, 2025	<u>1,184,869</u>	<u>783,016</u>	\$2.04	\$1.25 - \$7.35

Of the 1,300,000 shares included in the Plan, there have been 115,131 options exercised. At December 31, 2025, there were 783,016 options outstanding and 401,853 were available for future issuance. There were no options exercised or converted in 2025.

The number of shares of common stock underlying options exercisable at December 31, 2025 was 783,016 and the weighted average remaining contractual life of those options is 7 years. Exercise prices on options outstanding at December 31, 2025, ranged from \$1.25 to \$7.35 per share as noted in the following table. As of December 31, 2025 all stock awards are vested.

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	783,016	\$2.042	401,853

8. 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, 2025 and 2024, 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, 2025 and 2024 was approximately \$23,000 and \$31,000, respectively.

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9. Leases

Below is a summary of the costs associated with operating and finance leases for years ended December 31, 2025 and 2024:

(In thousands)	2025	2024
Operating lease cost:		
Fixed rent expense	\$ 71	\$ 47
Finance lease cost:		
Amortization of ROU assets	5	14
Interest expense	-	1
Net lease cost	\$ 76	\$ 62
Lease cost - SG&A		
	\$ 71	\$ 47
Lease cost - Depreciation and amortization		
	5	14
Lease cost - Interest expense		
	-	1
Net lease cost	\$ 76	\$ 62

Amounts recognized as right-of-use assets related to finance leases are included in plant, property and equipment, net in the accompanying consolidated balance sheets, while related lease liabilities are included in current liabilities and long-term liabilities, as applicable. The finance lease was fully extinguished in 2025. Below is a summary of the right-of-use assets and lease liabilities related to finance leases for year ended December 31, 2024, at a weighted average discount rate of 7%.

(In thousands)	2024
Finance lease ROU assets	\$ 4
Finance lease liabilities:	
Current portion liability	\$ 4

Below is a summary of the cash and non-cash activities associated with the leases for the years ended December 31, 2025 and 2024:

(In thousands)	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 71	\$ 47
Operating cash flows from finance leases	-	1
Financing cash flows from finance leases	5	14
Non-cash investing and financing activities		
Additions to ROU assets obtained from:		
New operating lease liabilities	\$ -	\$ 198

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The future payments due under operating leases as of December 31, 2025 is as follows:

(In thousands)	<u>Operating</u>
Due in 2026	\$ 70
2027	70
Lease effects of discounting	<u>(5)</u>
Lease liabilities recognized	\$ <u>135</u>

For the years ended December 31, 2025 and 2024, the weighted average remaining lease term for the operating leases was 2.00 years and 2.94 years, respectively.

Because we generally do not have access to the rate implicit in the lease, we utilize the Company's previous year cost of debt as the discount rate for new leases. The weighted average discount rate associated with operating leases as of December 31, 2025 and 2024 was 4.00% and 3.9%, respectively.

10. Commitment and Contingencies

Commitments

The future years total commitments due as of December 31, 2025 were as follows:

(In thousands)	<u>Payments due by period</u>					
Contractual Obligations	Total	2026	2027	2028	2029	2030
Long-term Debt	\$ 990	113	124	132	142	479
Lines of Credit	167	167	-	-	-	-
Interest Expense	237	66	57	48	39	27
Operating Leases	140	70	70	-	-	-
Capital Expenditures	12	12	-	-	-	-
Total Contractual Obligations	\$ 1,546	\$ 428	\$ 251	\$ 180	\$ 181	\$ 506

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 country, state and local laws and regulations relating to the discharge of substances into the environment. However, there is pending litigation with the local municipality at the Netherlands location concerning open roof hatch emissions and closed space during work. The oral hearing on the roof hatch litigation is pending with the court and as of the report date, this hearing has not occurred. Since the outcome is uncertain, the Company has not accrued for this pending litigation. The maximum penalty is €3,000 per observation or a maximum of €15,000 for the closed space during work violation and the dust emissions penalty if the Company did not comply with the order within the three month obligation would result in a penalty of €25,000 per observation with a maximum penalty of €50,000.

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11. Significant Customers

For the years ended December 31, 2025 and 2024, one customer accounted for approximately 32% and 30%, respectively, of our total consolidated sales revenue. The amount included in accounts receivable at December 31, 2025 and 2024, related to this customer were approximately \$954,400 and \$819,600, respectively.

12. Foreign Sales

Revenues from sales to customers located outside the U.S. for the years ended December 31, 2025 and 2024 are as follows:

(In thousands)	Years Ended December 31,	
	2025	2024
Canada, Mexico & South/Central America	\$ 1,165	\$ 1,090
Pacific Rim	865	1,004
Europe, Asia, Africa & Middle East	10,118	10,106
Total foreign sales	\$ <u>12,148</u>	\$ <u>12,200</u>

13. Sales by Product

Revenues from sales by product for the years ended December 31, 2025 and 2024 are as follows:

(In thousands)	December 31,		December 31,	
	2025		2024	
Sales Revenue by Product	Sales Revenue	% of Total Sales	Sales Revenue	% of Total Sales
ALUPREM/BOEHMITE	\$ 12,752	58%	\$ 11,861	53%
HITOX/TIOPREM	8,914	40%	9,851	44%
BARYPREM	416	2%	701	3%
Total sales revenue by product	\$ <u>22,082</u>	<u>100%</u>	\$ <u>22,413</u>	<u>100%</u>

14. Risks & Uncertainties

The Company continues to monitor the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce due to geopolitical conflicts. The continued conflict in Ukraine requires all trade transactions with Russian customers to be halted until current sanctions are lifted in the United States. The Netherlands and Malaysia Management continue to monitor all developments in the region and determine if Russian customers' trade relationships are able to change. The newly emerging geopolitical conflict in the Middle East, including the shipping difficulties at the Strait of Hormuz, may lead to higher input costs and logistical disruptions for global industries. The ongoing conflicts, and any escalation thereof, may adversely affect the global markets, energy prices, and supply chains which could directly, or indirectly, impact the operations and financial condition of the Company. The current geopolitical potential consequences for market volatility risk include an increased uncertainty of potential sanctions and related actions. Any such actions could potentially lead to volatility in commodity and currency markets, affecting transaction valuation and post-closing performance. The geoeconomic uncertainties pertaining to trade war and tariff changes which could potentially disrupt international cooperation and profitability in certain markets is also being monitored by the Company.

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 subsequent events and transactions through March 31, 2026 the date the consolidated financial statements were available for issuance.