LiqTech International Announces First Quarter 2023 Financial Results

BALLERUP, Denmark, May 11, 2023 — **LiqTech International, Inc.** (NASDAQ: LIQT) ("LiqTech"), a clean technology company that manufactures and markets highly specialized filtration technologies, today announced its financial results for the first quarter of 2023 for the period ended March 31, 2023.

Q1 2023 Financial Highlights

- Revenue of $4.0 million, a 10% increase from Q1 2022.
- Gross profit margin of 10% compared to 7% in Q1 2022.
- Operating expense of $2.6 million, down 28% from Q1 2022.
- Net loss of $(2.4) million, compared to $(3.7) million in Q1 2022.
- Strong ending cash balance of $14.3 million.

Recent Operational Highlights

- Signed commercial contracts for delivery of five pool systems and increased order intake of both ceramic membrane and DPF orders
- Entered distribution agreement with Singapore-based Liquinex to supply silicon carbide ceramic membranes
- Established distribution agreement with Silicon Filter for Chinese phosphoric acid purification market

Management Commentary

Fei Chen, CEO of LiqTech, stated, "The commercial strategy we put into place is beginning to deliver the intended results. In particular, we have achieved a good improvement in our recurring business, including swimming pool filtration systems, diesel particulate filters and ceramic membranes with a combined sequential quarterly revenue growth of 27% and improved profitability. We continue to believe there are excellent opportunities to expand the use of our technologies within our key market verticals and we look forward to gaining continued traction. We are also making steady progress in building our sales pipeline of larger filtration systems for the oil and gas, acid purification, and broader water treatment markets."

"We have recently signed multiple distribution agreements for key geographies and market

segments to accelerate the adoption of our unique technologies. As previously announced, we recently entered into distribution agreements with key partners to advance adoption of our filtration systems for phosphoric acid purification within China, and water treatment in Southeast Asia. We believe these agreements will expand our market reach into these important end markets. Additionally, our distribution agreement with NESR is progressing well–our two companies are becoming more closely aligned and we have established target opportunities for 2023 for key ESG applications in the Middle East."

"Our efforts to expand the commercialization of our core filtration technologies is being matched by our internal focus on improving our manufacturing efficiency in order to improve gross margins. We have made excellent progress in implementing more efficient manufacturing processes to achieve improvements in our product and system contribution margins, which have now reached their highest levels in more than two years, despite ongoing remediation work and manufacturing optimization costs. These improvements within manufacturing, along with a more favorable sales mix and a 28% decrease in operating expense have meaningfully reduced our quarterly revenue breakeven point to approximately $7 million, as previously announced. We look forward to making continued progress in the second quarter as we execute against our commercial objectives," Chen concluded.

Q1 2023 Financial Results

Revenue for Q1 2023 was $4.0 million compared to $3.6 million in Q1 2022, representing an increase of 10%. The revenue increase was due primarily to increased sales activity within our systems business, with higher deliveries of pool and marine filtration systems and increased aftermarket sales, partly offset by lower sales of Ceramic products.

Gross profit for Q1 2023 was $0.4 million, reflecting a gross profit margin of 9.8%, compared to $0.2 million, or a gross profit margin of 6.8%, in Q1 2022. The increase in gross profit was due largely to higher sales, a favorable product sales mix and improved product contribution margins.

Total operating expense for Q1 2023 was $2.6 million compared to $3.6 million in Q1 2022. The decrease was attributable primarily to the cost reduction and reorganization actions that were taken during 2022, resulting in significant reductions in ordinary SG&A.

Other Income (Expense) in Q1 2023 was $(0.2) million compared to $(0.4) million in Q1 2022 with the improvement reflecting the repayment of the convertible note, interest income, partly offset by loss on foreign currency transactions due to the USD appreciation against the EURO.

Net Loss in Q1 2023 was $(2.4) million compared to $(3.7) million in Q1 2022, due mainly to increased revenue, decreased operating expense attributable to the cost reduction and reorganization efforts, and an improved capital structure.

Cash on hand (including restricted cash) on March 31, 2023, was $14.3 million compared to $16.6 million on December 31, 2022.

Q2 2023 Outlook

The Company expects Q2 2023 revenue of approximately $5.0 million, compared to $4.0 million for Q1 2023.

Conference Call Details

Date and Time: Thursday, May 11, 2023, at 9:00 a.m. ET

Call-in Information: Interested parties can access the conference call by dialing (833) 535-2206 or (412) 902-6741.

Webcast: Interested parties can access the conference call via a live webcast, which is available in the Investor Relations section of the Company's website at https://www.liqtech.com/investor-relations/ or at https://app.webinar.net/DAZpW8dWRYM.

Replay: A teleconference replay of the call will be available until May 18, 2023, at (877) 344-7529 or (412) 317-0088, confirmation # 3502560.

About LiqTech International Inc.

LiqTech International, Inc., a Nevada corporation, is a clean technology company that provides state-of-the-art ceramic silicon carbide filtration technologies for gas and liquid purification. LiqTech's silicon carbide membranes are designed to be used in the most challenging water purification applications, and its silicon carbide filters are used to control diesel exhaust soot emissions. Applying nanotechnology, LiqTech develops products using its proprietary silicon carbide technology, resulting in a wide range of component membranes, membrane systems, and filters for both microfiltration and ultrafiltration applications. By incorporating LiqTech's SiC liquid membrane technology with the Company´s extensive systems design experience and capabilities, LiqTech offers unique, turnkey solutions for the most difficult water purification applications.

For more information, please visit www.liqtech.com

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Forward-Looking Statement

This press release contains "forward-looking statements." Although the forward-looking statements in this release reflect the good faith judgment of management, forward-looking

statements are inherently subject to known and unknown risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by us in the reports filed with the Securities and Exchange Commission, including the risk factors that attempt to advise interested parties of the risks that may affect our business, financial condition, results of operation, and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this release.

We assume no obligation to update any forward-looking statements to reflect any event or circumstance that may arise after the date of this release.

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