LiqTech International Announces First Quarter 2024 Financial Results

BALLERUP, Denmark, May 14, 2024 — **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 2024.



Q1 2024 Financial Highlights

- Revenue of $4.2 million, a 6% increase from Q1 2023.
- Gross profit margin of 6.4% compared to 9.8% in Q1 2023.
- Operating expense of $2.3 million, down 10% from Q1 2023.
- Net loss of $(2.4) million, in line with Q1 2023.
- Ending cash balance of $7.7 million on March 31, 2024.

Recent Operational Highlights

- Received the first U.S.-based, oil & gas, produced water order as part of new distribution agreement with Razorback Direct.
- Received order from NESR for produced water treatment pilot unit for major oil & gas operator in the Middle East.
- Entered into a partnership agreement with Dan Marine Group to expand LiqTech's presence in the Chinese shipbuilding and repair market for marine scrubber water treatment solutions and new exhaust gas recirculation (EGR) water treatment systems for dual-fuel marine vessels.
- Entered into a partnership agreement with Franman to market LiqTech's marine scrubber water treatment solutions within Greece, the largest ship-owning market in the world.

Management Commentary

"We achieved continued growth during the first quarter, driven by delivery of our first U.S.-based, oil & gas, produced water order as part of our new distribution agreement with Razorback Direct. We believe this is a critical milestone to expand our presence in North America by showcasing the benefits of our produced water treatment solution to the oil & gas industry," commented Fei Chen, President and CEO of LiqTech International. "We also received a second critical oil & gas system order with our partners at NESR in the Middle East. This order is scheduled to be delivered in June of this year and will be a key contributor

to the positive sequential growth that we expect in the second quarter."

"The strategic plan that we instituted over the past year to stabilize and grow our business initially through our 'established markets' and then position ourselves for growth through our 'target markets,' continues to progress according to plan. Within our 'established markets,' we continue to see growth within our pool system solutions, ceramic membranes, and diesel particulate filters, and we recently signed two strategic partnerships within the marine scrubber market that should inspire growth this year. In particular, our agreement with Dan Marine Group adds another dimension to our offerings in China, including a repair market for marine scrubber water treatment solutions and a new market for exhaust gas recirculation water treatment systems for dual-fuel marine vessels. Within DPFs, we are experiencing increased demand for black carbon emission reduction for inland transportation in Europe and emergency electricity generators, two markets that were relatively non-existent for us a few years ago."

"Within our 'target markets,' we are pleased with the initial orders from both North America and the Middle East for our oil & gas produced water solutions. Both partners in each geographic region are actively promoting the unique capabilities of LiqTech's ultrafiltration technology in treating produced water to facilitate beneficial industrial reuse and meet current and future regulatory requirements. We have had numerous conversations with key end market customers and expect to see further orders this year."

"As our outlook suggests, we expect to see solid growth in the second quarter. We have eight pool systems scheduled for delivery, with contributions from each of the distribution partners we have around the world. These orders, coupled with our Middle East oil & gas system set for delivery in June, along with an uptick in nearly each of our 'established market' product offerings, provide us with optimism for both the second quarter and rest of the year. I look forward to reporting new commercial milestones that demonstrate continued successful execution of our strategic plan," Chen concluded.

Q2 2024 Financial Results

Revenue for the quarter ended March 31, 2024 was $4.2 million compared to $4.0 million in the first quarter of 2023, representing an increase of 6%. The increase was primarily attributable to an increase in sales of DPFs and ceramic membranes along with an increase in deliveries of liquid filtration systems and aftermarket sales, partly offset by a decline in plastics products. The uptick in DPFs and ceramic membranes sales was due to focused sales efforts beginning in late 2023 that generated elevated activity in the current year. The increase in liquid filtration system sales was mainly attributed to the delivery of the oil & gas pilot system to North America, albeit offset by reduced deliveries of marine orders. The decline in plastic products relates solely to a large one-off sale that was recorded in 2023, without recurrence in the current year.

Gross profit for the three months ended March 31, 2024 was $0.3 million, reflecting a gross profit margin of 6.4%, compared to $0.4 million, or a gross profit margin of 9.8%, in the first quarter of 2023. This decline in gross profit can be attributed to an unfavorable change in the revenue mix. Specifically, the deployment of the containerized oil & gas pilot system contributed to lower-than-usual margins, reflecting a strategic decision aimed at demonstrating and documenting the efficiency of our technology. The decline in gross profit was partly offset by continued initiatives aimed at optimizing manufacturing processes, which have improved profitability within DPF and ceramic membrane production.

Total operating expenses for the three months ended March 31, 2024 were $2.3 million, representing a decrease of $0.3, or 10%, compared to $2.6 million for the same period in 2023. The decrease mainly reflects the release of 2023 bonus provisions, offset by increased insurance costs, and expenses associated with the CFO transition.

Other Income (Expenses) for the three months ended March 31, 2024 was $(0.4) million compared to $(0.2) million for the comparable period in 2023. The decrease was attributable to the non-cash loss associated with the sale of fixed assets and increased interest expenses incurred due to the acquisition of leased equipment. Additionally, we have increased amortization cost due to the extension of the maturity date for the senior promissory notes, with additional warrants issued as consideration for the extension. The increase in Other Income (Expenses) was offset by a gain on currency transactions due to the EUR/DKK depreciation against the USD during the period.

Net loss for the three months ended March 31, 2024 was $(2.4) million, which was flat in comparison to the comparable period in 2023.

Cash on hand (including restricted cash) on March 31, 2024 was $7.7 million compared to $10.4 million on December 31, 2023.

Q2 2024 Outlook

The Company expects revenue in the second quarter of 2024 to be between $5.0 million and $5.5 million.

Conference Call Details

Date and Time: Tuesday, May 14, 2024, 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/5yljrbKY7Wd.

Replay: A teleconference replay of the call will be available until May 21, 2024 at (877) 344-7529 or (412) 317-0088, replay access code 1609179.

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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LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2024 (Unaudited)	As of December 31, 2023
Assets		
Current Assets:		
Cash and restricted cash	$ 7,726,213	$ 10,422,181
Accounts receivable, net of allowance for doubtful accounts of $169,522 and $134,912 at March 31, 2024 and December 31, 2023, respectively	2,707,173	3,171,047
Inventories, net of allowance for excess and obsolete inventory of $792,354 and $867,458 at March 31, 2024 and December 31, 2023, respectively	5,509,889	5,267,816
Contract assets	2,848,985	2,891,744
Prepaid expenses and other current assets	618,861	337,391
Total Current Assets	19,411,121	22,090,179
Long-Term Assets:		
Property and equipment, net of accumulated depreciation of $12,085,314 and $11,828,200 at March 31, 2024 and December 31, 2023, respectively	7,285,707	9,007,166
Operating lease right-of-use assets	3,832,318	4,055,837
Deposits and other assets	522,027	470,349
Intangible assets, net of accumulated amortization of $572,142 and $558,555 at March 31, 2024 and December 31, 2023, respectively	86,284	114,593
Goodwill	228,611	233,723
Total Long-Term Assets	11,954,947	13,881,668
Total Assets	**$ 31,366,068**	**$ 35,971,847**

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2024 (Unaudited)	As of December 31, 2023
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 2,163,172	$ 2,444,653
Accrued expenses	2,969,685	3,550,542
Current portion of finance lease obligations	445,726	590,550
Current portion of operating lease liabilities	500,613	531,355
Contract liabilities	553,985	382,647
Total Current Liabilities	6,633,181	7,499,747
Deferred tax liability	84,470	101,059
Finance lease obligations, net of current portion	1,943,609	2,879,932
Operating lease liabilities, net of current portion	3,333,295	3,527,082
Senior promissory notes payable, less current portion	4,834,051	4,688,011
Total Long-term Liabilities	10,195,425	11,196,084
Total Liabilities	16,828,606	18,695,831
Stockholders' Equity:		
Preferred stock; par value $0.001, 2,500,000 shares authorized, 0 shares issued and outstanding at March 31, 2024 and December 31, 2023	-	-

Common stock; par value $0.001, 50,000,000 shares authorized, 5,807,340 and 5,727,310 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	5,807	5,727
Additional paid-in capital	98,989,598	98,796,357
Accumulated deficit	(78,310,475)	(75,922,180)
Accumulated other comprehensive loss	(6,147,468)	(5,603,888)
Total Stockholders' Equity	14,537,462	17,276,016
Total Liabilities and Stockholders' Equity	**$ 31,366,068**	**$ 35,971,847**

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Three Months Ended March 31,	
	2024	**2023**
Revenue	$ 4,235,344	$ 4,011,519
Cost of goods sold	3,964,242	3,620,177
Gross Profit	271,102	391,342
Operating Expenses:		
Selling expenses	517,579	1,182,435
General and administrative expenses	1,544,731	1,058,949
Research and development expenses	254,812	342,619
Total Operating Expense	2,317,122	2,584,003
Loss from Operations	(2,046,020)	(2,192,661)
Other Income (Expense)		
Interest and other income	69,086	51,673
Interest expense	(71,719)	(12,001)
Amortization of discount on convertible note	(146,040)	(84,528)
Gain (Loss) on currency transactions	255,536	(166,278)
Gain (Loss) on sale of property and equipment	(463,577)	–
Total Other Income (Expense)	(356,714)	(211,134)
Loss Before Income Taxes	(2,402,734)	(2,403,795)
Income Tax Benefit	(14,439)	(14,292)
Net Loss	$ (2,388,295)	$ (2,389,503)
Basic and Diluted Loss Per Share	$ (0.41)	$ (0.42)
Basic and Diluted Weighted Average Common Shares Outstanding	5,804,702	5,653,574

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