

LiqTech International Announces Second Quarter 2024 Financial Results

BALLERUP, Denmark, Aug. 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 second quarter of 2024.



Q2 2024 Financial Highlights

- Revenue of \$4.5 million, a 10% decrease from Q2 2023 and a 6% increase from Q1 2024.
- Gross profit margin of 16.0% compared to 23.3% in Q2 2023 and 6.4% in Q1 2024.
- Net loss of \$(2.1) million compared to \$(1.6) million in Q2 2023 and \$(2.4) million in Q1 2024.
- Ending cash balance of \$5.5 million on June 30, 2024.

Recent Operational Highlights

- Received another order from one of the world’s leading integrated energy companies for the application of produced water treatment in the U.S.
- Entered into MoU with China Haisum Engineering Co. Ltd. for industrial water treatment applications in China.
- Entered agreement with Danbee Marine for marine scrubber water treatment solutions for the South Korean market.
- Successfully delivered a commercial pilot unit for the filtration of oil and gas produced water to National Energy Services Reunited Corp. (NESR).
- Received NSF certification to begin offering pool systems in the U.S.
- Delivered five swimming pool systems during the second quarter to the UK, Spain and Denmark.

Management Commentary

“We have made nice progress within our key energy market segment this year, having successfully delivered our first U.S.-based produced water system as part of our new distribution agreement with Razorback Direct in Q1, a commercial pilot unit for the filtration of produced water to National Energy Services Reunited Corp. (NESR) in Q2, and last week received a follow-on order from one of the world’s leading integrated energy companies for produced water treatment in the U.S.,” commented Fei Chen, President and CEO of LiqTech

International. “We are optimistic that, with successful pilot execution of both the Razorback Direct and integrated energy company units, we will see significant opportunities for LiqTech in the quarters to come.”

“The second quarter financial results were impacted by three swimming pool systems anticipated to be shipped for municipal applications in the U.K. and Australia that were delayed due to government funding. While we are disappointed with the delays, we did successfully deliver five swimming pool systems during the second quarter, as this market represents an important recurring revenue opportunity for LiqTech. As we look to the second half of the year, we have a number of initiatives in place to expand this opportunity, including expansion into the U.S. following our recent NSF certification.”

“We also continue to make progress aligning ourselves with partners that can open up key markets for our solutions. Recently, we announced an MoU with China Haisum Engineering to explore the application of LiqTech’s advanced filtration system for the industrial water treatment industry in China and agreements to expand our marine scrubber footprint with Dan Marine Group in China, Franman for Greece, and Danbee Marine for the South Korea market. We continue to believe the marine scrubber market holds tremendous opportunity for LiqTech with the increase of dual-fuel ship building and look forward to the value these respective partnerships can bring.”

“As we look to the back half of the year, we anticipate continued progress within the oil and gas industry and marine scrubber EGR segment. With a number of distribution partners we signed over the past few quarters ramping up, I believe we are well positioned to achieve our stated goals,” Chen concluded.

Q2 2024 Financial Results

Revenue for the quarter ended June 30, 2024 was \$4.5 million compared to \$5.0 million in the second quarter of 2023, representing a decrease of 10%. The change was primarily attributable to a decrease in deliveries of plastics products, swimming pool systems, ceramic membranes, and aftermarket sales, partly offset by increased sales of DPFs. The decline in sales of plastic products is primarily due to a large one-time sale recorded in 2023, which did not recur in the current period. The decrease in aftermarket sales was primarily attributed to elevated remediation work and associated deliveries in the same period in 2023. The increase in sales of DPFs was primarily due to the effective execution of strategies designed to capitalize on the increased demand for DPFs.

Gross profit for the three months ended June 30, 2024 was \$0.7 million, reflecting a gross profit margin of 16.0%, compared to \$1.2 million, or a gross profit margin of 23.3%, in the second quarter of 2023. This decline in gross profit can be attributed to the decrease in revenue and an unfavorable revenue mix, which resulted in a lower proportion of high-margin products being sold. Specifically, the delivery of a containerized oil & gas pilot system to the

Middle East contributed to lower-than-usual gross profit margin, reflecting a strategic decision aimed at demonstrating and validating the efficiency of our technology. The decline in gross profit was partly offset by decreased depreciation as well as 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 June 30, 2024 were \$2.8 million compared to \$2.8 million for the same period in 2023. Selling expenses decreased \$0.2 million, attributable to the resignations of our CFO and VP of Sales as well as reductions in travel costs, marketing expenses, and expenses related to external sales consultancy services, while G&A increased \$0.2 million, attributable to increased legal expenses and insurance costs related to elevated US sales and recruitment costs associated with the replacements of our CFO and VP of Sales. R&D expenses increased slightly due to one-time exit costs of a loss-making external development project, partly offset by more focused R&D efforts with fewer ongoing projects, combined with a decrease in the average number of employees engaged in research and development activity as the Company streamlined and centralized the R&D function.

Net loss for the three months ended June 30, 2024 was \$(2.1) million, compared to \$(1.6) million in the prior period.

Cash on hand (including restricted cash) on June 30, 2024 was \$5.5 million compared to \$7.7 million on March 31, 2024.

Q3 2024 Outlook

The Company expects revenue in the third quarter of 2024 to be between \$4.0 million and \$5.0 million.

Conference Call Details

Date and Time: Wednesday, August 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/o4RaVmXdm81>.

Replay: A teleconference replay of the call will be available until August 21, 2024 at (877) 344-7529 or (412) 317-0088, replay access code 4966662.

About LiqTech International Inc.

LiqTech International, Inc., a Nevada corporation, is a high-tech filtration 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 purification applications, and its silicon carbide filters are used to control diesel exhaust soot emissions. Using 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, modular designed filtration 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.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2024	December 31, 2023
	(Unaudited)	
Assets		
Current Assets:		
Cash and restricted cash	\$ 5,489,776	\$ 10,422,181
Accounts receivable, net	2,804,625	3,171,047
Inventories, net	5,620,247	5,267,816
Contract assets	2,878,573	2,891,744
Prepaid expenses and other current assets	389,181	337,391
Total Current Assets	17,182,402	22,090,179
Long-Term Assets:		
Property and equipment, net	6,935,852	9,007,166
Operating lease right-of-use assets	3,657,512	4,055,837
Deposits and other assets	517,123	470,349
Intangible assets, net	60,128	114,593
Goodwill	226,285	233,723
Total Long-Term Assets	11,396,900	13,881,668
Total Assets	\$ 28,579,302	\$ 35,971,847

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

	June 30, 2024	December 31, 2023
	(Unaudited)	
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 1,813,943	\$ 2,444,653
Accrued expenses	3,189,439	3,550,542
Current portion of finance lease liabilities	446,425	590,550
Current portion of operating lease liabilities	476,298	531,355
Contract liabilities	333,505	382,647
Total Current Liabilities	6,259,610	7,499,747
Deferred tax liability	69,535	101,059
Finance lease liabilities, net of current portion	1,809,424	2,879,932
Operating lease liabilities, net of current portion	3,181,843	3,527,082
Notes payable, net	4,984,642	4,688,011
Total Long-term Liabilities	10,045,444	11,196,084
Total Liabilities	16,305,054	18,695,831
Stockholders' Equity:		
Preferred stock; par value \$0.001, 2,500,000 shares authorized, 0 shares issued and outstanding at June 30, 2024 and December 31, 2023	-	-
Common stock; par value \$0.001, 50,000,000 shares authorized, 5,819,272 and 5,727,310 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	5,819	5,727
Additional paid-in capital	99,051,263	98,796,357
Accumulated deficit	(80,422,175)	(75,922,180)

Accumulated other comprehensive loss	(6,360,659)	(5,603,888)
Total Stockholders' Equity	12,274,248	17,276,016
Total Liabilities and Stockholders' Equity	\$ 28,579,302	\$ 35,971,847

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues	\$ 4,485,062	\$ 4,990,019	\$ 8,720,406	\$ 9,001,538
Cost of goods sold	3,767,851	3,827,491	7,732,093	7,447,668
Gross Profit	717,211	1,162,528	988,313	1,553,870
Operating Expenses:				
Selling expenses	855,122	1,028,225	1,372,701	2,210,660
General and administrative expenses	1,541,316	1,377,483	3,086,047	2,436,432
Research and development expenses	407,292	359,784	662,104	702,403
Total Operating Expenses	2,803,730	2,765,492	5,120,852	5,349,495
Loss from Operations	(2,086,519)	(1,602,964)	(4,132,539)	(3,795,625)
Other Income (Expense)				
Interest and other income	45,744	116,545	114,830	168,218
Interest expense	(29,290)	(45,898)	(101,009)	(57,899)
Amortization of debt discount	(150,591)	(86,790)	(296,631)	(171,318)
Gain (loss) on currency transactions	84,462	49,494	339,998	(116,784)
Gain (loss) on disposal of property and equipment	10,344	-	(453,233)	-
Total Other Income (Expense)	(39,331)	33,351	(396,045)	(177,783)
Loss Before Income Taxes	(2,125,850)	(1,569,613)	(4,528,584)	(3,973,408)
Income tax benefit	14,150	14,321	28,589	28,613
Net Loss	\$ (2,111,700)	\$ (1,555,292)	\$ (4,499,995)	\$ (3,944,795)
Loss Per Common Share - Basic and Diluted	\$ (0.36)	\$ (0.27)	\$ (0.77)	\$ (0.70)
Weighted-Average Common Shares Outstanding - Basic and Diluted	5,808,127	5,660,007	5,806,480	5,656,809

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