

LiqTech International, Inc. Announces First Quarter 2019 Financial Results

BALLERUP, Denmark, May 14, 2019 — **LiqTech International, Inc.** (NASDAQ: LIQT) ("**LiqTech**"), a clean technology company that manufactures and markets highly specialized filtration technologies, announced today its first quarter 2019 financial results for the three months ended March 31, 2019.

Recent Highlights

- Revenue for the first quarter of 2019 was \$7.4 million, a new quarterly record, up 210% from the same period in 2018 and up 156% sequentially from the fourth quarter of 2018.
- The Company turned profitable in the first quarter despite more than \$0.4 million of non-recurring costs mainly associated with the significant ramp in manufacturing volumes.
- Customer order commitments continue to grow and have nearly doubled since January 2019.
- Cash balance at the end of the first quarter was \$2.6 million after heat treatment furnace down payments of \$1.0 million to increase manufacturing capacity.
- Second quarter revenue is expected to increase more than 20% sequentially from first quarter revenue of \$7.4 million due to continued momentum in scrubber sales.
- The planned expansion in manufacturing operations remains on track, with increased manufacturing capacity expected to come on-line later this year.

Management Commentary

"The first quarter of 2019 was a significant turning point in the history of LiqTech. Not only did the Company report record quarterly revenues of \$7.4 million, but we returned to profitability," commented Sune Mathiesen, CEO of LiqTech International. "Further, the demand for our proprietary ceramic silicon carbide water filtration systems for marine scrubber applications continues to grow. The strong demand for our products is driven by LiqTech's ability to help shipowners address the most pressing concern of the IMO 2020 regulation that mandates the reduction of sulphur emissions from marine vessels. However, LiqTech's marine scrubber filtration systems are also helping shipowners address the implementation of tougher environmental regulations by countries around the world that ban the port use of open-loop scrubbers. As a result, we believe that we are uniquely positioned within this industry to benefit from accelerating demand amid regulatory and environmental tailwinds."

"In addition to the ramp in our marine scrubber filtration system business, we are seeing increasing interest for diesel particulate filters, or DPFs, including our pipeline of product

applications designed to support marine-based NOx reduction solutions. Many shipowners believe NOx reduction legislation will tighten, and with our nearly 20-year history with DPFs and our current success in the marine industry, we believe that LiqTech is equally well-positioned to take advantage of this evolving opportunity.”

“Outside our success in the marine industry, we are seeing increased interest for our water treatment systems for power plants, where we have been specified for a number of projects in 2019 and 2020. The power plant industry is an important part of our growth strategy, and we are pleased to note this positive development.”

Mr. Mathiesen continued, “The Company has done an excellent job in looking ahead from a manufacturing capacity standpoint. We anticipated the ramp in demand several quarters ago, when we placed orders for furnaces for silicon carbide membrane manufacturing. Additionally, we are in the process of expanding the capacity of our systems manufacturing facility in Hobro. This increased manufacturing capacity is expected to come on-line later this year, and we are on track to meet current planned deliveries for 2019.”

“As the marine scrubber opportunity has moved from concept to product development to full commercial deployment, we are gaining enhanced visibility into this burgeoning market. We are now advancing our framework agreement, announced in October 2018, with one of the world’s largest marine scrubber manufacturers, and we plan to showcase our jointly-developed system for the treatment of marine scrubber wastewater at the Nor-Shipping Conference in Oslo, Norway this June. Enhanced visibility, increasing order flow and continued commercial traction provide us with strong confidence in our ability to establish ourselves as the market leader,” concluded Mr. Mathiesen.

First Quarter 2019 Financial Results

Net sales for the three months ended March 31, 2019 were \$7.4 million compared to \$2.4 million for the same period in 2018, representing an increase of \$5.0 million, or 210%.

Gross profit for the three months ended March 31, 2019 was \$1.5 million compared to \$(60,000) for the same period in 2018. The improved gross profit reflects increased sales of higher-margin marine products as well as positive operating leverage from increased plant utilization. We expect gross margins to further improve as marine products become a larger part of the sales mix and drive further operating leverage.

Total operating expenses for the three months ended March 31, 2019 were \$1.5 million, an increase of 9% compared to the prior-year quarter. Selling expenses increased \$74,000, or 18%, compared to the same period of 2018 due to the hiring of additional sales employees to accelerate market penetration. General and administrative expenses increased \$8,000, or 1%, compared to the prior-year quarter. Research and development expenses increased \$34,000 or 20%, compared to the same period of last year due to focused investments in

new technologies that will service large addressable markets.

Net income for the three months ended March 31, 2019 was \$17,000, or \$0.0 per basic and diluted share, versus a net loss of \$(1.4) million, or \$(0.03) per basic and diluted share for the same period in 2018. The improvement in profitability was attributable to the significant increase in volume for sales of marine scrubber systems and positive operating leverage on fixed costs that elevated gross margin.

Cash on hand and restricted cash for the period ended March 31, 2019 was \$2.6 million compared to \$3.8 million for the year ended December 31, 2018. The decline in cash and cash on hand was due to down payments for new heat treatment furnaces for deliver later this year, which will increase plant capacity to meet increasing demand for our scrubber systems.

Conference Call Details

Date and Time: Tuesday, May 14, 2019 at 9:00am ET

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

Replay: A teleconference replay of the call will be available until May 21, 2019 at (877) 344-7529 or (412) 317-0088, confirmation #10131272.

Transcript: A transcript of the call will be available on the investor relations section of the LiqTech website following the conclusion of the call at <https://www.liqtech.com/investor-relations/>.

About LiqTech International, Inc.

LiqTech International, Inc., a Nevada corporation, is a clean technology company that for more than a decade has developed and provided state-of-the-art technologies for gas and liquid purification using ceramic silicon carbide filters, particularly highly specialized filters for the control of soot exhaust particles from diesel engines and for liquid filtration. Using nanotechnology, LiqTech develops products using proprietary silicon carbide technology. LiqTech's products are based on unique silicon carbide technology which facilitate new applications and improve existing technologies. LiqTech offers a wide range of filters and membranes for micro- and ultrafiltration, and by incorporating LiqTech's SiC liquid membrane technology with the Company's long-term systems design experience and capabilities, LiqTech offers solutions to the most difficult water pollution problems.

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 in order to reflect any event or circumstance that may arise after the date of this release.

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	As of March 31, 2019 (Unaudited)	As of December 31, 2018
Current Assets:		
Cash	\$ 2,483,141	\$ 3,776,111
Cash, restricted	117,904	-
Accounts receivable, net	2,711,293	1,308,122
Other receivables	3,622,934	1,098,796
Deposits	945,496	-
Contract assets	1,442,861	624,275
Inventories, net	4,296,715	4,432,055
Prepaid expenses	250,414	133,847
Total Current Assets	15,870,758	11,373,206
Property and Equipment, net	1,484,471	1,431,649

Operating lease right-of-use	1,930,932	-
	3,415,403	1,431,649
Other Assets:		
Investments at costs	5,606	5,714
Other intangible assets	153	748
Deposits	347,662	347,932
Total Other Assets	353,421	354,394
Total Assets	\$ 19,639,582	\$ 13,159,249
	As of	As of
	March 31,	December 31,
	2019	2018
	(Unaudited)	
Current Liabilities:		
Current maturities of finance lease obligations	\$ 6,651	\$ 13,789
Current maturities of operating lease obligations	459,528	-
Accounts payable	5,541,179	2,122,479
Accrued expenses	2,378,961	1,868,229
Contract liabilities	838,246	516,335
Deferred revenue / customers deposits	289,087	98,781
Total Current Liabilities	9,513,652	4,619,613
Operating lease liabilities, net of current maturities	1,504,328	-
Total Long-Term Liabilities	1,504,328	-
Total Liabilities	11,017,980	4,619,613
Stockholders' Equity:		
Common stock; par value \$0,001, 25,000,000 shares authorized, 18,302,880 and 18,228,887 (after the 4-to-1 reverse stock split) shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	18,303	18,229
Additional paid-in capital	46,849,057	46,575,986
Accumulated deficit	(32,251,980)	(32,286,224)
Deferred compensation	(35,000)	(23,499)
Other comprehensive income, net	(5,958,778)	(5,744,856)
Total Stockholders' Equity	8,621,602	8,539,636
Total Liabilities and Stockholders' Equity	\$ 19,639,582	\$ 13,159,249

**For the Three Months Ended
March 31,**

	2019	2018
	(Unaudited)	(Unaudited)
Net Sales	\$ 7,421,198	\$ 2,391,382
Cost of Goods Sold	5,946,118	2,450,974
Gross Profit	1,475,080	(59,592)
Operating Expenses:		
Selling expenses	483,587	409,792
General and administrative expenses	770,864	762,439
Research and development expenses	203,172	169,396
Total Operating Expense	1,457,623	1,341,627
Income (Loss) from Operations	17,457	(1,401,219)
Other Income (Expense)		
Interest and other income	7,277	3,284
Interest expense	(38,648)	(56,300)
Gain (Loss) on currency transactions	48,158	(79,054)

Total Other Income (Expense)	16,787	(132,070)
Income (Loss) Before Income Taxes	34,244	(1,533,289)
Income Tax Expense (Income)	-	-
Net Income (Loss)	34,244	(1,533,289)

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