

## **LiqTech International, Inc. Announces Record Second Quarter 2019 Financial Results**

BALLERUP, Denmark, Aug. 14, 2019 — **LiqTech International, Inc.** (NASDAQ: LIQT) ("**LiqTech**"), a clean technology company that manufactures and markets highly specialized filtration technologies, announced today record second quarter 2019 financial results for the three months ended June 30, 2019.

### **Recent Highlights**

- Revenue for the second quarter of 2019 was \$9.3 million, a new quarterly record for the Company, up 258% from the same period in 2018 and up 25% sequentially from the first quarter of 2019.
- The Company improved profitability in the second quarter with Income from Operations of \$0.4 million driven by revenue growth and gross margin improvement.
- Customer order commitments continued to grow, with a book to bill ratio for marine scrubber water treatment systems of 1.6 during the second quarter of 2019.
- The Company also continued to increase its customer base by adding two new marine scrubber manufacturing customers during the quarter.
- The planned expansion in manufacturing operations remains on track, with the first furnace for the Company's Ballerup facility expected to be delivered in the third quarter of 2019. The expansion of the Company's Hobro facilities is also expected to be completed in the third quarter of 2019.
- Cash balance at the end of the second quarter was \$13.4 million, reflecting profitability and the proceeds from our public offering in May 2019.
- Growth opportunities within NOx reduction, power plant water filtration, and OEM licensing continue to progress with expectations for increased revenue contributions in

2020.

## **Management Commentary**

“Second quarter revenue was again a new record for the Company. This growth in revenue and profitability highlights the continued demand for our proprietary and market-leading ceramic silicon carbide water filtration systems for closed loop marine scrubber applications,” commented Sune Mathiesen, CEO of LiqTech International. “LiqTech is benefiting from continued tightening of environmental regulation to ban discharge from open loop scrubbers in many of the world’s most important ports, including recent action by China to implement further new discharge limits on Polycyclic Aromatic Hydrocarbons (PAH) and oils, which our silicon carbide water filtration system already helps to address. We believe that the conversion to closed loop systems will continue to increase as a percent of overall marine scrubber installations in the future, representing an important, growing market for our solutions.”

“While we remain highly focused on the marine scrubber market, we can apply our proprietary technologies to expand into adjacent industries and markets. For example, we are advancing the adoption of our ceramic silicon carbide filtration technology to the power plant market, where we have already received several orders, as stricter environmental legislation within many countries is driving the requirement for water treatment systems. Additionally, our silicon carbide diesel particulate filters, a product we have been manufacturing for nearly 20 years, is ideally suited to address NOx reduction within the marine industry. Finally, we also anticipate introducing other products adjacent to the marine scrubber market on a standalone basis, including an in-port water treatment system that will allow ship owners with an open loop scrubber to operate auxiliary engines while in port, and a filter press that is also a component of our existing system, further enhancing our reach within the market.”

Mr. Mathiesen continued, “The Company’s margin optimization program remains a key area of management focus and we improved the contribution margin for our marine scrubber products by more than 500 bps in the second quarter. Our efforts to reduce costs, improve operating efficiencies, in-source certain manufacturing activities and implement LEAN manufacturing are all progressing. Additionally, the planned expansion in manufacturing operations remains on track, with the first of the new furnaces for the expansion of our Ballerup facility set to be delivered in the third quarter 2019, and the planned expansion in Hobro also set to be completed in the third quarter 2019. Overall, we are on target to triple our manufacturing capacity by July 2020.”

“LiqTech’s marine scrubber filtration technology was developed as a plug and play solution, allowing it to easily be integrated into a variety of marine scrubber systems sold in the market. As the scrubber market has expanded, and an increasing number of companies have

entered the space, we have responded by increasing our customer base and expanding our geographic footprint in an effort to maximize our ability to drive revenue growth. This broad appeal of our technology by the marine scrubber market, coupled with a number of other growth initiatives in place, gives us confidence heading into the future,” concluded Mr. Mathiesen.

## **Second Quarter 2019 Financial Results**

Net sales for the three months ended June 30, 2019 were \$9.3 million compared to \$3.6 million for the same period in 2018, representing an increase of \$5.7 million, or 258%.

Gross profit for the three months ended June 30, 2019 was \$2.1 million compared to \$0.7 million for the same period in 2018. The improvement in gross profit was positively impacted by sales of the Company’s higher margin marine products, offset by lower sales of DPF products, resulting in lower overhead absorption. The Company expects gross margins to improve as a result of further increased sales of marine products, normalized sales levels of DPF products, and improvements from the Company’s margin optimization program.

Total operating expenses for the three months ended June 30, 2019 were \$1.7 million, an increase of 38% compared to the prior-year quarter. Selling expenses increased \$50,000, or, 11%, compared to the same period of 2018 due to the hiring of additional sales employees to accelerate market penetration. General and administrative expenses increased \$386,000, or, 66%, compared to the prior-year quarter, also due to the hiring of additional employees to manage the significant ramp in revenues. Research and development expenses increased \$23,000, or, 13%, compared to the same period of last year from increased investment in new technologies to help the company address adjacent industrial and marine markets.

Other income/expenses for the three months ended June 30, 2019 were negative \$247,000 compared to income of \$299,000 for the same period in 2018. The expenses were mainly driven by unrealized currency losses compared to an unrealized gain last year. The USD exchange rate compared to the DKK decreased at the end of June 2019, but has improved since the end of June and we expect that, if current trends continue, the unrealized loss in the second quarter should be offset in the third quarter.

Net income for the three months ended June 30, 2019 was \$147,000, or \$0.01 per basic and diluted share, versus a net loss of \$264,000, or \$(0.004) per basic and diluted share for the same period in 2018. The improvement in profitability was attributable to the significant increase in sales revenue for marine scrubber products and positive operating leverage on fixed costs that improved the gross margin.

Cash on hand and restricted cash at June 30, 2019 was \$13.4 million compared to \$3.8 million at December 31, 2018. The net proceeds from the capital raise in May was \$14.7 million, but the \$5.1 million in cash flow from operations has reduced the cash balance due to high level of activity in the first and second quarter of 2019.

## **Conference Call Details**

### **Date and Time:**

Wednesday, August 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 August 21, 2019 at (877) 344-7529 or (412) 317-0088, confirmation #10134042.

### **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](http://www.liqtech.com)

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### **Forward-Looking Statements**

*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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<b>As of</b>	<b>As of</b>
<b>June 30,</b>	<b>December 31,</b>

	<b>2019</b>	<b>2018</b>
<b>Current Assets:</b>	<b>(Unaudited)</b>	
Cash	\$ 12,572,856	\$ 3,776,111
Cash, restricted	783,499	-
Accounts receivable, net	8,460,159	1,308,122
Other receivables	3,303,504	1,098,796
Deposits	1,203,216	-
Contract assets	506,329	624,275
Inventories, net	4,713,656	4,432,055
Prepaid expenses	201,880	133,847
Total Current Assets	31,745,099	11,373,206
Property and Equipment, net accumulated depreciation	1,451,422	1,431,649
Operating lease right-of-use	1,925,645	-
Total Property, Equipment and right of use assets	3,377,067	1,431,649
<b>Other Assets:</b>		
Investments at costs	5,680	5,714
Other intangible assets	-	748
Deposits	445,656	347,932
Total Other Assets	451,336	354,394
<b>Total Assets</b>	<b>\$ 35,573,502</b>	<b>\$ 13,159,249</b>

<b>As of</b>	<b>As of</b>
<b>June 30,</b>	<b>December 31,</b>
<b>2019</b>	<b>2018</b>

**(Unaudited)**

<b>Current Liabilities:</b>		
Current maturities of finance lease obligations	\$ 5,201	\$ 13,789
Current maturities of operating lease obligations	603,152	-
Accounts payable	4,717,535	2,122,479
Accrued expenses	3,008,933	1,868,229
Contract liabilities	1,466,645	516,335
Deferred revenue / customers deposits	571,777	98,781
Total Current Liabilities	10,373,243	4,619,613
Operating lease liabilities, net of current maturities	1,352,749	-
Total Long-Term Liabilities	1,352,749	-
Total Liabilities	11,725,992	4,619,613

**Stockholders' Equity:**

Preferred stock; par value \$0,001, 2,500,000 shares authorized, no shares issued or outstanding at June 30, 2019 and December 31, 2018 respectively	-	-
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Common stock; par value \$0,001, 25,000,000 shares authorized, 20,547,668 and 18,228,887 (after the 4-to-1 reverse stock split) shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively

Additional paid-in capital	20,548	18,229
Accumulated deficit	61,538,883	46,575,986
Deferred compensation	(32,105,194)	(32,286,224)
Other comprehensive income, net	(29,166)	(23,499)
Total Stockholders' Equity	(5,577,561)	(5,744,856)
	23,847,510	8,539,636
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 35,573,502</b>	<b>\$ 13,159,249</b>

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Net Sales</b>	\$ 9,297,186	\$ 3,598,028	\$ 16,718,384	\$ 5,989,410
Cost of Goods Sold	7,222,076	2,938,206	13,168,194	5,389,180
<b>Gross Profit</b>	2,075,110	659,822	3,550,190	600,230
<b>Operating Expenses:</b>				
Selling expenses	514,037	463,998	997,623	873,790
General and administrative expenses	968,437	582,208	1,739,302	1,344,647
Research and development expenses	199,184	176,281	402,356	345,677
Total Operating Expense	1,681,658	1,222,487	3,139,281	2,564,114
<b>Income (Loss) from Operations</b>	393,452	(562,665)	410,909	(1,963,884)
<b>Other Income (Expense)</b>				
Interest and other income	18,173	7,173	25,450	10,457
Interest expense	(36,502)	(4,174)	(75,150)	(60,474)
Gain (Loss) on currency transactions	(206,718)	296,140	(158,560)	217,086
Gain (Loss) on sale of fixed assets	(21,619)	-	(21,619)	-



Total Other Income (Expense)	(246,666)	299,139	(229,879)	167,069
<b>Income (Loss) Before (Income) Taxes</b>	146,786	(263,526)	181,030	(1,796,815)
Income Tax Expense (Income)	-	-	-	-
<b>Net Income (Loss)</b>	146,786	(263,526)	\$ 181,030	(1,796,815)

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