

LiqTech International, Inc. Announces Third Quarter 2018 Financial Results

BALLERUP, Denmark, Nov. 14, 2018 — **LiqTech International, Inc.** (NYSE AMERICAN: LIQT) ("**LiqTech**"), a clean technology company that manufactures and markets highly specialized filtration technologies, announced today its financial results for the three months ended September 30, 2018.

Recent Highlights

- The Company currently has more than 50 confirmed orders expected to ship in 2019.
- In addition to the confirmed orders, the Company expects to deliver a significant number of systems in 2019 under the Framework Agreement announced on October 1, 2018.
- The Company expects revenue during the first quarter of 2019 to be a Company record, driven by fulfillment of orders from current backlog.
- The Company expects to be profitable in the first quarter of 2019.
- In anticipation of growing demand, the Company has placed new furnaces on order with delivery expected in late 2019.
- The Company's current cash position combined with the working capital structure on our existing marine scrubber contracts provide sufficient near term confidence in our balance sheet.

Management Commentary

"We have made significant progress during the quarter ramping up our order backlog and signing framework agreements for our proprietary ceramic silicon carbide water filtration systems for the marine scrubber systems," commented Sune Mathiesen, CEO of LiqTech International. "We currently have a solid order backlog set for delivery in 2019, and in addition to this we expect to deliver a significant number of systems in 2019 and onwards off our newly signed framework agreement on October 1, 2018. We believe we are in an excellent position to continue building backlog as marine vessels make their way towards shipyards in the coming quarters to meet the IMO 2020 mandate."

Mr. Mathiesen continued, "It is our expectation that we will continue to see a positive development in our business, and in anticipation of this, we have already placed orders for new furnaces utilized in the manufacturing of our ceramic silicon carbide filters which are expected to be ready during the fourth quarter of 2019 to allow for an orderly delivery of systems into 2020. Additionally, as we look to leverage our position within the marine industry, we are developing complementary new products that will further establish our leadership position."

“LiqTech is ideally positioned to capitalize on IMO 2020 with a superior product offering, attractive return on investment proposition to marine vessels compared to lower sulphur fuel, and key partnership agreements with the industry’s leading scrubber manufacturers. We look forward to the continued ramp in our business over the coming years,” concluded Mr. Mathiesen.

Third Quarter 2018 Financial Results

Net sales for the three months ended September 30, 2018 were \$3.3 million compared to \$2.5 million for the same period in 2017, representing an increase of \$0.8 million, or 36%. The increase in sales was due to the continued growth in our marine segment, which had revenues of \$1.4 million in the third quarter, or a 53% increase compared to the prior-year period. Sales in our legacy DPF business were \$1.9 million, an increase of 26% compared to the third quarter of 2017.

Gross profit for the three months ended September 30, 2018 was \$0.3 million compared to \$(0.3) million for the same period in 2017. The improved gross profit reflects increased sales of higher-margin marine products as well as positive operating leverage related to fixed costs. We expect gross margins to further improve as marine products become a larger part of the sales mix and further operating leverage is achieved.

Total operating expenses for the three months ended September 30, 2018 were \$1.2 million, an increase of 11.8% compared to the prior-year quarter. Selling expenses declined \$107,000, or 20.5%, compared to the same period of 2017 due to a centralization of the sales structure. General and administrative expenses increased \$224,000, or 51.8%, compared to the prior-year quarter, reflecting an increase in general costs, some timing issues and the general ramp-up of our business. Non-cash compensation expenses decreased \$18,000, or 75.8%, compared to the prior-year period as a result of lower non-cash compensation expense for options, shares and warrants for employees. Research and development expenses increased \$31,000, or 25.6%, compared to the same period of 2017 due to elevated costs to support the commercialization of our scrubber solution.

Net loss for the three months ended September 30, 2018 was \$(0.92) million, or \$(0.01) per basic and diluted share, versus \$(1.5) million, or \$(0.03) per basic and diluted share for the same period in 2017.

Cash on hand and restricted cash for the period ended September 30, 2018 was \$3.9 million compared to \$2.5 million for the year ended December 31, 2017.

Conference Call Details

Date and Time: Wednesday, November 14, 2018 at 11:00am ET

Call-in Information: Interested parties can access the conference call by dialing (877)

270-2148 or (412) 902-6510.

Replay: A teleconference replay of the call will be available until November 21, 2018 at (877) 344-7529 or (412) 317-0088, confirmation #10126144.

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 membranes which facilitate new applications and improve existing technologies. In particular, Provital Solutions A/S (www.provital.dk), the Company's subsidiary, has developed a new standard of water filtration technology to meet the ever-increasing demand for higher water quality. By incorporating LiqTech's SiC liquid membrane technology with its long-standing systems design experience and capabilities, it 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.

Company Contact:

Sune Mathiesen, Chief Executive Officer
 LiqTech International, Inc.
 Phone: +45 5197 0908
 www.liqtech.com

Investor Contact:

Robert Blum, Joe Dorame, Joe Diaz
 Lytham Partners, LLC
 Phone: (602) 889-9700
 liqt@lythampartners.com
 www.lythampartners.com

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Net Sales	\$ 3,347,204	\$ 2,456,484	\$ 9,336,614	\$ 8,350,758
Cost of Goods Sold	3,058,465	2,772,451	8,447,645	8,202,634
Gross Profit	288,739	(315,967)	888,969	148,124
Operating Expenses:				
Selling expenses	414,504	521,627	1,288,294	1,506,329
General and administrative expenses	657,714	433,368	1,914,927	1,518,935
Non-cash compensation expenses	5,833	24,055	93,267	150,013
Research and development expenses	152,849	121,680	498,526	375,026
Total Operating Expense	1,230,900	1,100,730	3,795,014	3,550,343
Loss from Operations	(942,161)	(1,416,697)	(2,906,045)	(3,402,219)
Other Income (Expense)				
Interest and other income	1,814	2,790	12,271	3,093
Interest expense	(5,463)	(3,781)	(65,937)	(23,308)

Gain (Loss) on currency transactions	23,861	(26,913)	240,947	(54,600)
Loss on sale of equipment	-	(34,824)	-	(28,056)
Total Other Income (Expense)	20,212	(62,728)	187,281	(102,871)
Loss Before Income Taxes	(921,949)	(1,479,425)	(2,718,764)	(3,505,090)
Income Tax Expense	-	-	-	-
Net Loss	(921,949)	(1,479,425)	\$ (2,718,764)	\$ (3,505,090)
Basic and Diluted Loss Per Share	\$ (0.013)	\$ (0.03)	\$ (0.04)	\$ (0.09)
Basic and Diluted Weighted Average Common Shares Outstanding	72,740,547	44,229,264	60,799,235	40,604,129

**LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

	As of September 30, 2018 Unaudited	As of December 31, 2017
Current Assets:		
Cash	\$ 3,861,595	\$ 2,486,199
Accounts receivable, net	2,453,293	1,124,842
Other receivables	677,295	636,539
Contract assets	703,971	490,100
Inventories, net	4,253,149	4,661,866
Prepaid expenses	38,162	28,151
Total Current Assets	11,987,465	9,427,697
Property and Equipment, net accumulated depreciation	1,605,831	1,959,205
Other Assets:		
Investments at costs	5,783	6,001
Intangible assets	1,363	3,349
Deposits	350,950	283,686
Total Other Assets	358,096	293,036
Total Assets	\$ 13,951,392	\$ 11,679,938
	As of September 30, 2018 Unaudited	As of December 31, 2017
Current Liabilities:		
Current portion of capital lease obligations	\$ 74,313	\$ 26,186
Accounts payable	1,474,214	1,775,230
Accrued expenses	1,607,675	1,724,986

Contract liabilities	440,378	306,845
Accrued income taxes payable	570	580
Deferred revenue / customers deposits	724,382	933,994
Total Current Liabilities	4,321,532	4,767,821
Total Liabilities	4,321,532	4,767,821

Stockholders' Equity:

Series A Convertible Preferred stock; par value \$0.001, 0 and 2,200,837 shares issued and outstanding at September 30, 2018 and December 31, 2017 respectively	-	2,201
Common stock; par value \$0,001, 100,000,000 shares authorized and 72,740,547 and 44,429,264 shares issued and outstanding at September 30, 2018 and December 31, 2017 respectively	72,741	44,430
Additional paid-in capital	46,356,874	40,457,907
Accumulated deficit	(31,190,458)	(28,471,696)
Deferred compensation	(46,666)	(79,933)
Other comprehensive income, net	(5,562,631)	(5,040,792)
Total Stockholders' Equity	9,629,860	6,912,117
Total Liabilities and Stockholders' Equity	\$ 13,951,392	\$ 11,679,938

**LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)**

Increase (Decrease) in cash and Cash Equivalents

**For the nine months ended
September 30,
2018 2017**

Cash Flows from Operating Activities:

Net Loss	\$ (2,718,764)	\$ (3,505,090)
Adjustments to reconcile net (loss) to net cash provided (used) by operations:		
Depreciation and amortization	621,460	732,963
Stock-based compensation	93,267	150,013
Bad debt expense	-	(59,409)
Reserve for obsolete inventory	(163,671)	-
Loss on sale of equipment	-	28,056
Changes in assets and liabilities:		
Accounts Receivable	(1,369,207)	(478,879)
Inventory	454,238	238,986
Prepaid expenses/deposits	(47,243)	26,817
Accounts payable	(301,016)	27,657
Accrued expenses	(326,932)	340,371
Long-term contracts	(80,338)	(202,066)
Total Adjustments	(1,119,442)	804,510
Net Cash Used by Operating Activities	(3,838,206)	(2,700,580)

Cash Flows from Investing Activities:

Purchase of property and equipment	(145,984)	(94,950)
Proceeds from sale/recovery of property and equipment	-	12,827
Net Cash Provided (Used) by Investing Activities	(145,984)	(82,124)

Cash Flows from Financing Activities:

Net proceeds/payments on capital lease obligation	48,127	(110,963)
Payments on loans payable	-	(6,347)

Proceeds from issuance of common stock	6,612,500	1,825,000
Payment of stock offering costs	(747,423)	-
Net Cash Provided (Used) by Financing Activities	5,913,204	1,707,690
Gain (Loss) on Currency Translation	(553,618)	394,930
Net Increase (Decrease) in Cash and Cash Equivalents	1,375,396	(680,084)
Cash and Cash Equivalents at Beginning of Period	2,486,199	1,208,650
Cash and Cash Equivalents at End of Period	\$ 3,861,595	\$ 528,566

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