

## **LiqTech International, Inc. Reports 2016 Third Quarter Results**

- Management to Host Conference Call Today at 11:00 am EST -

BALLERUP, Denmark, Nov. 14, 2016 — **LiqTech International, Inc. (NYSE MKT:LIQT)**, a clean technology company that manufactures and markets highly specialized filtration products and systems, announces today its financial results for the three and nine months ended September 30, 2016.

### **Financial highlights for the three months ended September 30, 2016**

Net sales for the three months ended September 30, 2016 were \$3.7 million compared to \$6.9 million for the same period in 2015, representing a decrease of \$3.2 million or 46%. The decrease in net sales was driven primarily by a decrease in sales of membranes and systems of \$2.8 million and a decrease in sales of diesel particulate filters of \$0.5 million.

Gross profit for the three months ended September 30, 2016 was \$0.4 million compared to a gross profit of \$2.3 million for the same period in 2015, representing a decrease of \$1.9 million. Included in gross profit is depreciation of \$0.3 million and \$0.4 million for the three months ended September 30, 2016 and 2015, respectively.

Total operating expenses for the three months ended September 30, 2016 were \$1.3 million representing a decrease of \$0.3 million or 19%, compared to \$1.6 million for the same period in 2015. The decrease in operating expenses was attributable to a decrease in selling and marketing expenses of \$0.1 million or 14%, a decrease in general and administrative expenses of \$0.2 million or 24%, a decrease in non-cash compensation expenses of \$0.002 million, or 2%, and a decrease in research and development expenses of \$0.05 million or 27%, all compared to the same period in 2015.

The net loss attributable to the Company for the three months ended September 30, 2016 was a loss of \$0.9 million compared to a profit of \$0.6 million for the comparable period in 2015, representing an increase in net loss of \$1.5 million or 250%. This decrease was primarily attributable to lower sales, lower gross profit and partly offset by lower total operating expenses.

Total net loss of \$0.9 million for the period ended September 30, 2016 includes non-cash charges for depreciation and amortization, bad debt expense, reserve for obsolete inventory and stock compensation expense charges for a total of approximately \$0.5 million.

### **Financial highlights for the nine months ended September 30, 2016**

Net sales for the nine months ended September 30, 2016 were \$11.3 million compared to \$10.7 million for the same period in 2015, representing an increase of \$0.6 million or 6%. The increase in net sales was driven primarily by an increase in sales of membranes and systems

of \$0.5 million and an increase in sales of diesel particulate filters of \$0.1 million.

Gross profit for the nine months ended September 30, 2016 was \$2.3 million compared to a gross profit of \$1.7 million for same period in 2015, representing an increase of \$0.6 million or 35%. Included in gross profit is depreciation of \$1.0 million and \$1.1 million for the nine months ended September 30, 2016 and 2015, respectively.

Total operating expenses for the nine months ended September 30, 2016 were \$4.3 million representing a decrease of \$0.7 million or 14%, compared to \$5.0 million for the same period in 2015. The decrease in operating expenses was attributable to a decrease in selling and marketing expenses of \$0.4 million or 20%, a decrease in general and administrative expenses of \$0.3 million or 15%, an increase in non-cash compensation expenses of \$0.1 million, or 43%, and a decrease in research and development expenses of \$0.1 million or 11%, all compared to the same period in 2015.

The net loss attributable to the Company for the nine months ended September 30, 2016 was a loss of \$5.0 million compared to a loss of \$2.3 million for the comparable period in 2015, representing an increase in net loss of \$2.7 million or 117%. This increase in loss was primarily attributable to an increase in income tax expense of 3.7. This was partly offset by an increase in sales, higher gross profit and lower total operating expenses.

Cash on hand and restricted cash for the period ended September 30, 2016 was \$0.2 million compared to \$1.7 million for the year ended December 31, 2015, representing a decrease of \$1.5 million.

Working capital for the period ended September 30, 2016 was \$7.0 million compared to \$7.6 million for the year ended December 31, 2015 representing a decrease of \$0.6 million.

Total net loss of \$5.0 million for the period ended September 30, 2016 includes non-cash charges for depreciation and amortization, bad debt expense, reserve for obsolete inventory, stock compensation expense charges and a change in the valuation allowance for tax for a total of approximately \$4.7 million.

### **Management Commentary**

The decrease, in the quarter, in our net sales of membranes and systems was a result of the earlier discussed expected volatility in order inflow and revenue recognition for our water treatment products. We are however pleased to see that the accumulated sales of these products for the year continues to improve compared to the same period in 2015.

As earlier discussed we have invested significant resources into developing the Chinese market. Earlier this year we announced a Letter of Intent to establish a joint venture company for the production and sales of diesel particulate filters (DPF) in China together with Kailong High Technology Co. Ltd. ("Kailong"), and last week we announced an agreement to

establish a joint venture company in China for the sales of our water treatment systems together with Hunan Yonker Water Co. Ltd. (“Yonker”). We believe that these agreements change the outlook for our business both for our DPF products and our water treatment products. Both Kailong and Yonker are markets leaders within their industries and we believe that our focus into the Chinese market will prove successful.

Hunan Yonker Investment Group Co. Ltd (Yonker Investment”) and LiqTech have entered into an agreement pursuant to which Yonker Investment has agreed to purchase 4,000,000 shares of LiqTech common stock at \$1.00 per share. The closing of such purchase is subject to receipt of all required US and China governmental approvals. The transaction is expected to close by February 28, 2017.

After the revised business strategy, and decision of transforming LiqTech into a supplier of water treatment systems, we have been successful in securing a number of large-scale references within the oil & gas, industrial waste-water treatment, heavy metal removal, and drinking water industries. With these references, the capitalization of our business, and our partnerships in China we are now ready for further acceleration of our business.

### **Conference Call Details**

Interested parties may participate in the call by dialing (877) 407-8029 or (201) 689-8029. It is recommended to dial in approximately 10 to 15 minutes prior to the scheduled start time. The conference call will also be available on replay starting at 3:00 p.m. EST on November 14, 2016 and ending on December 5, 2016. To access the replay, please dial (877) 660-6853 or (201) 612-7415 and enter the conference id# 113649849.

Callers from Denmark can dial in using the following numbers:

Denmark (fixed) ATT 80 25 21 64

Denmark (mobile) ATT 80 25 19 17

### **Financial Tables Follow**

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

	<b>As of September 30, 2016</b>	<b>As of December 31, 2015</b>
	Unaudited	
<b>Current Assets:</b>		
Cash	\$ 237,683	\$ 1,370,591
Restricted cash balances	-	292,826
Accounts receivable, net	4,356,309	3,191,858
Other receivables	343,697	505,945
Cost in excess of billing	1,195,442	2,519,321
Inventories	5,220,997	4,916,671

Prepaid expenses	71,058	13,670
Current deferred tax asset	72,081	172,122
Total Current Assets	11,497,267	12,983,004
<b>Property and Equipment, net of accumulated depreciation:</b>	2,885,778	3,538,694
<b>Other Assets:</b>		
Investments at costs	22,341	21,838
Long term deferred tax asset	591,324	3,684,497
Goodwill	7,757,433	7,582,749
Other intangible assets	7,117	10,386
Deposits	274,536	252,378
Total Other Assets	8,652,751	11,551,848
<b>Total Assets</b>	<b>\$ 23,035,796</b>	<b>\$ 28,073,546</b>

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

	<b>As of September 30, 2016</b>	<b>As of December 31, 2015</b>
	Unaudited	
<b>Current Liabilities:</b>		
Current portion of notes payable	\$ 15,079	\$ -
Current portion of capital lease obligations	79,344	150,157
Accounts payable	2,806,029	3,455,085
Accrued expenses	1,418,974	1,441,840
Billing in excess of cost	123,240	175,338
Accrued income taxes payable	570	570
Deferred revenue / customers deposits	90,814	117,700
Total Current Liabilities	4,534,050	5,340,690
Long-term notes payable, less current portion	45,355	-
Long-term capital lease obligations, less current portion	123,819	165,572
Total Long-Term Liabilities:	169,174	165,572
Total Liabilities	4,703,224	5,506,262
Commitment and Contingencies See Note 11	-	-
<b>Stockholders' Equity:</b>		
Common stock; par value \$0,001, 100,000,000 shares authorized, 39,532,035 and 39,532,035 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	39,532	39,532
Additional paid-in capital	36,120,808	36,087,808
Accumulated deficit	(12,613,408)	(7,592,709)
Deferred compensation	(238,947)	(590,742)
Other comprehensive income, net	(4,975,413)	(5,376,605)
Total Stockholders' Equity	18,332,572	22,567,284
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 23,035,796</b>	<b>\$ 28,073,546</b>

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

For the Three Months Ended

For the Nine Months Ended

	<b>September 30,</b>		<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Net Sales</b>	\$ 3,689,511	\$ 6,933,197	\$ 11,338,817	\$ 10,738,753
<b>Cost of Goods Sold</b>	3,303,042	4,618,603	9,078,036	9,029,567
<b>Gross Profit</b>	386,469	2,314,594	2,260,781	1,709,186
<b>Operating Expenses:</b>				
Selling expenses	558,105	646,269	1,661,352	2,084,204
General and administrative expenses	498,358	656,090	1,830,260	2,155,218
Non-cash compensation expenses	104,416	106,448	377,140	264,094
Research and development expenses	124,165	171,157	476,734	536,614
Total Operating Expense	1,285,044	1,579,964	4,345,486	5,040,130
<b>Income (Loss) from Operations</b>	(898,575)	734,630	(2,084,705)	(3,330,944)
<b>Other Income (Expense)</b>				
Interest and other income	-	48,978	-	98,680
Interest expense	(7,347)	(8,677)	(23,843)	(43,504)
Loss on investments	-	(10)	-	7,285
Loss on currency transactions	(14,060)	(34,834)	(26,219)	97,907
Total Other Income (Expense)	(21,407)	5,457	(50,062)	160,368
<b>Income (Loss) Before Income Taxes</b>	(919,982)	740,087	(2,134,767)	(3,170,576)
Income Tax Expense (Income)	17,646	118,678	2,885,932	(848,426)
<b>Net Income (Loss)</b>	(937,628)	621,409	(5,020,699)	(2,322,150)
<b>Less Net Income (Loss) Attributable To Non-Controlled Interests in Subsidiaries</b>	-	(29)	-	21,731
<b>Net Income (Loss) Attributable To LiqTech Basic Income (Loss) Per Share</b>	\$ (0.02)	\$ 0.02	\$ (0.12)	\$ (0.06)

<b>Weighted Average Common Shares Outstanding</b>	39,532,035	39,519,705	39,532,035	39,471,745
<b>Diluted Income (Loss) Per Share</b>	\$ (0.02)	\$ 0.02	\$ (0.12)	\$ (0.06)
<b>Weighted Average Common Shares Outstanding Assuming Dilution</b>	39,532,035	39,531,786	39,532,035	39,471,745

## **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, LiqTech Systems A/S ([www.provital.dk](http://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 longstanding systems design experience and capabilities it offers solutions to the most difficult water pollution problem.

For more information, please visit [www.liqtech.com](http://www.liqtech.com)

Follow LiqTech on LinkedIn: <http://www.linkedin.com/company/liqtech-international>

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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 our 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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