

LiqTech International, Inc. Reports 2017 Second Quarter Results

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

BALLERUP, Denmark, Aug. 14, 2017 — **LiqTech International, Inc. (NYSE AMERICAN: LIQT)**, a clean technology company that manufactures and markets highly specialized filtration technologies, announces today its financial results for the three and six months ended June 30, 2017.

Financial highlights for the three months ended June 30, 2017

Net sales for the three months ended June 30, 2017 were \$2.9 million compared to \$4.0 million for the same period in 2016, representing a decrease of \$1.1 million or 27.5%.

The decrease in sales consisted of a decrease in sales of liquid filters and systems of \$1.8 million offset by an increase in sales of DPFs of \$0.7 million.

Gross profit for the three months ended June 30, 2017 was \$0.2 million compared to a gross profit of \$1.1 million for same period in 2016, representing a decrease of \$0.9 million or 81.8%.

Included in gross profit is depreciation of \$0.2 million and \$0.3 million for the three months ended June 30, 2017 and 2016, respectively.

Total operating expenses for the three months ended June 30, 2017 were \$1.2 million representing a decrease of \$0.2 million or 14.3%, compared to \$1.4 million for the same period in 2016.

Net loss for the three months ended June 30, 2017 was a loss of \$1.2 million compared to a loss of \$0.3 million for the comparable period in 2016, representing an increase in net loss of \$0.9 million.

Total net loss of \$1.2 million for the period ended June 30, 2017 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 \$0.3 million.

Financial highlights for the six months ended June 30, 2017

Net sales for the six months ended June 30, 2017 were \$5.9 million compared to \$7.6 million for the same period in 2016, representing a decrease of \$1.7 million or 22.4%.

The decrease in sales consisted of a decrease in sales of liquid filters and systems of \$3.3 million offset by an increase in sales of DPFs of \$1.6 million.

Gross profit for the six months ended June 30, 2017 was \$0.5 million compared to a gross profit of \$1.9 million for same period in 2016, representing a decrease of \$1.4 million or 73.7%.

Included in gross profit is depreciation of \$0.5 million and \$0.7 million for the six months ended June 30, 2017 and 2016, respectively.

Total operating expenses for the six months ended June 30, 2017 were \$2.4 million representing a decrease of \$0.7 million or 22.6%, compared to \$3.1 million for the same period in 2016.

Net loss for the six months ended June 30, 2017 was a loss of \$2.0 million compared to a loss of \$4.1 million for the comparable period in 2016, representing a decrease in net loss of \$2.1 million or 51.2%.

Cash on hand and restricted cash for the period ended June 30, 2017 was \$1.3 million compared to \$1.2 million for the year ended December 31, 2016, representing an increase of \$0.1 million.

Working capital for the period ended June 30, 2017 was \$4.0 million compared to \$3.5 million for the year ended December 31, 2016 representing an increase of \$0.5 million or 14.3%.

Total net loss of \$2.0 million for the period ended June 30, 2017 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 \$0.6 million.

Management Commentary

In discussing the second quarter 2017 results, Mr. Sune Mathiesen, LiqTech CEO, remarked:

“Our results for the second quarter were in line with our expectations. In the first half year of 2017 we have continued to invest significant resources in developing the marine scrubber market. We have been active in this industry for that past 3 years and following the IMO decision last year to implement a new lower global cap on sulphur emissions from international shipping, we now see that the pace of adoption of scrubber systems is picking up. To date we have delivered 7 systems for this challenging application – a number that we expect to be more than double in the second half year of 2017. We are encouraged by the rapid development in the marine scrubber market and we believe that our long-term commitment has positioned us well to be one of the market leaders for water treatment systems to this industry. We believe that we will see a further acceleration of the adoption of scrubber systems

over the coming years, and we are ready to continue the ramp-up of our business to match the increased demand.”

“We will also continue our efforts to establish our technology in the swimming pool-, oil & gas-, mining-, drinking water- and aquaculture markets. The long term goal is to see the same adoption of our technology as we now see in the marine scrubber market. We believe that we will see orders for some of these industries in the second half year of 2017.”

“In May 2017 we completed a private placement of 7,300,000 new shares. The net proceeds of approximately \$1.8 million has strengthened our balance sheet and allowed us to invest further in the acceleration of our marine scrubber business. This remains a focus area for us.”

“We believe that our narrowed focus and the development of standardized systems has proven to be the right choice, and we expect an improvement of revenue and earnings in the second half year of 2017.”

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. EDT on August 14, 2017 and ending on September 4, 2017. To access the replay, please dial (877) 660-6853 or (201) 612-7415 and enter the conference id# 13662373.

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

	As of June, 30 2017 Unaudited	As of December 31, 2016
Current Assets:		
Cash	\$ 1,280,670	\$ 1,208,650
Accounts receivable, net	1,566,057	1,111,759
Other receivables	331,375	306,177
Cost in excess of billing	727,034	642,700
Inventories	5,145,848	5,174,874
Prepaid expenses	139,436,	62,161
Total Current Assets	9,190,420	8,506,321
Property and Equipment, net accumulated depreciation	2,285,503	2,633,558
Other Assets:		

Investments at costs	5,716	5,282
Other intangible assets	4,469	5,614
Deposits	278,758	261,553
Total Other Assets	288,943	272,449
Total Assets	\$ 11,764,866	\$ 11,412,328

(Continued)

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

	As of June, 30 2017 Unaudited	As of December 31, 2016
Current Liabilities:		
Current portion of notes payable	\$ 15,371	\$ 15,034
Current portion of capital lease obligations	9,936	45,883
Accounts payable	2,066,925	2,262,688
Accrued expenses	2,727,721	2,385,586
Billing in excess of cost	14,727	106,375
Accrued income taxes payable	580	580
Deferred revenue / customers deposits	366,391	192,597
Total Current Liabilities	5,201,651	5,008,743
Long-term notes payable, less current portion	35,404	39,895
Long-term capital lease obligations, less current portion	20,882	93,942
Total Long-Term Liabilities	56,286	133,837
Total Liabilities	5,257,937	5,142,580
Stockholders' Equity:		
Common stock; par value \$0.001, 100,000,000 shares authorized 44,229,264 and 36,835,514 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	44,229	36,836
Additional paid-in capital	37,961,724	36,084,117
Accumulated deficit	(26,037,008)	(24,011,343)
Deferred compensation	(82,603)	(148,561)
Other comprehensive income, net	(5,379,413)	(5,691,301)
Total Stockholders' Equity	6,506,929	6,269,748
Total Liabilities and Stockholders' Equity	\$ 11,764,866	\$ 11,412,328

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Net Sales	\$ 2,926,200	\$ 4,019,338	\$ 5,894,274	\$ 7,649,306
Cost of Goods Sold	2,733,526	2,890,984	5,430,183	5,774,994
Gross Profit	192,674	1,128,354	464,091	1,874,312
Operating Expenses:				
Selling expenses	534,359	512,179	984,742	1,103,247
General and administrative expenses	491,929	575,908	1,085,567	1,331,902
Non-cash compensation expenses	29,780	105,373	125,958	272,724
Research and development expenses	114,010	164,056	253,346	352,569
Total Operating Expense	1,170,078	1,357,516	2,449,613	3,060,442
Loss from Operations	(977,404)	(229,162)	(1,985,522)	(1,186,130)
Other Income (Expense)				
Interest and other income	77	-	303	-
Interest expense	(8,706)	(6,602)	(19,527)	(16,496)
Gain (Loss) on currency transactions	(206,362)	391	(27,687)	(12,159)
Gain on sale of fixed assets	-	-	6,768	-
Total Other Expense	(214,991)	(6,211)	(40,143)	(28,655)
Loss Before Income Taxes	(1,192,395)	(235,373)	(2,025,665)	(1,214,785)
Income Tax Expense	-	94,003	-	2,868,286
Net Loss	\$ (1,192,395)	\$ (329,376)	\$ (2,025,665)	\$ (4,083,071)
Basic Loss Per Share	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.10)
Weighted Average Common Shares Outstanding	40,667,107	39,532,035	38,761,647	39,532,035
Diluted Loss Per Share	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.10)

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), 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

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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.

CONTACT:

LiqTech International

Aldo Petersen, Chairman,

+45 2390 0000, ap@liqtech.com

Sune Mathiesen, CEO

+45 5197 0908, sma@liqtech.com

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