LiqTech International Inc. Reports Fourth Quarter And Fiscal Year 2015 Results And 2016 Outlook

– Management to Conduct Conference Call today, March 23 at 11am EDT –

BALLERUP, Denmark, March 23, 2016 — **LiqTech International, Inc. (NYSE: MKT LIQT),** a clean technology company that manufactures and markets highly specialized filtration technologies, announced today its financial and operational results for fourth quarter and fiscal year 2015.

Financial highlights for the three months ended December 31, 2015

- Net sales for the three months ended December 31, 2015 were $5.1 million compared to $2.5 million for the same period in 2014, representing an increase of $2.6 million or 104%. Our results this year have been significantly impacted by unfavorable currency translation effects. As a result, fourth quarter 2015 net sales at constant currency were 148% higher than last year.

The increase in net sales was primarily driven by an increase in sales of membranes and systems of $3.2 million, offsetting a decrease in sales of diesel particulate filters (DPF) of $0.6 million.

The increase in sales of products for membranes and systems resulted from higher sales of liquid filtration systems, in line with our revised business strategy. The decrease in sales of DPF filters was primarily due to a lack of new low emission zone activity in both Europe and the United States.

- Gross profit for the three months ended December 31, 2015 was $1.5 million compared to a negative $0.8 million for the same period in 2014, representing an increase of $2.3 million or 288%.

The increase in gross profit was primarily driven by higher sales of membranes and systems that generally carry a higher gross margin than our other products. Included in gross profit is depreciation of $0.4 million and $0.4 million for the three months ended December 31, 2015 and 2014, respectively.

- Net profit attributable to LiqTech for the three months ended December 31, 2015 was $0.1 million compared to a loss of $1.9 million for the same period of 2014, representing an improvement of $2.0 million or 105%.

Financial highlights for the year ended December 31, 2015

- Net sales for the year ended December 31, 2015 were $15.8 million compared to $14.6 million for the same period in 2014, representing an increase of $1.2 million or 8%.

2015 net sales at a constant currency were 28% higher than last year.

The increase in net sales was primarily driven by an increase in sales of membranes and systems of $2.8 million, offsetting a decrease in sales of DPF filters of $1.5 million.

The increase in our sales of products for membranes and systems was primarily driven by higher sales of liquid filtration systems. The decrease in our sales of DPF filters was primarily due to a lack of new low emission zone activity in both Europe and the United States.

- Gross profit for the year ended December 31, 2015 was $3.2 million compared to $2.1 million for same period in 2014, representing an increase of $1.1 million or 52%.

The increase in gross profit was primarily driven by an increase in sales of systems that generally carry a higher gross margin than our other products. As a result of the increased levels of business in the second half of 2015, we have also lowered our production costs.

Included in the gross profit is depreciation of $1.4 million and $1.6 million for the years ended December 31, 2015 and 2014, respectively.

- Net loss attributable to the Company for the year ended December 31, 2015 was $2.2 million compared to a loss of $3.1 million for the year ended December 31, 2014, representing an improvement of $0.9 million or 29%.
- Cash on hand and restricted cash for the year ended December 31, 2015 was $1.7 million compared to $6.1 million for the year ended December 31, 2014, representing a decrease of $4.4 million.
- Working capital for the year ended December 31, 2015 was $7.6 million compared to $10.6 million for the year ended December 31, 2014 representing a decrease of $3.0 million.
- Total net loss for 2015 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 $1.9 million.

In discussing the 2015 results, Mr. Sune Mathiesen, LiqTech CEO, remarked:

“Our revenue and net earnings for the fourth quarter 2015 were in line with our previously discussed expectations. The fourth quarter was the second consecutive profitable quarter for the Company. We are pleased to see this continued financial improvement, even though we are still in the early stages of our revised business strategy. Despite some expected lumpiness in our order inflow and revenues from quarter to quarter, we believe that overall we have a much more stable business model than before.”

“In the second half of 2015 we were successful in ramping up our production capabilities to meet the increased level of business. We note that we have not only been able to increase our production capacity and remain profitable but we have also been able to lower our

production costs at the same time."

"Sales of diesel particulate filters were disappointing in 2015. This was primarily due to a lack of new low emission zones throughout Europe and the United States. Unfortunately, the Chinese market was also not as robust as we had hoped in 2015. However, we see a more regulated market beginning to form in China. We still see good opportunities worldwide for our diesel particulate filters and continue our efforts to develop this market."

"We are also continuing our work to build a solid sales pipeline in our target markets. Our success in the second half of 2015 validates our strategic repositioning of the business to focus on system sales into our target markets. We have made good progress in 2015, receiving important orders for several of our targeted markets: heavy metal removal from mining waste water, heavy metal removal from wet scrubber systems in power plants and from cruise ships, and oil/water separation applications. Each of these orders has led to new customer contacts and we hope to see further orders in these applications in the near future."

"We recently announced an order for a drinking water treatment plant in Serbia. We are targeting further projects in this industry, as we believe that we have one of the best suited technologies for removal of harmful substances from drinking water. We see a good potential for our technology in this rapidly growing industry and we are actively pursuing new opportunities. In 2016, in addition to our focus on the previously discussed applications and markets, we are also targeting a significant number of projects in the swimming pool and aquaculture markets."

"In 2015 and early 2016 we have installed other successful pilots in our target markets and we have also formed a number of new partnerships and signed additional agent/distribution agreements. This has contributed to our growing sales pipeline. In summary, we believe we have laid the ground work for continued growth in 2016."

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 pm EDT on March 23, 2016 and ending on April 6, 2016. To access the replay, please dial (877) 660-6853 and enter the conference id # 13632496. The access number for the replay for international callers is (201) 612-7415.

Callers from Denmark can dial in using the following numbers:

Denmark (fixed) ATT 802 521 64
Denmark (mobile) ATT 802 519 17

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
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.

CONTACT:

Wolfe Axelrod Weinberger Associates, LLC
Stephen D. Axelrod, CFA/Don Weinberger
(212) 370-4500, (212) 370-4505 fax

-Financial Tables Follow-

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of December 31, 2015	As of December 31, 2014
Current Assets:		
Cash	$ 1,370,591	$ 5,853,752
Restricted cash balances	292,826	218,879
Accounts receivable, net	3,191,858	1,992,206
Other receivables	505,945	344,331
Cost in excess of billing	2,519,321	1,172,658
Inventories	4,916,671	4,914,866
Prepaid expenses	13,670	55,990
Current deferred tax asset	172,122	109,637
Total Current Assets	12,983,004	14,662,319
Property and Equipment, net accumulated depreciation	3,538,694	4,524,386
Other Assets:		
Investments at costs	21,838	6,085
Long term deferred tax asset	3,684,497	3,496,459
Goodwill	7,582,749	8,460,512
Other intangible assets	10,386	16,708
Deposits	252,378	259,070
Total Other Assets	11,551,848	12,238,834
Total Assets	$ 28,073,546	$ 31,425,539

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of December 31, 2015	As of December 31, 2014
Current Liabilities:		
Current portion of capital lease obligations	$ 150,157	$ 170,187
Accounts payable	3,455,085	2,336,942
Accrued expenses	1,441,840	1,439,735
Billing in excess of cost	175,338	–
Accrued income taxes payable	570	570
Deferred revenue / customers deposits	117,700	144,476
Total Current Liabilities	5,340,690	4,091,910
Long-term capital lease obligations, less current portion	165,572	368,614
Total Long-Term Liabilities	165,572	368,614
Total Liabilities	5,506,262	4,460,524
Commitment and Contingencies	–	–
Stockholders' Equity:		
Common stock; par value $0,001, 100,000,000 shares authorized, 39,532,035 and 39,404,782 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	39,532	39,405
Additional paid-in capital	36,087,808	35,632,410
Accumulated deficit	(7,592,709)	(5,382,852)
Deferred compensation	(590,742)	(504,748)
Other comprehensive income, net	(5,376,605)	(2,835,917)

Non-controlled interest in subsidiaries	–	16,717
Total Stockholders' Equity	22,567,284	26,965,015
Total Liabilities and Stockholders' Equity	$ 28,073,546	$ 31,425,539

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2015	**2014**
Net Sales	$ 15,812,587	$ 14,561,192
Cost of Goods Sold	12,598,163	12,463,949
Gross Profit	3,214,424	2,097,243
Operating Expenses:		
Selling expenses	2,721,781	3,360,566
General and administrative expenses	2,814,747	3,019,094
Non-cash compensation expenses	369,531	573,029
Research and development expenses	707,844	336,066
Total Operating Expense	6,613,903	7,288,755
Loss from Operations	(3,399,479)	(5,191,512)
Other Income		
Interest and other Income	98,171	10,511
Interest expense	(51,232)	(53,379)
Gain (Loss) on investments	7,253	(815)
Gain on currency transactions	459,279	450,147
Total Other Income	513,471	406,464
Loss Before Income Taxes	(2,886,008)	(4,785,048)
Income Tax Benefit	(697,786)	(1,702,551)
Net Loss	(2,188,222)	(3,082,497)
Less Net Loss Attributable To Non-Controlled Interests in Subsidiaries	21,635	(16,429)
Net Loss Attributable To LiqTech	$ (2,209,857)	$ (3,066,068)
Basic Loss Per Share	$ (0.06)	$ (0.09)
Weighted Average Common Shares Outstanding	39,486,941	32,398,941
Diluted Loss Per Share	$ (0.06)	$ (0.09)
Weighted Average Common Shares Outstanding Assuming Dilution	39,486,941	32,398,941

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	For the Years Ended December 31,	
	2015	**2014**
Net Loss	(2,188,222)	(3,082,497)
Currency Translation, Net of Taxes	(2,540,688)	(2,543,352)
Other Comprehensive Loss	$ (4,728,910)	$ (5,625,849)
Comprehensive Income (Loss) Attributable To Non-controlling Interest in Subsidiaries	**–**	(2,628)
Comprehensive Loss Attributable To LiqTech International Inc.	$ (4,728,910)	$ (5,623,221)

To view the original version on PR Newswire, visit:http://www.prnewswire.com/news-releases/liqtech-international-inc-reports-fourth-quarter-and-fiscal-year-2015-results-and-2016-outlook-300240248.html

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