

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

- Management to Conduct Conference Call today, March 30 at 11am EDT -

BALLERUP, Denmark, March 30, 2017 — **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 2016.

Financial highlights for the three months ended December 31, 2016

- Net sales for the three months ended December 31, 2016 were \$2.6 million compared to \$5.1 million for the same period in 2015, representing a decrease of \$2.5 million or 49%.

The decrease in net sales was primarily driven by a decrease in sales of membranes and systems of \$3.1 million, offset by an increase in sales of diesel particulate filters (DPF) of \$0.6 million.

- Gross profit for the three months ended December 31, 2016 was a negative of \$0.8 million compared to \$1.5 million for the same period in 2015, representing a decrease of \$2.3 million.

Included in the gross profit is depreciation of \$0.4 million and \$0.4 million for the three months ended December 31, 2016 and 2015, respectively.

- The company recorded an impairment charge on goodwill of \$7.3 million, during the three months ended December 31, 2016, as management's estimated fair value of LiqTech Systems did not exceed the carrying value during 2016 fourth quarter testing.
- Net loss attributable to LiqTech for the three months ended December 31, 2016 was \$11.4 million compared to a profit of \$0.1 million for the same period of 2015, representing a decrease of \$11.5 million.

Financial highlights for the year ended December 31, 2016

- Net sales for the year ended December 31, 2016 were \$13.9 million compared to \$15.8 million for the same period in 2015, representing a decrease of \$1.9 million or 12%.

The decrease in sales consists of an increase in sales of DPFs of \$0.7 million offset by a decrease in sales of liquid filters of \$2.6 million.

The increase in demand for our DPFs is mainly due to an increase in market activity in China compared to the same period last year. The decrease in demand for our liquid

filters and systems is due to a delay in certain business opportunities compared to the same period last year where various projects were realized.

- Gross profit for the year ended December 31, 2016 was \$1.4 million compared to \$3.2 million for same period in 2015, representing a decrease of \$1.8 million or 56%.

The decrease in gross profit was due to lower sales activity and higher unabsorbed fixed costs for the year ended December 31, 2016 compared to the same period in 2015.

Included in the gross profit is depreciation of \$1.4 million and \$1.4 million for the years ended December 31, 2016 and 2015, respectively.

- The company recorded an impairment charge on goodwill of \$7.3 million, during the year ended December 31, 2016, as management's estimated fair value of LiqTech Systems did not exceed the carrying value during 2016 fourth quarter testing.
- Net loss attributable to the Company for the year ended December 31, 2016 was \$16.4 million compared to a loss of \$2.2 million for the year ended December 31, 2015, representing a decrease of \$14.2 million.
- Cash on hand and restricted cash for the year ended December 31, 2016 was \$1.2 million compared to \$1.7 million for the year ended December 31, 2015, representing a decrease of \$0.5 million or 29%.
- Working capital for the year ended December 31, 2016 was \$3.5 million compared to \$7.6 million for the year ended December 31, 2014 representing a decrease of \$4.1 million.
- Total net loss for 2016 includes non-cash charges for depreciation and amortization, bad debt expense, reserve for obsolete inventory, impairment of goodwill, stock compensation expense charges and an adjustment in deferred tax assets for a total of approximately \$14.6 million.

In discussing the 2016 results, Mr. Sune Mathiesen, LiqTech CEO, remarked:

"We are disappointed about the results for 2016. The market acceptance of our technology has taken longer than we initially anticipated. We have invested significant resources in the development of several markets and in 2016 we were successful in securing and delivering a number of large-scale reference projects in these different industries:

- Oil & Gas
- Drinking water
- Mining

We are encouraged that our technology has proven well suited for use in these

demanding application, and that we have been able to demonstrate that the technology offers a combination of attractive Capex and Opex. We trust that these large-scale projects will serve as excellent references for future orders, but we have also learned that the sales cycle for projects in these industries is longer than we initially anticipated. Now that we have completed these projects, we have started the work for specification in future projects. We believe that our investment in these markets will prove successful.”

“In December 2016 and January 2017 we announced three orders for systems to treat scrubber waste water from power plants. In 2016 we invested significant resources into developing a standardized system for this application and we are pleased to see that the market is accepting our solution. All three orders were for Danish power plants, but we see great potential for our system in both in Denmark and abroad. We are pleased to see that one of the orders came from one of the largest power plant operators in the world, Dupont, and we believe that we will see further orders from the power plant industry in the future.”

“In October 2016 the International Maritime Organization (IMO) an agency under the United Nations voted to implement a new lower global cap on sulphur emissions from international shipping. The current global limit for sulphur content of ship’s fuel oil is 3.5%. The new global cap will be 0.5% and will apply after January 1st, 2020. The new regulations, leaves the ship owners with 2 alternatives - Either to use the significantly more expensive low sulphur fuel oil or to install a scrubber system to clean the exhaust gas.”

“It has been almost 3 years since LiqTech first came into contact with the maritime scrubber industry. We are working with some of the pioneers in this emerging industry and our technology has proven reliable and durable for this tough application. Over the years we have refined our system design and today we offer a standardized system with very attractive Capex and Opex and a small footprint. The standardized system is easily scalable and allows for a short and effective production process.”

“Following the IMO decision we have experienced a strong interest from the industry, which leads us to believe that we will see positive development in our sales of systems for maritime scrubbers in the future. We will dedicate a large part of our resources to this market in 2017.”

“As earlier discussed we have invested significant resources into developing the Chinese market. In August last year we announced a Letter of Intent with Kailong High Technology Co. to jointly develop the Chinese DPF market, and in November we announced an agreement to establish a joint venture company for the sales of our

water treatment systems together with Hunan Yonker Water Co. We believe that these agreements will prove important for the future development of LiqTech.”

“Yonker and LiqTech have also entered into an agreement pursuant to which Yonker has agreed to purchase 4,000,000 shares of common stock of LiqTech at \$ 1.00 per share. The transaction was scheduled to be completed before February 28, 2017, however due to regulatory issues the deadline has been extended to April 15, 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 pm EDT on March 30, 2017 and ending on April 20, 2017. To access the replay, please dial (877) 660-6853 and enter the conference id # 13658247. 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.

-Financial Tables Follow-

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

	As of December 31, 2016	As of December 31, 2015
Current Assets:		
Cash	\$ 1,208,650	\$ 1,370,591
Restricted cash balances	-	292,826
Accounts receivable, net	1,111,759	3,191,858
Other receivables	306,177	505,945
Cost in excess of billing	642,700	2,519,321
Inventories	5,174,874	4,916,671
Prepaid expenses	62,161	13,670
Current deferred tax asset	-	172,122
Total Current Assets	8,506,321	12,983,004
Property and Equipment, net accumulated depreciation:	2,633,558	3,538,694
Other Assets:		
Investments at costs	5,282	21,838
Long term deferred tax asset	-	3,684,497
Goodwill	-	7,582,749
Other intangible assets	5,614	10,386
Deposits	261,553	252,378
Total Other Assets	272,449	11,551,848
Total Assets	\$ 11,412,328	\$ 28,073,546

(Continued)

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

	As of December 31, 2016	As of December 31, 2015
Current Liabilities:		
Current portion of notes payable	\$ 15,034	\$ -

Current portion of capital lease obligations	45,883	150,157
Accounts payable	2,262,688	3,455,085
Accrued expenses	2,385,586	1,441,840
Billing in excess of cost	106,375	175,338
Accrued income taxes payable	580	570
Deferred revenue / customers deposits	192,597	117,700
Total Current Liabilities	5,008,743	5,340,690
Long-term notes payable, less current portion	39,895	-
Long-term capital lease obligations, less current portion	93,942	165,572
Total Long-Term Liabilities:	133,837	165,572
Total Liabilities	5,142,580	5,506,262
Commitment and Contingencies See Note 11	-	-
Stockholders' Equity:		
Common stock; par value \$0,001, 100,000,000 shares authorized, 36,835,514 and 39,532,035 shares issued and outstanding at December 31, 2016 and December 31, 2015, respectively	36,836	39,532
Additional paid-in capital	36,084,117	36,087,808
Accumulated deficit	(24,011,343)	(7,592,709)
Deferred compensation	(148,561)	(590,742)
Other comprehensive income, net	(5,691,301)	(5,376,605)
Total Stockholders' Equity	6,269,748	22,567,284
Total Liabilities and Stockholders' Equity	\$ 11,412,328	\$ 28,073,546

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended
December 31,

	2016	2015
Net Sales	\$ 13,906,394	\$ 15,812,587
Cost of Goods Sold	12,473,965	12,598,163
Gross Profit	1,432,429	3,214,424
Operating Expenses:		
Selling expenses	2,164,780	2,721,781
General and administrative expenses	3,997,304	2,814,747
Non-cash compensation expenses	435,794	369,531
Research and development expenses	626,147	707,844
Impairment of goodwill	7,343,208	-
Total Operating Expense	14,567,233	6,613,903
Loss from Operations	(13,134,804)	(3,399,479)
Other Income (Expense)		
Interest and other Income	968	98,171
Interest expense	(38,945)	(51,232)
Gain (Loss) on investments	(16,621)	7,253
Gain (Loss) on currency transactions	(9,555)	459,279
Total Other Income (Expense)	(64,153)	513,471
Loss Before Income Taxes	(13,198,957)	(2,886,008)
Income Tax Expense (Benefit)	3,219,677	(697,786)
Net Loss	(16,418,634)	(2,188,222)

Less Net Loss Attributable To Non-Controlled Interests in Subsidiaries		-	(21,635)
Net Loss Attributable To LiqTech	\$	(16,418,634)	\$ (2,209,857)
Basic Loss Per Share	\$	(0.45)	\$ (0.06)
Weighted Average Common Shares Outstanding		36,835,514	36,790,420
Diluted Loss Per Share	\$	(0.45)	\$ (0.06)
Weighted Average Common Shares Outstanding Assuming Dilution		36,835,514	36,790,420

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the Years Ended
December 31,

	2016	2015
Net Loss	(16,418,634)	(2,188,222)
Currency Translation, Net of Taxes	(314,696)	(2,540,688)
Other Comprehensive Loss	\$ (16,733,330)	\$ (4,728,910)
Comprehensive Income (Loss) Attributable To Non-controlled Interest in Subsidiaries	-	-
Comprehensive Loss Attributable To LiqTech International Inc.	\$ (16,733,330)	\$ (4,728,910)

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