

LiqTech International Announces Third Quarter 2024 Financial Results



📅 Nov 14, 2024

🕒 9:00 AM ET

BALLERUP, Denmark, Nov. 14, 2024 /PRNewswire/ -- LiqTech International, Inc. (Nasdaq: LIQT) ("LiqTech"), a clean technology company that manufactures and markets highly specialized filtration technologies, today announced its financial results for the third quarter of 2024.

Q3 2024 Financial Highlights

- Revenue of \$2.5 million, a 51% decrease from Q3 2023. The change was due to a large, commercial produced water treatment project in North America which was expected to be delivered in Q3 2024 being delayed following the decision by the customer to change the physical location of the installation. The installation is now scheduled for the first half of 2025.
- Gross loss margin of (8.5)% compared to gross profit margin of 18.7% in Q3 2023.
- Net loss of \$(2.8) million compared to \$(1.4) million in Q3 2023.
- Ending cash balance of \$4.5 million on September 30, 2024. Subsequent to the end of the third quarter, the Company closed on the second part of a private placement totaling \$8.8 million, bringing the pro forma cash balance to \$13.3 million.

Recent Operational Highlights

- Entered into a joint venture with Jiangsu Industrial Technology Research Institute ("JITRI") to develop and sell silicon carbide ceramic membrane-based water treatment equipment for marine ships in China.
- Received a pilot project order from a U.S. petrochemical company focused on microplastics removal.
- Delivered two swimming pool systems during the third quarter to Ireland and Spain.
- Successfully completed testing of a mini unit focused on lithium brine production pretreatment in the U.S. which has led to a pilot unit order in November.
- Factory test of LiqTech Water Treatment Unit (WTU) for WIN DG dual-fuel engine has been conducted with satisfactory results. LiqTech WTU is now permitted to apply for the ships based on WIN DG dual-fuel engines.
- Implemented a cost reduction strategy aimed at lowering our break-even target, measured on an adjusted EBITDA basis, to a quarterly revenue of approximately \$5.5 million. This includes a 10% reduction in headcount, a 10% reduction in base salaries for senior management in 2025, a 50% reduction in cash compensation for the board of directors in 2025, as well as other cost-saving initiatives.

Management Commentary

"The results of the quarter reflect the delay of a large, commercial produced water treatment project in the North America which was expected to be delivered in the third quarter but has been delayed following the decision by the customer to change the physical location of the installation. The installation is now scheduled for the first half of 2025," commented Fei Chen, CEO of LiqTech.

"While this delay is disappointing and impacted our third quarter financial results, we have more systems today at various phases of testing and piloting than at any point in our history. For instance, we recently received a pilot project order from a U.S. petrochemical company focused on microplastics removal and completed testing of a mini unit focused on lithium brine production pretreatment in the U.S. This mini unit testing has led to a pilot unit order in the first week of November. Both of these are new areas of opportunity for LiqTech. For one of these two areas, we expect upcoming

commercial project in 2025. We also established a joint venture with JiTRI, a strong innovation and technology institute in China, where we will leverage our water treatment solutions with JiTRI's unique capabilities and network within China, to expand our presence in the Chinese marine water treatment market. These new areas of focus, coupled with the large number of existing collaborations, tests and piloting programs we have ongoing leads me to believe we are on the right pathway to drive growth into the future."

"While our focus is on the growth and widespread adoption of our highly specialized filtration technologies, we recognize that there is a need to reach profitability in the near future. As such, we have enacted a series of cost reduction initiatives aimed at lowering our break-even target, measured on an adjusted EBITDA basis, to a quarterly revenue of approximately \$5.5 million, down from the previous range of \$6.5 - \$7.0 million per quarter. These initiatives include a reduction in headcount, as well as a reduction in basic salary for senior management and reduction in cash compensation by board of directors."

"As we look to the fourth quarter of 2024, we expect revenue to be between \$3.3 and \$4.3 million, which would compare to \$3.9 million in the year ago fourth quarter. With larger orders set to be delivered in early 2025, coupled with cost reduction initiatives, and an improved balance sheet following our recent private placement, we remain in a strong position to achieve our stated goals and drive shareholder value," Chen concluded.

Q3 2024 Financial Results

Revenue for the quarter ended September 30, 2024 was \$2.5 million compared to \$5.1 million in the third quarter of 2023, representing a decrease of 51%. The change was attributable to a decrease in deliveries of ceramic membranes, DPFs, liquid filtration systems, and aftermarket sales, partly offset by increased sales of plastics products and progress on an external R&D project to further strengthen our technology base. The decrease in deliveries of liquid filtration systems was primarily attributed to reduced deliveries of pool filtration systems and fewer deliveries of pilot systems for industrial applications. The decline in aftermarket sales was attributable to elevated remediation work and associated deliveries in the same period in 2023. The decrease in sales of ceramic membranes and DPFs reflects temporary market conditions, with customers awaiting potential interest rate cuts.

Gross loss for the three months ended September 30,

2024 was \$(0.2) million, reflecting a gross loss margin of (8.5)%, compared to a gross profit \$0.9 million, or a gross profit margin of 18.7%, in the third quarter of 2023. This decline was primarily driven by the reduction in revenue and an unfavorable sales mix, which resulted in a lower proportion of high-margin products such as liquid filtration systems and ceramic membranes. This impact was partly offset by lower depreciation expenses.

Total operating expenses for the three months ended September 30, 2024 were \$2.4 million compared to \$2.6 million for the same period in 2023. Selling expenses decreased \$0.4 million, is attributable a reduction in executive officers, as well as reductions in travel costs, investor relations, and expenses related to external sales consultancy services. G&A increased \$0.2 million, attributable to the addition of new positions in supply chain and project management, as well as increased legal expenses and insurance costs. Additionally, one-time expenses were incurred for the relocation of our plastics production facility. R&D expenses decreased \$0.2 million primarily attributed to a reduction in external costs associated to finalizing ongoing projects in the same period in 2023, as well as a decrease in the average number of employees engaged in research and development activity as the Company streamlined and centralized the R&D function.

Net loss for the three months ended September 30, 2024 was \$(2.8) million, compared to \$(1.4) million in the prior period.

Cash on hand (including restricted cash) on September 30, 2024 was \$4.5 million compared to \$5.5 million on June 30, 2024. Subsequent to the end of the third quarter, the Company closed on the second tranche of a private placement totaling \$8.8 million, bringing the pro forma cash balance to \$13.3 million.

Q4 2024 Outlook

The Company expects revenue in the fourth quarter of 2024 to be between \$3.3 million and \$4.3 million reflecting full year 2024 revenue of \$14.5 million to \$15.5 million.

Conference Call Details

Date and Time: Thursday, November 14, 2024, at 9:00 a.m. ET

Call-in Information: Interested parties can access the conference call by dialing (833) 535-2206 or (412) 902-6741.

Webcast: Interested parties can access the conference call via a live webcast, which is available in the Investor Relations section of the Company's website

at <https://www.liqtech.com/investor-relations/> or
at <https://app.webinar.net/56KGkZoWDXd>.

Replay: A teleconference replay of the call will be available until November 21, 2024, at (877) 344-7529 or (412) 317-0088, replay access code 1400391. A webcast replay will be available at <https://app.webinar.net/56KGkZoWDXd>.

About LiqTech International Inc.

LiqTech International, Inc., a Nevada corporation, is a high-tech filtration technology company that provides state-of-the-art ceramic silicon carbide filtration technologies for gas and liquid purification. LiqTech's silicon carbide membranes are designed to be used in the most challenging purification applications, and its silicon carbide filters are used to control diesel exhaust soot emissions. Using nanotechnology, LiqTech develops products using its proprietary silicon carbide technology, resulting in a wide range of component membranes, membrane systems, and filters for both microfiltration and ultrafiltration applications. By incorporating LiqTech's SiC liquid membrane technology with the Company's extensive systems design experience and capabilities, LiqTech offers unique, modular designed filtration solutions for the most difficult water purification applications.

For more information, please visit www.liqtech.com

Follow LiqTech on

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

Follow LiqTech on Twitter: <https://twitter.com/LiqTech>

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 to reflect any event or circumstance that may arise after the date of this release.

LIQTECH INTERNATIONAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2024	December 31, 2023
	(Unaudited)	
Assets		
Current Assets:		
Cash and restricted cash	\$ 4,535,266	\$ 10,422,181
Accounts receivable, net	2,318,335	3,171,047
Inventories, net	6,263,613	5,267,816
Contract assets	2,533,287	2,891,744
Prepaid expenses and other current assets	310,710	337,391
Total Current Assets	15,961,211	22,090,179
Long-Term Assets:		
Property and equipment, net	7,081,765	9,007,166
Operating lease right-of-use assets	4,914,954	4,055,837
Deposits and other assets	486,536	470,349
Intangible assets, net	44,165	114,593
Goodwill	236,713	233,723
Total Long-Term Assets	12,764,133	13,881,668
Total Assets	\$ 28,725,344	\$ 35,971,847

LIQTECH INTERNATIONAL, INC.

**CONDENSED CONSOLIDATED BALANCE SHEETS
(CONTINUED)**

	September 30, 2024 (Unaudited)	December 31, 2023
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 1,715,915	\$ 2,444,653
Accrued expenses	3,030,801	3,550,542
Current portion of finance lease liabilities	479,779	590,550
Current portion of operating lease liabilities	577,628	531,355
Contract liabilities	193,577	382,647
 Total Current Liabilities	 5,997,700	 7,499,747
Long-Term Liabilities:		
Deferred tax liability	62,532	101,059
Finance lease liabilities, net of current portion	1,764,671	2,879,932
Operating lease liabilities, net of current portion	4,337,326	3,527,082
Notes payable, less current portion	5,141,630	4,688,011
 Total Long-Term Liabilities	 11,306,159	 11,196,084
 Total Liabilities	 17,303,859	 18,695,831
Stockholders' Equity:		
Preferred stock; par value \$0.001, 2,500,000 shares authorized, 0 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	 -	 -

Common stock; par value \$0.001, 50,000,000 shares authorized and 5,848,499 and 5,727,310 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	5,848	5,727
Additional paid-in capital	100,320,472	98,796,357
Accumulated deficit	(83,262,701)	(75,922,180)
Accumulated other comprehensive loss	(5,642,134)	(5,603,888)
Total Stockholders' Equity	11,421,485	17,276,016
Total Liabilities and Stockholders' Equity	\$ 28,725,344	\$ 35,971,847

LIQTECH INTERNATIONAL, INC.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIO
(UNAUDITED)**

	For the Three Months Ended		For the Nine M Ended
	September 30,		September 30
	2024	2023	2024
Revenue	\$ 2,478,221	\$ 5,070,446	\$ 11,198,627
Cost of goods sold	2,687,754	4,121,881	10,419,847
Gross Profit (Loss)	(209,533)	948,565	778,780
Operating Expenses:			
Selling expenses	610,713	965,039	1,983,414
General and administrative expenses	1,491,366	1,253,779	4,577,413
Research and development	278,361	428,600	940,465

expenses			
Total			
Operating Expense	2,380,440	2,647,418	7,501,292
Loss from Operations	(2,589,973)	(1,698,853)	(6,722,512)
Other Income (Expense)			
Interest and other income	24,079	103,887	138,909
Interest expense	(34,523)	(34,734)	(135,532)
Amortization of debt discount	(156,988)	(86,447)	(453,619)
Gain (Loss) on currency transactions	(89,086)	287,437	250,912
Gain (Loss) on disposal of property and equipment	(4,096)	-	(457,329)
Total Other Income (Expense)	(260,614)	270,143	(656,659)
Loss Before Income Taxes	(2,850,587)	(1,428,710)	(7,379,171)
Income tax benefit	(10,061)	(14,480)	(38,650)
Net Income (Loss)	\$ (2,840,526)	\$ (1,414,230)	\$ (7,340,521)
Loss Per Common Share – Basic and Diluted	\$ (0.49)	\$ (0.25)	\$ (1.26)

Weighted- Average Common Shares Outstanding	5,820,225	5,705,729	5,811,051
–			
Basic and Diluted			

Latest releases

May. 13, 2026

LiqTech International Announces First Quarter 2026 Financial Results

May. 06, 2026

LiqTech to Discuss First Quarter 2026 Results on Wednesday, May 13, 2026

May. 05, 2026

LiqTech Secures New Record Order for 10 QlariFlow™ Systems for Australian Commercial Pool Project

Apr. 28, 2026

LiqTech Expands Commercial Pool Business Through Strategic Partnership with Lotec and Secures Largest QlariFlow™ Pool Project to Date

Mar. 23, 2026

LiqTech Secures First U.S. Commercial Pool Order for Three QlariFlow™ Systems

LiqTech Investor Contact



Robert A. Blum

Managing Partner
Phone: (602) 889-9700
liqt@lythampartners.com

Lytham Partners

Phone: (602) 889-9700
info@lythampartners.com
<https://lythampartners.com/>