



LIQTECH

improving our future

LIQT – Company Update

January 2023

An aerial photograph showing a dense green forest on the left and a dark river flowing through it. The river reflects the sky and clouds. The text is overlaid on the image.

**LIQTECH WANTS TO BE A LEADING SOLUTION
PROVIDER IN ADVANCED AND SUSTAINABLE
FILTRATION**

Executive Management



Fei Chen, President & Chief Executive Officer

Appointed as CEO on September 12, 2022

Background:  novozymes



TOPSOE



Simon Stadil, Chief Financial Officer

Served as CFO since November 23, 2021

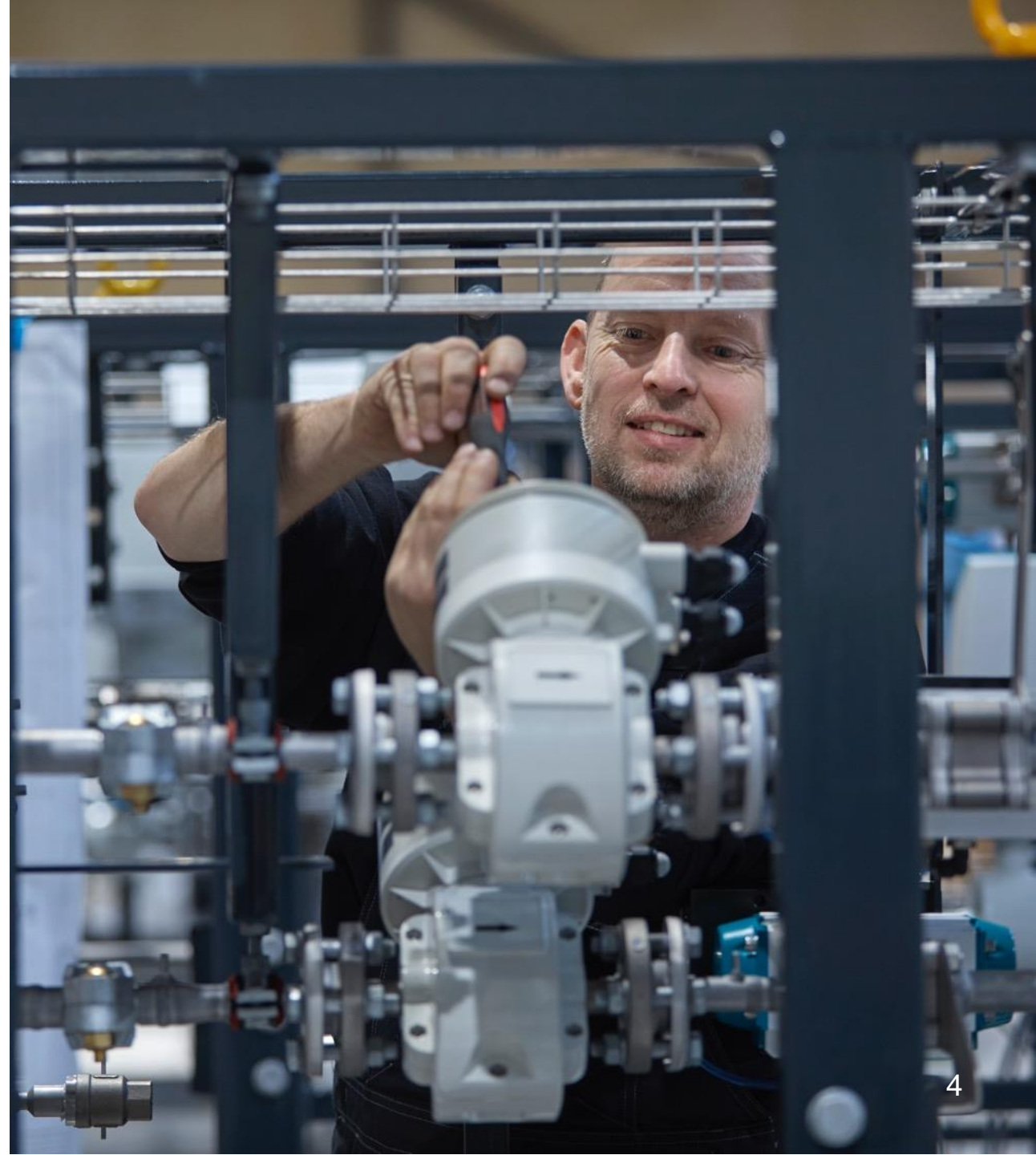
Background:  Welltec



 Orsted

Agenda

- LiqTech at a Glance
- Recent Events
- Current Trading
-
- Appendix



LiqTech at a Glance



\$18m
2021 Revenue



250+
Clients Served
Across the Globe



Global Operations in
35+
Countries



3
Locations



+130,000 ft²
Manufacturing Footprint



100+
Employees



300+
Systems Installed



2,500,000+
Diesel Particulate Filters
Sold



20+
Years of Filtration
Experience

Business Highlights



Differentiated Technology



Buoyant End Markets



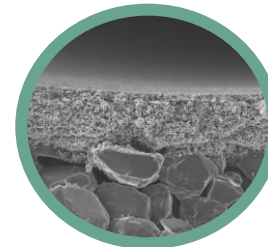
Compelling Value Proposition



Scalable Business



Material Science Advantage



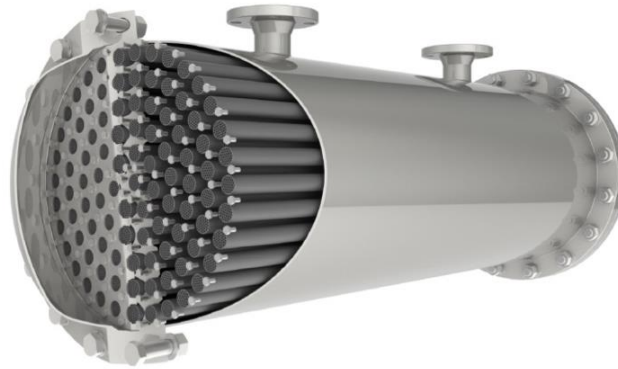
Opportunity for Improvement

LiqTech Offering

Membranes



Module Arrangement



Automated System



Product Leadership

Automated Membrane Filtration Systems



Crossflow Filtration System



Dead-end Filtration System

Durable & highly resistant membranes



SiC Membranes
(Microfiltration)



HTM* Membranes
(Ultrafiltration)

* Hybrid Technology Membrane



Unique SiC Membrane Filtration

Innovative patented SiC ceramic membrane technology.

SiC Ceramic Membrane

- More than two decades of manufacturing
- Unique advantages of silicon carbide ceramic membranes
- Withstand all types of liquids regardless of temperature and pH
- Consistent permeate quality regardless of feedwater
- Extremely durable material
- Extended service life with limited downtime

Buoyant End Markets



Transportation & Machinery

Diesel Particulate Filters for large vehicles, heavy offroad vehicles, and other machinery.



Water Treatment

Pool filtration, fish farming, pre-treatment drinking water, water re-use.



Marine

Marine scrubber water treatment, scrubber conversion, black carbon reduction, NOx reduction, and carbon capture.



Industrial

Acid purification, metal cooling, Dairy, Biomass, etc.



Oil & Gas

Produced water, MEG recovery, and injection water.

Compelling Value Proposition

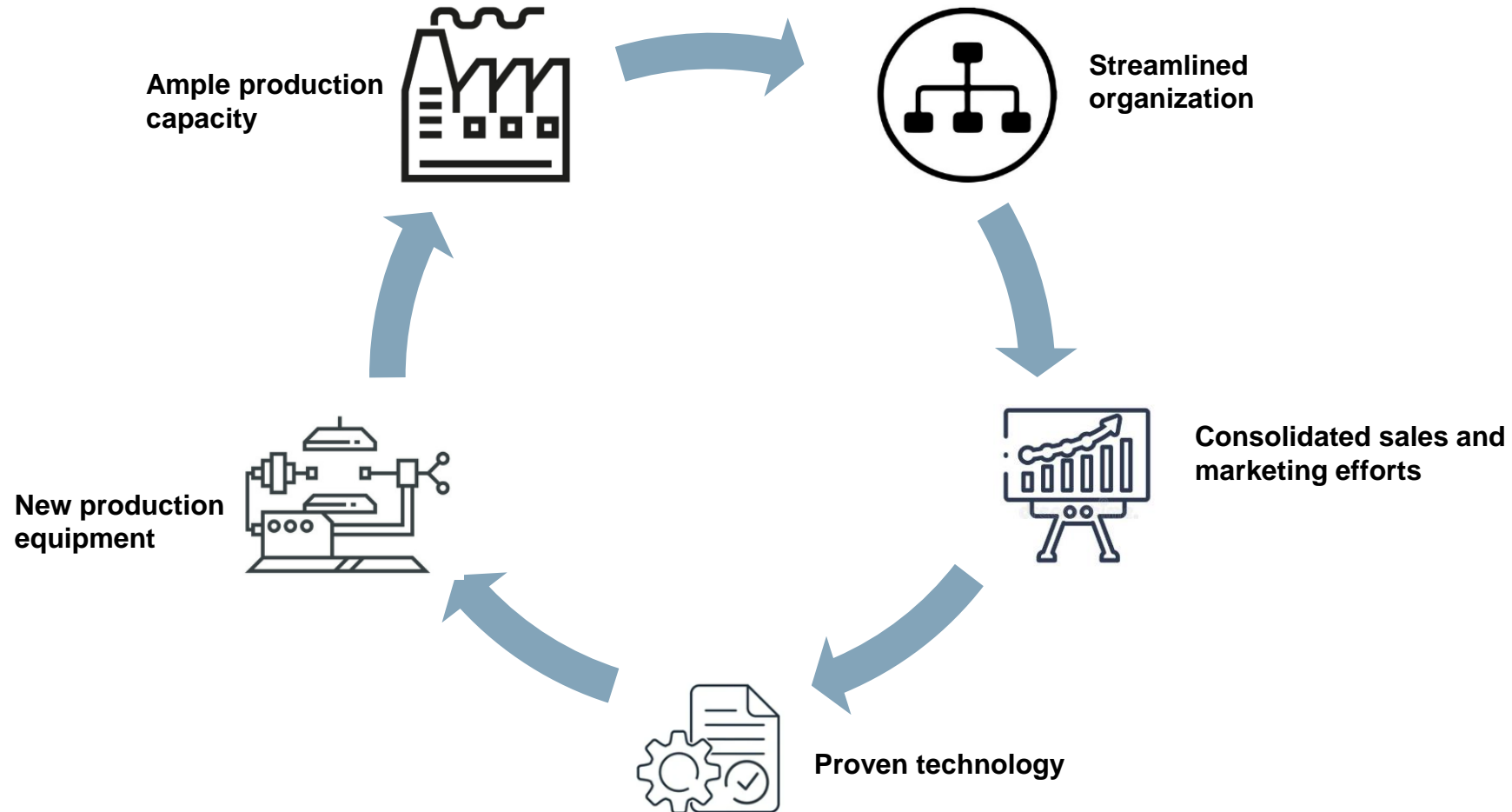
Agile ceramic membrane ultrafiltration system for different end markets – modular and easily scalable for future growth.

System Advantages:

- Unique ceramic membrane technology
- Simple system to maintain and use
- Fully automated system with remote monitoring
- Flexible system design
- Low LCC



Scalable Business



Opportunity for Improvement

Organizational

- New sales leadership
- Develop sales organization
- Drive sales productivity



Financial

- Elevate contribution margins through price and mix
- Achieve breakeven profitability
- Reinforce balance sheet



Commercial

- Extend market share in recurring business
- Penetrate upcoming business
- Optimize price and mix



Operational

- Enhance ceramics production
- Elevate aftermarket business for systems
- Continue improvement in plastics

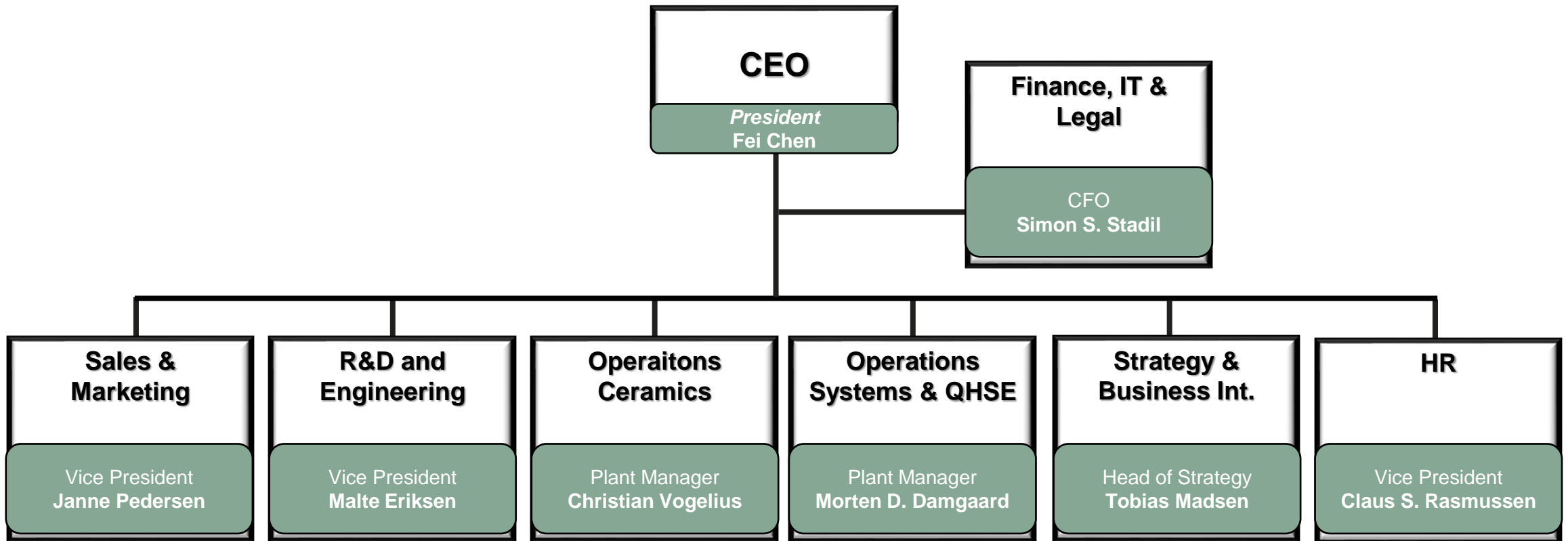


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Revised Leadership Team



Recapitalization Efforts Completed

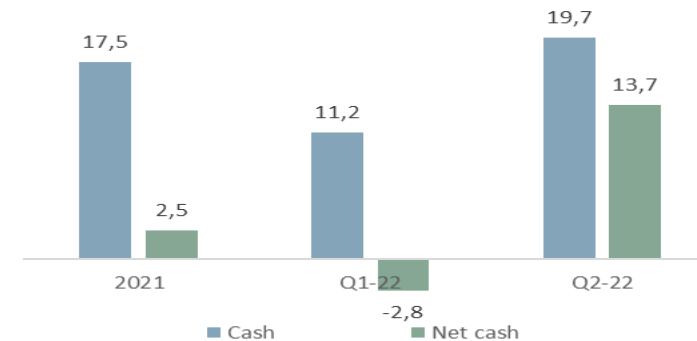
Successful refinancing and reorganization efforts completed in H1 2022, significantly improving capital structure and liquidity position

Q2-2022

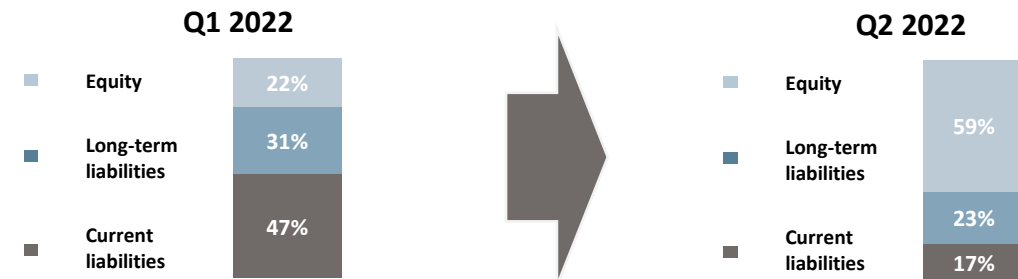
- 25% Head count reduction ✓
- Corporate re-org and established EMT ✓
- +\$3m Fixed cost program initiated ✓
- \$4m reduction in capex commitment ✓
- Terminated China lease ✓
- Suspended Frederiksfund project ✓
- Completed \$26.5m equity raise ✓
- Refinanced HT note ✓

Financial flexibility restored

Improved Liquidity \$m



Robust Balance Sheet \$m



Recent News

DECEMBER 2022

20
Tue

LiqTech and Ecolotron Wastewater Solutions Enter Cooperation Agreement on a Combined Solution for Phosphoric Acid Purification

2
Fri

LiqTech Receives System Order for Oil & Gas MEG Recovery



PRESS RELEASES

NOVEMBER 2022

17
Thu

LiqTech Enters Distribution Agreement with NESR for Commercialization of Produced Water Treatment Solution for Re-Injection

10 →
Thu

LiqTech International Announces Third Quarter 2022 Financial Results

9
Wed

LiqTech Further Strengthens Commercial Capabilities with Appointment of Tobias Madsen

8
Tue

LiqTech Receives Wastewater Treatment System Order for Metal Processing Industry

7
Mon

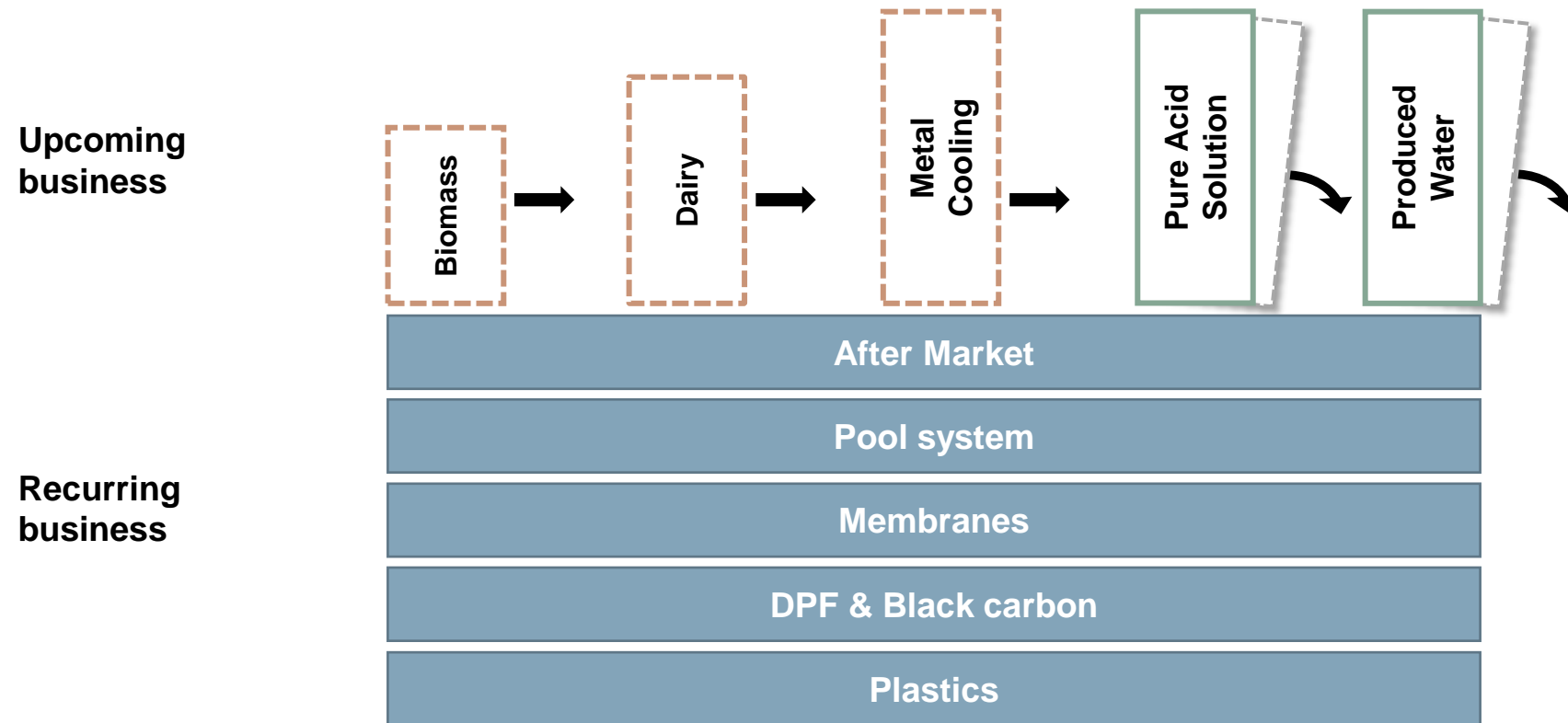
LiqTech International to Discuss Third Quarter 2022 Results on Thursday, November 10, 2022

3
Thu

LiqTech Launches Enhanced Aqua Solution® Membrane for Commercial Pool and Spa Market

Short term commercial focus

Grow recurring business and accelerate sales in upcoming business



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LIQT Share Price & Investor Relations

Proactive, transparent and reliable investor communication

LIQT share price development - L6m



Nasdaq composite development - L6m



Intensified investor dialogue



[Investor Relations | Nasdaq Listed: LIQT - LiqTech](#)

Lytham Partners Virtual Investor Conference

Current trading

Short term commercial and operational momentum challenged by market volatility and macroeconomic uncertainty

Commercial

- Strengthened commercial leadership
- Multiple new distribution & partnership agreements
- New order within Metal Processing industry
- Launched dedicated after-market strategy

Operational

- Released enhanced Aqua Solution® Membrane
- Encouraging results on US phosphoric acid filtration
- Continued traction within O&G with both MEG and PW

Prevailing Headwinds

- European energy crisis, elevated gas & power prices
- Supply chain disruption, increased lead times
- Macroeconomic uncertainty and rising inflation



Financial Results – Q3 2022

Quarterly P&L

Consolidated P&L 2022	Q1	Q2	Q3
Sales			
Revenue	3.637.236	5.018.292	3.305.534
Direct costs	2.144.312	3.658.367	2.208.800
Fixed costs	1.247.383	1.211.785	989.455
Gross profit	245.541	148.140	107.279
Contribution margin	41,0%	27,1%	33,2%
Gross margin	6,8%	3,0%	3,2%
Operating expenses			
Selling expenses	1.059.946	1.196.513	676.420
General & Administrative expenses	1.916.516	1.265.543	1.429.315
Research & Development expenses	602.737	490.836	283.524
Restructuring costs	0	1.788.827	-1.964
Total	3.579.199	4.741.719	2.387.295
EBIT	-3.333.658	-4.593.579	-2.280.016
Depreciation & Amortization	746.357	929.852	587.185
Non cash compensation	178.778	221.472	382.111
EBITDA adj. non cash	-2.408.523	-3.442.255	-1.310.720
Other (income)/expense	427.706	1.927.517	-514.125
Tax expense (benefit)	-14.943	-14.037	-13.293
PROFIT/(LOSS)	-3.746.421	-6.507.059	-1.752.598

Proactive approach to input cost inflation. Multiple initiatives including power price surcharge

Adjusted CM of +40% when adjusting for non-recurring inventory adjustments

Significant improvement in EBITDA during the year

Q3 results

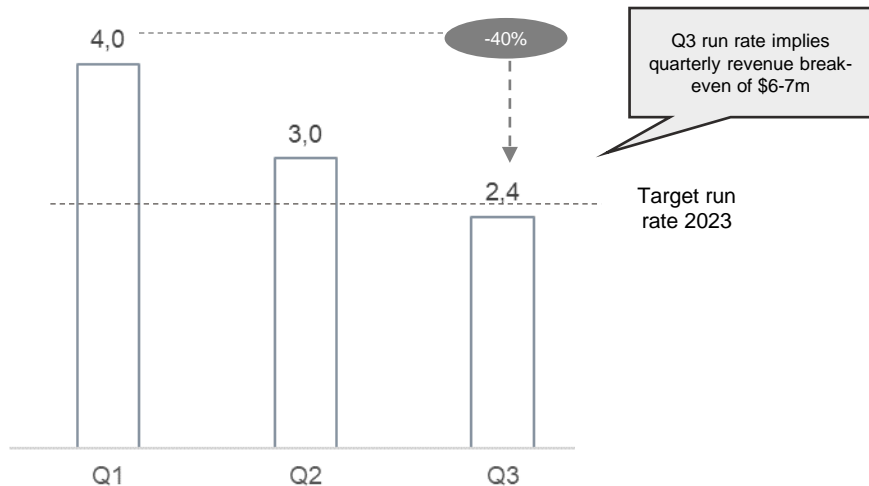
- Appointed Fei Chen as President and CEO.
- Q3 2022 revenue of \$3.3 million, a yoy decrease of 20%
- Operating expenses of \$2.4 million, down 19% sequentially from the second quarter.
- Net loss of \$(1.8) million compared to \$(2.9) million in Q3-2021
- Strong ending cash balance of \$17.6 million.
- Progressed the manufacturing of membranes and filters to fulfill key year-end deliveries.
- Received and installed new production equipment, including de-binding furnaces

Cost reduction program & Cash flow

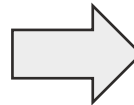
Cost reductions, improved mix and focus on top line growth create clear and visible path to profitability -> Ahead of target as of September 30

Cost reduction focus \$m

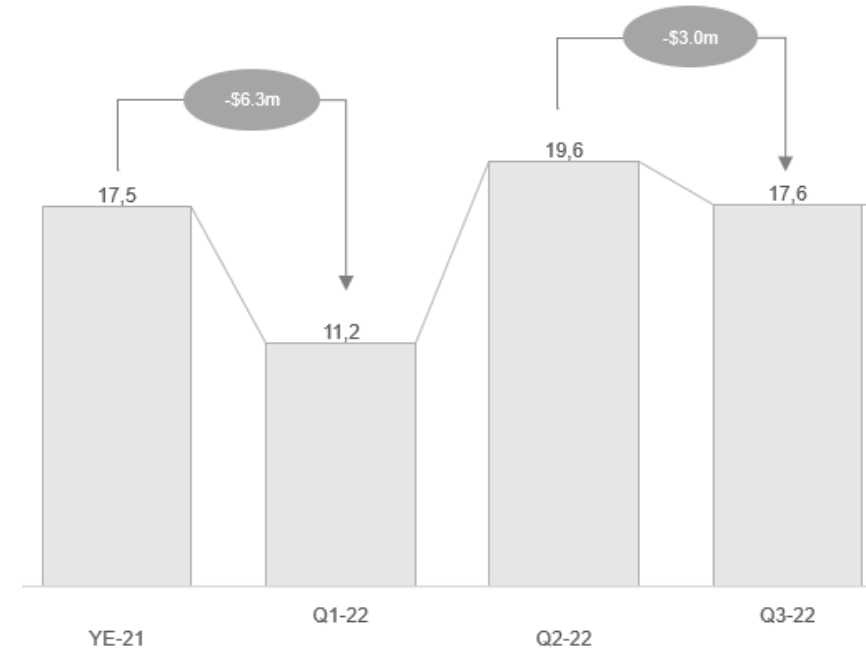
- Quarterly full year cost reduction target of +\$6m achieved in Q3 with \$6.4m in run rate savings as of Q3
- Immediate focus on maintaining run rate



Note: Q2 actual excludes restructuring charges



Reported Cash Balance \$m



Revenue Performance and Outlook

External Revenue \$m



Outlook

“Due to the worsening energy crisis in Europe, continued supply chain disruptions, and customer-imposed delays caused by macro-economic uncertainty, the Company believes that approximately \$3 to \$4 million in expected orders are at increased risk of slippage prior to the end of the year, exacerbated by the impact from the appreciation of the U.S. Dollar against the Euro.

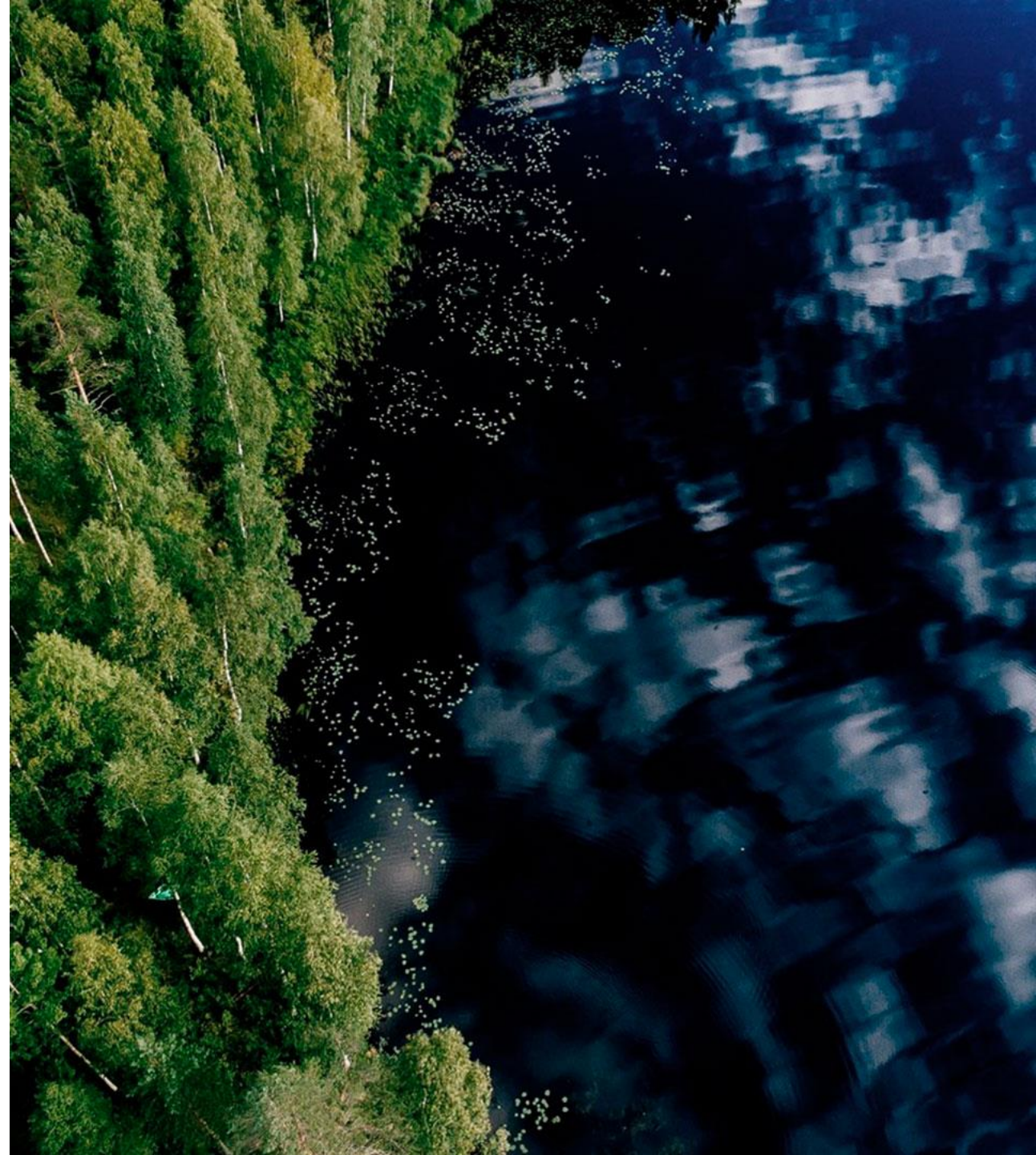
Profitability

The cost reduction program announced in Q2 will drastically change the breakeven revenue for the business to a run rate of approximately \$6-7 million per quarter, measured on an adjusted EBITDA basis.

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ESG Commitment

- The impact on the environment is one of our main challenges
- Minimize the impact from some of the most polluting industries
- Shipping, power plants, oil, and gas, etc.
- Ensure progress and sustainability through innovative thinking
- Unique technology for purification and/or recycling/reuse
- Highest standards of corporate ethics and diligent compliance with financial accounting and reporting rules



Ensure availability and sustainable management of water and sanitation for all



Take urgent action to combat climate change and its impacts



Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

Oil and Gas Value Proposition

Meet the tightening environmental standards and requirements.

Produced water

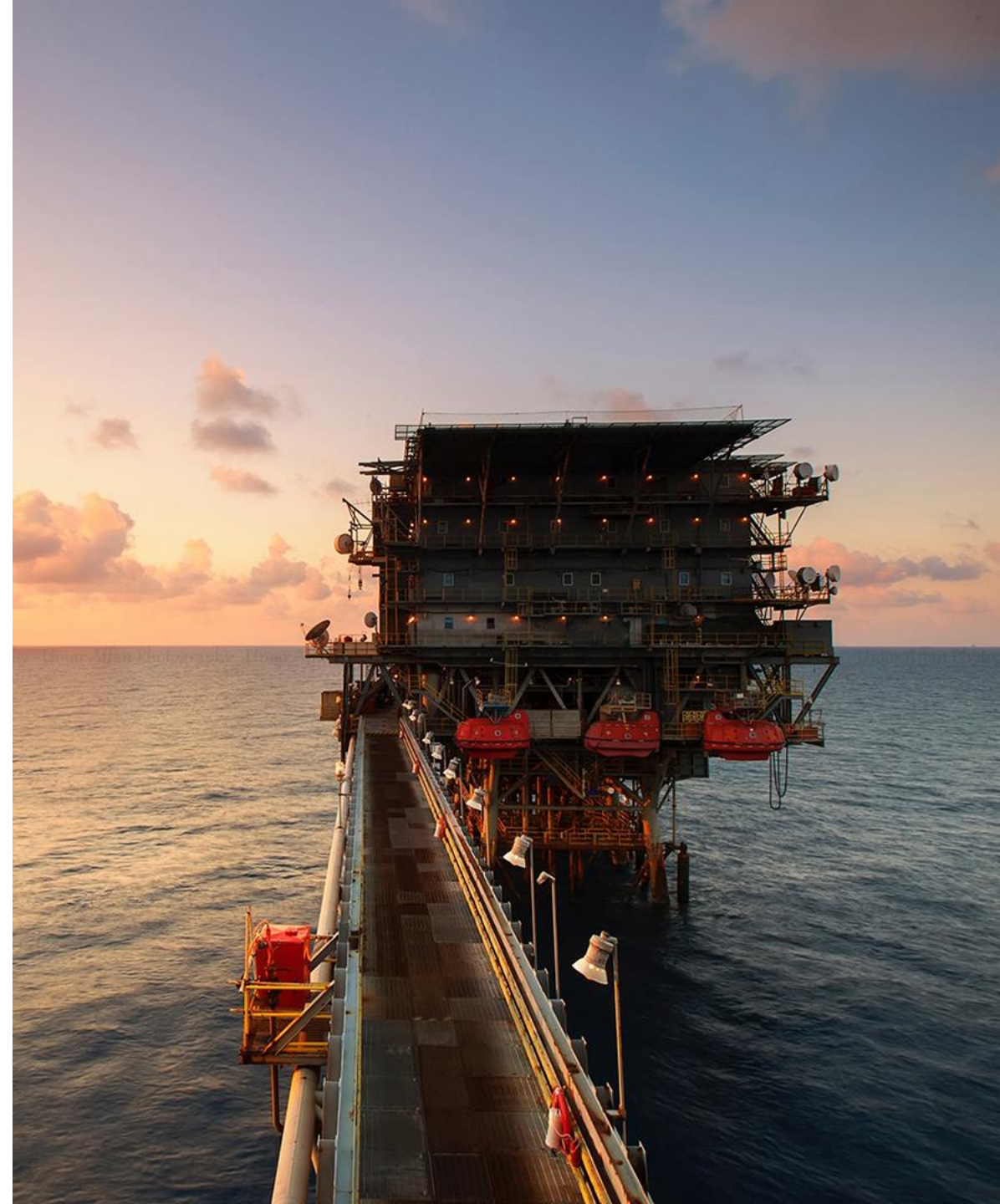
- Particles removal under 0.1 μm
- TSS under 1-3
- OiW* under 1 ppm

MEG recovery

- TSS Reduction under 1-3
- OiW under 1 ppm
- Removed particles and oil residue prior to HEX

Injection water

- Particles removal under 0.1 μm
- 99,99% bacteria removal
- Reduced Total costs of ownership



Business Case – Commercial Pool Filtration

Stretford Sports Village, UK

Background:

- Existing steel filters had reached the end of their life and needed replacement

Application:

- Refurbishment of pool filtration system

Product:

- 6 membrane microfiltration systems

Value Proposition:

- Excellent water quality
- 66% reduction in water spending
- 36% lower energy bill
- 62% reduction in footprint
- 28% lower salt usage



Business Case – Acid Purification

Phosphoric Acid Plant, US

Application:

- Remove solids from phosphoric acid
- Obtain a clean permeate acid to protect downstream carbon beds
- Permeate production: 100gpm (22.7m³/h)

Product:

- 6 pcs of feed units
- 12 pcs of filtration skids

Value Proposition:

- Six-month payback (\$18 million savings / year)
 - Elimination of silica in the filtration process
 - Significant reduction in carbon bed OPEX
 - Reduced labor
- Improved quality of acid produced



Business Case – Marine Black Carbon

China Marine Application

Background:

- Inland waterway ships in Asia adopting regulations to remove Black carbon/soot particulates from heavy engines
- Fine-particulate particles (PM 2,5) contribute to air pollution with two weeks lifetime in the atmosphere

Application:

- Removal of about 99% of the soot particulates will contribute strongly to fight the climate impact

Product:

- Project ongoing to install Diesel Particulate Filters on 4 MW and 9 MW propulsion engines
- Estimated that 1,000 ships will be retrofitted

Value Proposition:

- Regulatory compliance



