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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-36210

LiqTech International, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**20-1431677**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Industriparken 22C , DK 2750 Ballerup , Denmark	
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: + 453 1315941

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	**LIQT**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

On June 30, 2023, the aggregate market value of the common stock outstanding and held by non-affiliates (as defined in Rule 405 under the Securities Act of 1933) of the registrant based on the closing price of the registrant’s common stock of $3.21 per share on June 30, 2023, was $ 16,158,560 . As of March 21, 2024, there were 5,807,340 shares of common stock, $0.001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES

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Cautionary Language Regarding Forward-Looking Statements and Industry Data

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the plans and objectives of management for future operations and market trends and expectations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. In some cases, you can identify forward-looking statements by the following words: “may,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “approximately,” “estimate,” “predict,” “project,” “potential” or the negative of these terms or other comparable terminology, although the absence of these words does not necessarily mean that a statement is not forward-looking.

The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving the continued expansion of our business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future political, legislative, economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. This is especially underlined by the anticipated impacts from the prevailing macro-economic uncertainty on the Company, including the related effects to our business operations, results of operations, cash flows, and financial position. Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Annual Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

Forward-looking statements include, but are not limited to, statements concerning:

- Our ability to continue as a going concern;
- The impact from the prevailing geopolitical uncertainty including the war between Ukraine and Russia as well as the escalating conflict between Hamas and Israel in the Middle East;
- Operational exposure related to increased macro-economic uncertainty, risk of a prolonged period of inflationary pressure, potential energy shortages, and/or volatile energy and electricity prices across Europe;
- The resurgence of COVID-19 or similar global pandemics;
- Our dependence on a few major customers and the ability to maintain future relationships with one or more of these major customers;
- Our ability to operate with financial stability and secure access to external financing and adequate liquidity;
- Our ability to secure and source supplies of raw materials and key components in due time and at competitive prices;
- Our reliance on subcontractors or delivery of new machinery to develop sufficient manufacturing capacity to meet demand;
- Our ability to achieve revenue growth and penetrate new markets;
- Our dependence on the expertise and experience of our management team and the retention of key employees;
- Our reliance and access to qualified personnel to expand our business;
- Our ability to adapt to potentially adverse changes in legislative, regulatory and political frameworks;
- Changes in emissions and environmental regulations, and potential further tightening of emission standards;
- Our dependence on corporate or government funding for emissions control programs;
- Our ability to compete under changing governmental standards by which our products are evaluated;

- The exposure to potentially adverse tax consequences;
- The financial impact from the fluctuation and volatility of foreign currencies;
- The potential monetary costs of defending our intellectual property rights;
- Our ability to successfully protect our intellectual property rights and manufacturing know-how;
- The possibility of a dispute over intellectual property developed in conjunction with third parties with whom we have contractual relationships;
- The possibility that we could become subject to litigation that could be costly, limit, or cancel our intellectual property rights or divert time and efforts away from our business operations;
- The potential negative impact to the sale of our products caused by technological advances of our competitors;
- The potential liability for environmental harm or damages resulting from technical faults or failures of our products;
- The possibility that an investor located within the United States may not be able to, or find it difficult to, enforce any judgments obtained in United States courts because a significant portion of our assets and some of our officers and directors may be located outside of the United States;
- The possibility that we may not be able to develop and maintain an effective system of internal controls over financial reporting, leading to inaccurate reports of our financial results;
- The possibility of breaches in the security of our information technology systems;
- The liability risk of our compliance to environmental laws and regulations;
- The potential negative impact of more stringent environmental laws and regulations as governmental agencies seek to improve minimum standards; and
- The possibility that enforcement actions to suspend or severely restrict our business operations could be brought against the Company for our failure to comply with laws or regulations and the potential costs of defending against such actions.

PART I

Item 1. Business

Overview

LiqTech International, Inc. is a clean technology company that provides state-of-the-art gas and liquid purification products by manufacturing ceramic silicon carbide filters and membranes as well as developing industry-leading and fully automated filtration solutions and systems. For more than two decades, we have developed and manufactured products of re-crystallized silicon carbide. We specialize in three business areas: ceramic membranes for liquid filtration systems, ceramic diesel particulate filters (DPFs) to control soot exhaust particles and black carbon emission from diesel engines, and plastic components for usage across various industries. Using nanotechnology, we develop proprietary products using patented silicon carbide technology. Our products are based on unique silicon carbide membranes that facilitate new applications and improve existing technologies. We market our products from our offices in Denmark and through local representatives and distributors. The products are shipped directly to customers from our production facilities in Denmark.

The terms "LiqTech", "we", "our", "us", the "Company" or any derivative thereof, as used herein, refer to LiqTech International, Inc., a Nevada corporation, together with its direct and indirect wholly owned subsidiaries, which we collectively refer to herein as our "Subsidiaries".

At present, we conduct our operations in the Kingdom of Denmark. Our Danish operations are located in the Copenhagen area, Hobro, and Aarhus.

Our Products

We manufacture and sell a broad range of systems and products based on the application of our ceramic filters and membranes for the filtration of liquids and gases within a range of uses, such as industrial wastewater, oil & gas, commercial pool, non-road machinery, marine, chemicals/petrochemicals and other industrial applications. We also provide engineered plastic parts and products for various internal and external industrial applications in the food & beverage and pharmaceutical industries.

Silicon Carbide Ceramic Membranes for Liquid Filtration

For more than two decades, LiqTech has developed, manufactured, and sold innovative silicon carbide ceramic membranes for liquids purification. Based on our continuous R&D efforts, patented technologies, and advanced production methods, we produce state-of-the-art silicon carbide products for various applications with the current membrane portfolio consisting of:

- **Silicon Carbide (SiC) ceramic membranes,** a unique patented technology designed as a tubular membrane. It utilizes a crossflow structure to handle high concentrations of suspended solids found in produced water from the oil & gas and chemical industries, wastewater from industrial processes and manure filtration, and other applications. It offers consistent removal of oil and suspended solids at high throughput rates regardless of feed conditions. We offer onshore and offshore solutions and have experience within petrochemicals, chemicals and produced water streams. We believe our SiC filters are the best alternative to microfiltration and walnut shell filters due to the operational efficiencies of our SiC filters including operating cost savings, reduced installation cost, and product resilience. Our chemically inert, plug-and-play membranes are extremely hard, chemically resistant, and consist of durable ceramics with high flux (flow). SiC membranes are stronger, harder, longer-lasting, more temperature-resistant, and perform more efficiently than conventional ceramic or polymeric membranes;

- **Hybrid Technology Membranes (HTM)**, a patented asymmetric membrane that combines the desired properties from silicon carbide (SiC) and zirconia (ZrO_2) ceramics. With a pore size of 60 nanometers (nm), it is suitable for ultrafiltration applications. This state-of-the-art membrane technology facilitates new separation processes and new filtration applications; and

- **Aqua Solution**®, which integrates an enclosed structural design with cutting-edge membrane technology in a solution specifically designed for applications including pre-treatment, wastewater treatment, and swimming pool and spa water filtration. Our Aqua Solution® offers the same water purification as conventional sand filters, which typically require up to 400 times more space and have pore sizes at least three times larger than our Aqua Solution® SiC membrane. The Aqua Solution® also reduces the number of membrane elements, pressure vessels, and both water and energy consumption as well as CO2 footprint by offering high-flow capabilities at very low pressure with improved filtration characteristics.

Diesel Particulate Filters (DPFs) for Gas Purification

We offer diesel particulate filters for exhaust emission control solutions to the verified retrofit and original equipment manufacturer (OEM) markets through our direct sales force and distributors specializing in sales to end-users. We use a proprietary “nano wash coat” to provide a catalytic coating for anything from diesel particulate filters to catalytic converters. Our DPF products are sold worldwide under the LiqTech brand.

We have developed a robust silicon carbide diesel particulate filter that is especially effective for vehicles, generators, marine and non-road applications that produce a high soot load. If properly maintained, a LiqTech DPF can last as long as the application machinery or engine. Our DPFs are ideal for both on- and off-road vehicles and machinery because of their strength, chemical non-reactive nature, temperature resilience, and thermal conductivity.

Our DPF filters can handle higher soot loads than filters that do not use a silicon carbide membrane, making them ideal for situations in which engines infrequently reach high enough temperatures to burn off the soot. Examples include:

- Garbage trucks and port vehicles;
- Diesel pickup trucks not carrying a full load;
- Intra-city vehicles that do not reach highway speeds;
- Off-road construction vehicles that idle for long periods of time;
- Marine “black carbon” exhaust applications; and
- Back-up generators and general “gen-set” applications.

Liquids Filtration Systems & Solutions

LiqTech develops, manufactures, and sells liquid filtration systems using our patented silicon carbide technology (sometimes also referred to herein as our “Aqua Solution®, SiC, and HTM membranes”). Our current focus is to strengthen our position within certain industrial applications such as difficult industrial water streams and hydrocarbon production-derived contaminated water, which we refer to herein as “produced water”. Furthermore, we remain focused on our legacy segments within marine scrubber wastewater, pool, metal & mining, and other energy applications.

Our filtration systems have been used in the following applications by our clients:

- **Pool and Spa Water:** We have supplied turnkey water filtration systems for medium to very large public swimming pool installations in Europe and Asia Pacific. Our Aqua Solution® ceramic membranes provide unique advantages for the commercial pool filtration industry in terms of reduced energy consumption, lower CO2 emissions, smaller footprint, reduced water and chemical consumption, and consistent, high-quality water filtration.

- **Produced Water:** Our systems can be used for the filtration of produced water, which is a byproduct of oil & gas production. The amount of produced water varies from 0.1 to 10 times the amount of oil produced. We have an installation with a major international oil & gas company operating with stable performance. Our solution is market-proven and applicable for onshore and offshore operations.

- **MEG:** Our silicon carbide membrane technology can be deployed in filtration systems related to monoethylene glycol ("MEG") recovery within the oil & gas industry. MEG is widely used by oil & gas producers in wellheads and pipelines to prevent hydrate formation. In deep-water, offshore gas production facilities, where the exposure to lower temperatures in subsea pipelines is common, MEG is used for hydrate inhibition. Together with our clients, we have demonstrated the performance of SiC membrane technology and validated significant performance improvements to the MEG regeneration process when compared to other membrane technologies.

- **Marine Scrubber Wastewater:** We supply water filtration systems for marine scrubber systems that may be deployed on ships to reduce sulfur emissions stemming from heavy fuel oil (HFO) operations, allowing vessels to comply with the International Maritime Organization (IMO) 2020 sulfur cap. To date, more than 170 water treatment systems have been installed, with orders from European and Asian scrubber technology providers, shipyards, and ship owners. Recently, we are evaluating new opportunities for water treatment units in dual-fuel engine exhaust gas recovery.

- **Industrial Applications:** We have delivered complete liquid filtration systems for aggressive fluid applications such as heavy metal removal for energy providers and water treatment systems for mining wastewater. Furthermore, our systems have been deployed successfully to reduce OPEX and enhance product quality in chemicals/petrochemicals applications.

Highly Flexible & Innovative Plastic Manufacturing

LiqTech provides highly flexible and innovative plastics manufacturing, focusing on machining, welding, bending, and solvent cementing. With an intense focus on customer demand, LiqTech serves market leaders in the clean technology, pharmaceuticals, foods, healthcare, and graphics industries. Furthermore, LiqTech delivers benefits through vertical integration by manufacturing some key components for the fabrication and assembly of liquid filtration systems for pool and marine scrubber applications.

Our Competitive Strengths

Our products and systems compete with other filtration technologies that are made of ceramic, aluminum oxide and polymeric materials. Most of our competitors are large industrial companies; however, we believe our patented technology allows us to produce high-quality products that provide an advantage over many of our direct and, in many cases, larger competitors. We intend to continue investing in R&D with the aim of developing new technologies and improving our existing products to strengthen our competitive advantages, retaining our existing customers, and acquiring new customers.

We believe the following strengths underpin our ability to increase revenue and profitability:

- ***Advantages of Silicon Carbide Membranes and Filters:*** Our liquid filtration and diesel exhaust products utilize silicon carbide substrate and membrane technology, which have unique qualities that we believe make our products more effective than those of our competitors. Unlike filtration products made of aluminum oxide, silicon carbide membranes are chemically inert and temperature-resistant. Furthermore, silicon carbide membranes exhibit a high degree of hydrophilicity (the tendency of a surface to become wet or absorb water), which results in uniquely high flux (and correspondingly low energy consumption). Silicon carbide is also very durable, and its hardness is only surpassed by select unique material compositions such as diamonds, making it a highly desirable material for various abrasive fluids in industrial applications. As a result, we believe that such superior physical properties make our products desirable in both liquid filtration products and exhaust emission control products.

- ***Complete In-house Systems Fabrication:*** LiqTech provides full fabrication and integration of our membranes into complete filtration systems made from corrosion-resistant materials and components. We possess in-house engineering capabilities for process design, 3D modeling, automation, and control. Our professional staff of dedicated engineers and craftsmen assume responsibility for the specification, engineering, fabrication, and commissioning process. We believe that supplying our customers with a modular-based solution built upon our silicon carbide membranes is unique in the market, considering our vertical integration with in-house manufacturing of silicon carbide products and engineered plastic components, coupled with the design, engineering, and assembly of the integrated systems.

- ***Broad Application of LiqTech Membranes:*** Our membranes can be applied in a variety of applications, including the filtration of industrial wastewater, separation of metals from liquids in industrial processes, marine scrubber wastewater, chemicals and produced water within oil & gas, oil emulsion separation, bacteria removal, commercial swimming pool water treatment, food and beverages, chemicals/petrochemicals, and other applications.

- ***Marketing and Manufacturing in Key Markets and Expanding to Other Markets:*** While production is centered in Denmark, we have distribution and sales activities across multiple jurisdictions. We also sell our products through distributors and agents in many other countries and regions such as China, Korea, Spain, UK, France, Middle East, Singapore, Australia and the U.S. Moreover, we have established customer relationships in more than 25 countries.

- ***Strong and Experienced Management Team:*** Our management team has deep experience in the clean technology and filtration industries and drives growth through developing new applications and technologies and cultivating relationships with customers.

Our Strategy

Our strategy is to leverage our core competencies in material science, advanced filtration, and systems integration, creating differentiated products with compelling value propositions to penetrate attractive end markets with regulatory and ESG tailwinds. Essential imperatives associated with our strategy include the following:

- **Develop and reinforce new products and applications to provide clean water and reduce pollution.** We currently provide water filtration systems for commercial pool owners, scrubber technology providers, shipowners, and ship operators as well as tailored filtration systems for oil & gas operators and services companies. We are expanding our range of products to better leverage existing customer relationships and develop new relationships within the oil & gas, marine, chemical, and other industries.

- **Better penetration of existing end markets where our value proposition is strong.** We have successfully sold products and installed systems into several end market segments--including automotive/transportation, clean water and pool filtration, marine, industrial wastewater, chemicals/petrochemicals, and oil & gas applications. We are focused on targeting and developing new customers in these end markets while working with distributors, agents, and partners to access other important geographic markets.

- **Develop new end markets for our core products and applications** . Our existing products and systems are relevant for and valuable to other end markets, and we regularly evaluate opportunities to develop strategic partners to perfect new applications and validate associated value propositions.

Our Industry

Overview

We serve primarily two industries: the liquid filtration market and the silicon carbide ceramic membrane & diesel particulate filter (DPF) market. Our goal is to leverage our products and core technology and position our Company to take advantage of favorable market trends.

Liquid Filtration Systems and Aftermarket

Water is essential to life on earth and clean water shortages are affecting billions of people. Today, 2.2 billion people lack safely managed drinking water, and 3 billion people worldwide lack basic handwashing facilities at home. In addition, more than 700 million people could be displaced due to water scarcity (according to the UN). According to the World Health Organization, approximately 361,000 children die every year due to unsafe water and lack of basic sanitation. In this context, the Company seeks to deploy our unique filtration systems across industries to help unlock a more sustainable future with lower resource consumption and more efficient and responsible operations, with the objective of creating both economic value and environmental benefits.

According to relevant industry research published in 2022, the global ceramic membrane market is expected to grow at a compound annual growth rate (CAGR) of 11.4%, from $5.4 billion in 2021 to $14.3 billion in 2030. LiqTech is differentiated by what we believe is our superior SiC membrane technology and our ability to provide a complete water treatment system for select industries and applications.

Our applications within industrial wastewater and more specific applications such as chemicals/petrochemicals purification represent a core part of our strategic plan. We seek to leverage our innovative and patented SiC ceramic membrane technology by designing and deploying our filtration systems into complex and demanding industrial applications where our clients can benefit from both operational benefits and value creation. Recent deployments have showcased attractive returns on investment, as our solutions yield improved product characteristics, lower operational costs, and higher output. We are currently focused on evaluation future market potential in order to more accurately assess the commercial potential within each industrial end-market segment. Based on industry research, the growth within the global industrial water & wastewater treatment market is projected to reach $7.7 billion by 2030.

In the oil & gas market, we see growing global demand for high-quality re-injection water. In addition, we see tightening water discharge legislation, increasing public awareness of water scarcity, and growing adoption of reuse as key growth drivers in this end market. In the past two years, we have worked closely with industry partners to validate and accelerate our ultrafiltration technology applications within the global oil & gas industry, in both onshore and offshore environments, evidenced by a commercial installation in the Middle East for produced water and in the Mediterranean Sea for monoethylene glycol (MEG) recovery. Presently, we have initiated activity to penetrate the U.S. onshore oil & gas market.

The market for marine water filtration systems is dependent on the development of new regulations for sulfur and ballast water emissions. In 2020, IMO issued Marpol VI with clear regulation of SOx emission for marine ships. The regulation can be reached in one of two ways: 1) use of fuel with low SOx content for a cost that is 150-200 $/MT higher than normal bunker fuel; 2) installation of open-loop, hybrid or closed-loop scrubbers. Only hybrid and closed-loop systems can be use in "ECA" zones (Emission Control Areas). For hybrid and closed-loop systems, there is a need to install a water treatment system. Up to now, approximately 6,000 vessels have installed a scrubber of which 1,200 include hybrid or closed-loop systems. Since 2018, LiqTech has sold and installed more than 170 water treatment units (WTU) for marine scrubbers, with an estimated market share of 14%. In the future, we will further develop and reposition our WTU to match the emerging new opportunity for exhaust gas recirculation in dual-fuel engines. This new market development supports the energy transition for the marine industry and will be a major trend in the coming years.

In addition to our industrial, oil & gas, and marine applications, our Company offers industry-leading commercial pool filtration systems globally through distributors and local partners. Based on more than 20 years of experience in the filtration industry, we have developed a superior and cost-effective industrial pool filter system with a smaller footprint, lower chlorine consumption, and higher quality of water filtration. Conventional technologies use large amounts of chemicals for disinfection, whereas our superior commercial pool system reduces chemical consumption. We believe our offering is uniquely positioned to unlock future growth in the context of the global focus on ESG, since our commercial pool application delivers safe, clean, and clear water to our clients with lower energy consumption and reduced lifecycle costs. The market for commercial pools in Europe alone was $1.5 billion in 2021 and expected to grow at a CAGR of 6.2% from 2021 to 2028 based on relevant industry research published in June 2022. We remain committed to expand our geographical reach outside Europe through new partnerships and distribution agreements.

Furthermore, we have recently intensified focus on aftermarket sales through service & maintenance agreements and general sale of spare parts to our clients and partners. We intend to leverage the installed base of our filtration systems delivered and commissioned over the last decade by engaging with both new and existing clients to develop a closer and more comprehensive partnership structure and ultimately bundle our filtration system and aftermarket offering. We believe the aftermarket segment benefits from robust growth fundamentals as clients and technology providers are increasingly focused on unlocking value through close collaboration, for which service and maintenance will yield improved customer satisfaction and growth.

Silicon Carbide Ceramic Membrane & Diesel Particulate Filter (DPF) Market

Our legacy business related to the provision of DPF filters is expected to continue growing across Asia, Europe, and North America as regulators require diesel engines to comply with new and more stringent environmental rules and regulations. In Europe, for example, cities in Germany and the Benelux countries are enforcing increasingly stringent requirements for diesel engines to include DPF filters, with the same trend also taking place in select Asian countries.

Furthermore, our proprietary DPF technology has paved the way for new market opportunities such as black carbon emission reduction in the marine industry, where our solutions allow both ocean-going and inland marine vessels to comply with current and future regulatory thresholds as defined by both IMO and regional regulators.

According to industry research, the global market for new DPF filters manufactured by OEMs is expected to grow at approximately 13% per year. Diesel emissions consist of several toxic gases and particles, including particulate matter (soot), carbon monoxide, and hydrocarbons. Soot has been linked to a variety of human health problems. Reducing diesel emissions will have both health and social benefits along with reduced costs.

In response to these health impacts, governments have been implementing legislation to regulate emissions from diesel engines. California implemented the Diesel Risk Reduction Plan, and New York City implemented binding directives for the retrofitting of buses, garbage trucks, and construction machines. In the European Union, Directive EC 715/2007 of June 20, 2007, defines particle count limits for certain cars and light utility vehicles. Also, low emission zones have been implemented locally in various places in Europe, creating a patchwork of regulation.

The Asian markets have shown an improved standard of living due to economic growth, which has led to increased sales of vehicles in the region. At the same time, pollution in major cities has reached high particulate matter levels. As a result, for example, the Chinese government has introduced additional regulations, including new emissions standards, faster than previously anticipated. We also believe the high pollution levels will increase the need to retrofit existing vehicles.

Historically, our business has predominantly sold our ceramic membranes through integrated filtration system offerings with SiC, HTM, and Aqua Solution® membranes embedded in the filtration systems offered to our partners, distributors, and end clients. Recently, we have intensified focus on the direct sale of SiC and HTM membrane products to clients and integrators across jurisdictions to directly access the global market for ceramics membrane solutions in the context of the growing need for clean water and responsible handling of industrial wastewater, while also placing value-enhancing applications across core industrial processes such as chemicals/petrochemicals, enhanced oil recovery, and other applications. We intend to work on accelerating market penetration and further validate perspectives on market potential and value proposition through detailed market studies and associated estimates of total addressable markets.

Research and Development

We have eight (8) full-time employees that are primarily engaged in R&D activities pertaining to the development of technology and intellectual property rights related to silicon carbide product formulas, applications, and manufacturing processes.

Manufacturing

We currently manufacture our ceramic membrane and DPF products in Ballerup, Denmark (Copenhagen area). We assemble our liquid filtration systems in Hobro, Denmark, and we manufacture plastic products at our facility located in Aarhus, Denmark. We plan to consolidate, optimize, and expand our production capacity within the existing facilities with further support from existing partnerships across Europe, Middle East, and Asia.

Raw Materials and Components

The main raw materials used in our manufacturing processes are silicon carbide, steel, pumps, electrical components, plastic, platinum, and palladium. We purchase these commodities from various sources generally based upon availability, lead time, quality, and price.

Sales, Marketing and Business Intelligence

Our products and services are sold both directly and indirectly to end clients across multiple jurisdictions and end-markets through direct sales, systems integrators, distributors, agents, and partners.

Our Company initially focused on selling DPF filters to the automotive industry to reduce exhaust gas emissions in diesel engines. In 2014, we acquired Provital Solutions, a Danish filtration system manufacturing company that enabled our Company to broaden our offering of products and systems for ceramic filters, SiC membranes, and modular liquid filtration systems. The liquid filtration systems business has become a highly complementary offering to our SiC membrane and DPF business.

We plan to actively market our existing products to new customers as we penetrate new end markets and optimize our manufacturing capacity. As of December 2023, we employed eleven (11) full-time sales, marketing and strategy personnel in addition to partnership and distribution agents. We promote our products through direct sales to potential customers and marketing activities such as participation in tradeshows and exhibitions, with a new focus on digital marketing.

In certain instances, our products are delivered to the end customer through system integrators. These system integrators use our filtration products and membranes in larger filtration systems, which eventually are installed in systems used by the end customers. Due to legislative regulation, system integrators are often required by the end customers to receive approval for their systems, including the components used in such systems, which requires significant time and expense. As a result, we believe that certain system integrators using our products will not replace our filters with competitive products unless there are compelling reasons to do so.

Intellectual Property

We have one issued patent in the United States that we co-own with a third party, two issued patents in Denmark, three issued foreign patents (Germany, China, and South Korea) that we co-own with a third party, and one pending European patent application that we co-own with a third party. The United States patent that we co-own is generally effective for 20 years from the filing date (July 8, 2004) of the earliest U.S. or international application to which it claims priority. The scope and duration of each of our foreign patents vary in keeping with local laws. On July 7, 2014, we obtained a new Danish patent application related to our silicon carbide membrane technology. In 2023, we have submitted 3 patent applications to further strengthen our intellectual property for SiC membranes.

We also rely on trade secret protection for our confidential and proprietary information. Trade secrets, however, can be difficult to protect. We may not be able to maintain our technology or know-how as trade secrets, and competitors may develop or acquire equally valuable or more valuable technology or know-how related to the manufacture of comparable silicon carbide products. We also seek to protect our confidential and proprietary information, in part, by requiring all employees, consultants, and business partners to execute confidentiality and/or nondisclosure agreements upon the commencement of any employment, consulting arrangement, or engagement with us. These agreements generally require that all confidential and proprietary information developed by the employee, consultant, or business partner, or made known to the employee, consultant, or business partner by us, during the course of the relationship with us and thereafter, be kept confidential and not disclosed to third parties.

We also believe that having distinctive names is an important factor in marketing our products and therefore use trademarks to brand some of our products. As of March 2024, we had three trademark registrations in China and four trademark registrations in Denmark (AQUA SOLUTION, CoMem, CDPX, and FUTURE FILTRATION). We are also in the process of proactively renewing and developing new trademarks in select geographic areas.

Government Regulation

We do not believe that we are subject to any special governmental regulations affecting our products in the countries in which we operate, although we are subject to numerous health and safety laws and regulations. We actively seek to maintain a safe, healthy, and environmentally friendly workplace for all of our employees and other stakeholders.

Environmental Matters

We are subject to a broad range of environmental laws and regulations that govern, among other things, air emissions, wastewater discharges, and the handling, storage, disposal, and release of waste and hazardous substances. It is our policy to comply with all applicable environmental requirements at each of our facilities.

Competition

Our products compete with other filters that are made using polymer, silicon carbide ceramic, and aluminum oxide membranes. Most of our competitors are large industrial companies; however, we believe our patented technology, manufacturing know-how, and trade secrets allow us to produce high-quality products that provide an advantage over most of our competitors, many of which have greater financial, technological, manufacturing and personnel resources. We intend to continue to devote resources to the development of new technologies and the improvement of our products to retain existing customers and acquire new customers.

Employees

At December 31, 2023 we had 119 employees, including 83 in production; 15 in administration; 8 in research and development; 11 in sales, marketing and strategy; and 2 in executive management.

Certain employees in Denmark are represented by workers' councils that have collective bargaining agreements. With the exception of such Danish employees, no other employees are members of a labor union or are represented by workers' councils that have collective bargaining agreements. We believe that we have good relations with our employees.

Corporate Information

We filed our Articles of Incorporation on July 1, 2004, and are incorporated under the laws of the State of Nevada. Our principal executive office is located at Industriparken 22C, 2750 Ballerup, Denmark, and our telephone number is +45 3131 5941. We maintain an Internet website at www.liqtech.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after we electronically file with or furnish them to the SEC and are available in print to any stockholder who requests a copy. The information contained in, or accessible from, our website is not a part of this Annual Report.

Additionally, the SEC maintains a website that contains reports, proxy statements, information statements, and other information regarding issuers, including us, that file electronically with the SEC at www.sec.gov.

Item 1A. Risk Factors

RISKS RELATED TO OUR BUSINESS AND OPERATIONS

There is substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing.

Our consolidated financial statements as of December 31, 2023, have been prepared under the assumption that we will continue as a going concern for the next twelve months. As of December 31, 2023, we had cash and cash equivalents of $10.4 million and an accumulated deficit of $75.9 million. There is substantial doubt that our cash and cash equivalents will be sufficient for the next twelve months. As a result of our financial condition and other factors described herein, there is substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern will depend on our ability to restore profitability and to obtain additional funding, as to which no assurances can be given. We continue to analyze various alternatives, including cost reduction initiatives, cash preservation actions, debt or equity financings, and other arrangements. Our future success depends on our ability to restore profitability, raise capital, or a combination of both. We cannot be certain that raising additional capital, whether through selling additional debt or equity securities or obtaining a line of credit or other loan, will be available to us or, if available, will be on terms acceptable to us. If we issue additional securities to raise funds, these securities may have rights, preferences, or privileges senior to those of our common stock, and our current stockholders may experience dilution. If we are unable to obtain funds when needed or on acceptable terms, we may be required to curtail our current development programs, cut operating costs, forgo future development and other opportunities, or even terminate our operations.

The adverse effect to our business operations from armed conflicts (such as Ukraine/Russia and Hamas/Israel) or similar political, social, regulatory, or economic tension may challenge our operational flexibility and financial performance.

The continuation of the war between Ukraine and Russia as well as the war/armed conflict related to Hamas/Israel and the situation in the Red Sea fuels uncertainty and risk to our business as we rely on the ability to manufacture, ship, service, and operate across multiple jurisdictions. The wars may result in sanctions and increased uncertainties, thus restricting our ability to service our clients and execute orders globally due to supply chain risk, import/export restrictions, and increased demand uncertainty. Additionally, if customers are not successful in generating sufficient revenue or are precluded from securing financing due to the ongoing wars, they may not be able to pay, or may delay payment of, owed amounts to the Company for the provision of products and services. Any inability of current or new potential customers to purchase or pay for our products may adversely affect our sales, earnings, and cash flow.

Sales and earnings could also be affected by our ability to manage the risks and uncertainties associated with changes in local legal requirements or the enforceability of laws and contractual obligations, trade protection measures, changes in tax laws, regional political instability, war, terrorist activities, severe or prolonged adverse weather conditions, natural disasters, and health epidemics or pandemics.

Prolonged period of inflationary pressure including risk of energy shortages and elevated electricity and energy prices in Europe.

The European energy crisis escalated in 2022 amid the Russia and Ukraine war with the rising cost of gas and electricity, fueling supply uncertainties and risk of energy shortage across Europe due to the lack of gas from Russia. This resulted in decisive measures implemented by the European Union to help manage security of supply and establish new sources of gas. Our business is heavily exposed to both gas and electricity prices used to power our operating equipment and high-temperature kilns as well as heat the office and manufacturing buildings across Denmark. Consequently, this rising energy cost inflation has negatively impacted our profitability and reduced our competitive position compared to competitors operating outside of Europe where the energy crisis has been less pronounced.

The inflationary pressure on energy and gas prices may continue to negatively impact our business as prevailing core inflationary indicators remain above policy targets.

Increased macroeconomic uncertainty and its effects on our business operations and financial condition.

The uncertain macroeconomic environment caused by the ongoing wars, European energy crisis, and general uncertainty related to the global economy may adversely affect our results and could have a negative impact on timing, delivery and demand for our products and services. Customers, suppliers, and partners may experience business disruptions due to unplanned market volatilities, supply chain restrictions, or lack of funding due to increased cost of capital. As a result, our customers may modify, delay or cancel plans to purchase our products and services to help mitigate the impact from the prevailing macroeconomic uncertainty.

Our business has been right-sized to help protect our profitability and cash flow; however, we remain exposed to near-term market fundamentals as we rely on short lead-time products and orders that may be cancelled if customers are facing weakened end-market demand or increased uncertainty.

The resurgence of COVID-19 or similar pandemics could have a material adverse effect on our business, results of operations and financial condition in the future.

Our business could be adversely affected by a resurgence of COVID-19 or similar pandemics as evidenced by the global ramifications of the novel coronavirus first identified in Wuhan, Hubei Province, China (COVID-19). The COVID-19 pandemic resulted in authorities worldwide implementing numerous measures to contain or mitigate the outbreak of the virus, such as travel bans and restrictions, border controls, limitations on business activity, social distancing requirements, quarantines, and shelter-in-place orders. These measures caused business slowdowns or shutdowns in affected areas, both regionally and worldwide.

Since 2020, management has initiated several precautionary initiatives across our business in accordance with local regulations and guidelines to mitigate the spread of COVID-19 and to prepare for future pandemics. These precautions have impacted the way we carry out our business, including additional sanitation and cleaning procedures in our production and other facilities, temperature and symptom confirmations, and remote working when required.

As evidenced during the COVID-19 pandemic, the effects of a prolonged pandemic could result in an extended negative impact on investment across industries. In addition, COVID-19 or similar pandemics could negatively impact the financial position of our customers or those of our collaboration partners, making it difficult to collect receivables or milestone payments. Moreover, our business and results of operations could be exposed to risks associated with uncollectible amounts or defaults on contractual payment obligations. If we are unable to generate sufficient cash from operations due to the impacts of future pandemics, we may need to raise additional funds. The duration and severity of any future pandemics remain uncertain as exemplified by the rapid increase in the COVID-19 pandemic in late 2021, thus there can be no assurance that it will not have an adverse effect on our liquidity and capital resources, including our ability to access capital markets in the future on terms that are favorable to us or at all.

Historically, we have been dependent on a few major customers for a significant portion of the Company's revenue. Our revenue could decline if we are unable to maintain or develop relationships with additional customers and our results of operations could be adversely affected if any one of these customers is unable to meet their financial obligations to us.

For the year ended December 31, 2023, our four largest customers accounted for approximately 7%, 5%, 4%, and 4% of our net sales (approximately 20% in total). For the year ended December 31, 2022, our four largest customers accounted for approximately 13%, 9%, 6%, and 4% of our net sales (approximately 31% in total). If we are unable to diversify our customer base, our future results will be heavily dependent on these customers. Our dependence on a limited number of customers means that the loss of a major customer or any reduction in orders by a major customer would materially reduce our net sales and adversely affect our results of operations. We expect that sales to relatively few customers will continue to account for a significant percentage of our net sales for the foreseeable future; however, these customers or our other customers may not use our products at current levels in the future, if at all. We have no firm, long-term volume commitments from any of our major customers, and we generally enter into individual purchase orders with our customers, in certain cases under master agreements that govern the terms and conditions of the relationship. We have experienced delays or cancellations of orders and fluctuations in order levels from period to period and expect that we will continue to experience such delays, cancellations, and fluctuations in the future. Customer purchase orders may be delayed or cancelled, and order volume levels can be changed with limited or no penalties. We may not be able to replace cancelled, delayed, or reduced purchase orders with new orders. If any one of these customers reduces its demand for our products, it will likely have a material adverse effect on our financial results.

Furthermore, a significant portion of our accounts receivable is concentrated with a few major customers who may not be able to meet their financial obligations to us. The failure of any such customer to pay amounts owed to us in a timely fashion or at all could have an adverse effect on our results of operations. The Company is also exposed to credit risk on its accounts receivable, and this risk is heightened during periods when economic conditions worsen. The Company's outstanding receivables are not covered by collateral or credit insurance. The Company's exposure to credit and collection risk on its receivables may also be higher in certain international markets, and its ability to mitigate such risks may be limited. While the Company has procedures to monitor and limit exposure to credit risk on its receivables, there can be no assurance such procedures will effectively limit our credit risk and avoid losses.

The impact on our business operations and financial condition if we fail to restore financial stability through improved profitability and access to adequate liquidity.

Our business has undergone significant changes in the past few years to help restore financial flexibility to the Company through an enhanced capital structure, improved profitability, reduced investments, and changes to the organization. Our ability to achieve financial beak-even is heavily dependent on external macroeconomic and competitive industry dynamics that are outside of our control; therefore, our business may not achieve its financial objectives in a period with increased competition or weakening market fundamentals.

Furthermore, future growth and possibly future strategic acquisitions may require public or private equity offerings or debt financings. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available, we may be required to delay or reduce the scope of our plans to grow our revenues, to pass on one or more strategic acquisitions, or to scale back our business plans. In addition, we could be forced to reduce or forgo attractive business opportunities. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution. In addition, debt financing, if available, may involve restrictive covenants. We may seek to access the public or private capital markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time. Our access to the financial markets and the pricing and terms we receive in the financial markets could be adversely impacted by various factors, including changes in financial markets and interest rates.

The potential interruption or failure to obtain raw materials and components at affordable prices caused by continued global and regional supply chain constraints could negatively affect our ability to supply products to our customers and negatively affect our profit and delay revenue.

We use silicon carbide, steel, plastic, platinum, and palladium in the manufacturing process. As other industries develop products utilizing silicon carbide, we may not be able to obtain adequate supplies of silicon carbide required for the manufacture of our existing and future products that would prevent us from supplying products to our customers and materially affect our business. Furthermore, any increased demand for, the raising of tariff rates on, or an increase of non-tariff trade barriers that apply to silicon carbide, steel, plastic, platinum, or palladium could increase the price we must pay to obtain it and could adversely affect our profitability, which would have an adverse effect on our financial results. Additionally, fluctuation in demand for ceramics or global bottlenecks in shipping may result in supply chain constraints and longer lead times on key components which may result in delayed order shipments or risk of cancellation from clients demanding short lead times.

If we are unable to manage our expected growth, our business may be materially and adversely affected.

We expect to expand our operations by increasing our production capacity and penetrating new markets. The growth of our business could place significant strain on our management, operational, and financial resources. To manage our future growth, we could be required to improve existing or implement new operational or financial systems, procedures, and controls as well as to expand, train, and manage a growing employee base. Our failure to accomplish any of these tasks could materially and adversely affect our business. We also may not recognize the anticipated benefits of completed dispositions or other divestitures we may pursue in the future.

Our success will depend, to a large degree, on the expertise and experience of the members of our management team, the loss of whom could have a material adverse effect on our business.

Our success is, to a large degree, dependent upon the expertise and experience of the management team and its ability to attract and retain qualified personnel who are technically proficient. The loss of the services of one or more of such personnel could have a material adverse effect on our business. Our business may also be adversely affected if we are unable to continue to attract and retain such personnel.

Adverse conditions, regulatory challenges, or lack of funding for emission control programs may delay or negatively affect our future growth and market potential within the transportation and marine industries.

Global health crises such as the COVID-19 pandemic or significant macroeconomic uncertainty exacerbated by current or future geopolitical conflicts and high inflationary pressure can significantly impact our Company, customers, and suppliers. For example, the global shipping industry has been negatively impacted by the coronavirus outbreak and may be further adversely affected by an extended shutdown of various businesses or delayed implementation of regulatory frameworks and environmental policies. This, in turn, could adversely affect the demand for our marine scrubbers as shipowners delay or even cancel their orders for new closed-loop scrubber systems.

Future growth of our business depends in part on the availability of funding for emissions control programs, which can be affected by economic as well as political reasons that are beyond our control. If such funding is not available, or delayed, it can negatively affect our future growth prospects. In addition to funding, we also expect that our future business growth will be driven, in part, by the enforcement of existing emissions-related environmental regulations and tightening of emissions standards worldwide, where regulations and standards are frequently contested in litigation. For example, our ability to expand our business in the marine industry is dependent on the effective implementation of IMO 2020, which requires the burning of low-sulfur oil for marine vessels or the inclusion of marine scrubber technology. If existing regulations and emissions standards do not continue to become stricter, are loosened, or are not enforced by governmental authorities due to commercial and business pressures, economic conditions, or otherwise, it could have a material adverse effect on our business, operating results, financial condition, and long-term prospects.

We face changes in governmental standards by which our products are evaluated, and if we cannot meet any such changes, some of our products could become obsolete, which could have a material adverse effect on our business.

We believe that, due to the intensifying focus on the environment and clean air and water standards throughout the world, new requirements to adhere to more stringent regulations are possible in the future as governmental agencies seek to promote clean air and water along with new product certifications. In the event that our products fail to meet these evolving standards, some or all of our products may become obsolete, which could have an adverse effect on our business, operating results, financial condition, and long-term prospects.

Our international operations are exposed to potential adverse tax consequence.

Our international operations create a risk of potential adverse tax consequences. Taxes on income in future internationally based operations are dependent upon acceptance of our operational practices and intercompany transfer pricing by local tax authorities as being on an arm's length basis. Due to inconsistencies among taxing authorities in application of the arm's length standard, transfer pricing challenges by tax authorities could, if successful, materially increase our consolidated income tax expense. We may be subject to tax audits, and an audit could result in the assessment of additional income tax against us. This could have a material adverse effect on our operating results or cash flows in the period or periods for which that determination is made and could result in increases to our overall tax expense in subsequent periods.

Adverse impact on our business due to increased interest rates, tightening debt capital markets, and market volatility.

Our business and capital structure are dependent upon our ability to raise financing and optimize our cash management activities through timely access to credit and loan markets at attractive terms. The prevailing uncertainty and increased interest rates represent a significant risk to our business as we are relying upon our ability to refinance our capital structure and maintain access to relevant financing. Furthermore, elevated interest rates may cause increased uncertainty and cash flow constraints, including the inability of the company to meet existing debt service commitments. Increased market and interest rate uncertainty may also elevate execution risk and ultimately restrict our ability to refinance our debt obligations.

Foreign currency fluctuations could adversely impact financial performance.

Our reporting currency is the United States Dollar ($). Because of our activities in Denmark, the European Continent, Middle East, U.S., and other countries, we are exposed to fluctuations in foreign currency rates. Most income and expense-related transactions are denominated in currencies other than the reporting currency and a certain portion of the excess cash balances may be held in other currencies or in bank accounts outside of the United States, causing risks of currency fluctuations when translating balances to the reporting currency at the end of the reporting period. We may manage the risk to such exposure through active cash flow management, and in some cases, by entering into foreign currency futures and option contracts; however, we can make no assurance that such actions will be sufficient to offset a material adverse effect on our operations in the future. As of December 31, 2023, we have not entered into any derivative contracts to hedge our currency exposure.

Our inability to protect our intellectual property rights could negatively affect our business and results of operations.

Our ability to compete effectively depends in part upon developing, maintaining, and/or protecting intellectual property rights relevant to our re-crystallized silicon carbide product forms, applications, and manufacturing processes. We rely principally on a combination of patent protection, trade secrets, confidentiality and non-disclosure agreements, and trusted business relationships to establish, maintain, and protect the intellectual property rights relevant to our business. These measures, however, may not be adequate in every given case to permit us to gain or retain any competitive advantage, particularly in those countries where the laws do not protect our proprietary rights as fully as those in the United States. In particular, because silicon carbide is a well-known material (developed over 100 years ago), and there has been extensive research, development, and publication related to this material and its wide range of applications, obtaining intellectual property rights to key elements of silicon carbide technology can be challenging. Accordingly, at least some of the technology employed in our manufacture of re-crystallized silicon carbide products is not protected by patents.

Where we consider it appropriate, we seek patent protection in the United States and other countries for technologies used in, or relating to, our re-crystallized silicon carbide product forms, applications, and manufacturing processes. The issuance of a patent is not conclusive as to its scope, validity, and enforceability. Thus, any patent or patent application which may issue into a patent held by us could be challenged, invalidated, or held unenforceable in litigation or proceedings before the U.S. Patent and Trademark Office and/or other patent tribunals, or they may be circumvented by others. No consistent policy regarding the breadth of patent claims has emerged to date in the United States, and the landscape could become more uncertain in view of future rule changes by the United States Patent and Trademark Office, the introduction of patent reform legislation, and decisions in patent law cases by United States federal courts. The patent landscape outside of the United States is even less predictable. As a result, the validity and enforceability of patents cannot be predicted with certainty. In addition, we may fail to apply for patents on important technologies or product candidates in a timely fashion, if at all, and our existing and future patents may not be sufficiently broad to prevent others from practicing our technologies or from developing competing products or technologies, especially given the long history of silicon carbide development.

Our patent strategy involves complex legal and factual questions. Our ability to maintain and solidify our proprietary technology may depend in part upon our success in obtaining patent rights and enforcing those rights once granted or licensed. We do not know whether any of our pending patent applications will result in the issuance of any patents. Our issued patents and those that may be issued in the future may be challenged, invalidated, rendered unenforceable, or circumvented, which could limit our ability to prevent competitors from marketing similar or related products or shorten the term of patent protection that we may have for our products, processes, and enabling technologies. In addition, the rights granted under any issued patents may not provide us with competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies, duplicate technology developed by us, or otherwise possess intellectual property rights that could limit our ability to manufacture our products and operate our business.

We also rely on trade secret protection for our confidential and proprietary information. Trade secrets, however, can be difficult to protect. We may not be able to maintain our technology or know-how as trade secrets, and competitors may develop or acquire equally valuable or more valuable technology or know-how related to the manufacture of comparable silicon carbide products. We also seek to protect our confidential and proprietary information, in part, by requiring all employees, consultants, and business partners to execute confidentiality and/or nondisclosure agreements upon the commencement of any employment, consulting arrangement, or engagement with us. These agreements generally require that all confidential and proprietary information developed by the employee, consultant, or business partner, or made known to the employee, consultant, or business partner by us, during the relationship with us, be kept confidential and not disclosed to third parties. These agreements may be breached and may not provide adequate remedies in the event of breach. To the extent that our employees, consultants, or business partners use intellectual property owned by others in their work for and/or with us, disputes could arise as to the rights in related or resulting technologies, know-how, or inventions. Moreover, while we also require customers and vendors to execute agreements containing confidentiality and/or nondisclosure provisions, we may not have obtained such agreements from all of our customers and vendors. In addition, our trade secrets may otherwise become known or be independently discovered by competitors, customers, or vendors. Such customers or vendors may also be subject to laws and regulations that require them to disclose information that we would otherwise seek to keep confidential.

Moreover, others may independently develop and obtain patents covering technologies that are similar or superior to the product forms, applications, or manufacturing processes that we employ. If that happens, we may need to obtain licenses for these technologies and may not be able to obtain licenses on reasonable terms, if at all, which could limit our ability to manufacture our future products and operate our business. In addition, third parties could utilize our intellectual property rights in territories where we do not have intellectual property protection. Such third parties may then try to import products made using our intellectual property rights into the United States or other countries, which could have a material adverse effect on our business.

Our contracts with third parties could negatively affect our intellectual property rights.

To further strengthen our product development efforts, we continue to work closely with customers and other third parties to research and develop advancements in silicon carbide product forms, applications, manufacturing processes, and related products and technologies. In some instances, the research and development activities that we conduct with customers and other third parties may produce intellectual property to which we may not have ownership or exclusive rights and will be unable to protect or monetize. Furthermore, there could be disputes between us and a private third party as to the ownership rights to any inventions that we develop in collaboration with such third party. Any such dispute may cause us to incur substantial costs and could place a significant strain on our financial resources, divert the attention of management from our core business, or harm our reputation.

We could become subject to intellectual property litigation that could be costly, limit or cancel our intellectual property rights, divert time and efforts away from business operations, require us to pay damages, and/or otherwise have an adverse material impact on our business.

The success of our business is highly dependent on protecting our intellectual property rights. Unauthorized parties may attempt to copy or otherwise obtain and use our products and/or enabling technologies. Policing the unauthorized use of our intellectual property rights is difficult and expensive, as is enforcing these rights against unauthorized use by others. Identifying unauthorized use of our intellectual property rights is difficult because we may be unable to monitor the processes and/or materials being employed by other parties. The steps we have taken may not prevent unauthorized use of our intellectual property rights, particularly in foreign countries where enforcement of intellectual property rights may be more difficult than in the United States.

Our continued commercial success will also depend in part upon not infringing the patents or violating the intellectual property rights of third parties. We are aware of patents and patent applications generally relating to aspects of our technologies filed by, and issued to, third parties. Nevertheless, we cannot determine with certainty whether such patents or patent applications of other parties may materially affect our ability to conduct our business. There may be existing patents of which we are unaware that we may inadvertently infringe, resulting in claims against us or our customers. In the event that the manufacture, use, and/or sale of our products or processes is challenged, or if our product forms or processes conflict with the patent rights of others, third parties could bring legal actions against us or our customers in the United States, Europe, or other countries, claiming damages and seeking to enjoin the manufacturing and/or marketing of our products. Additionally, it is not possible to predict with certainty what patent claims may issue from any relevant third-party pending patent applications. Third parties may be able to obtain patents with claims relating to our product forms, applications, and/or manufacturing processes which they could attempt to assert against us or our customers.

In any case, litigation may be necessary to enforce, protect or defend our intellectual property rights or to determine the validity and scope of the intellectual property rights of others. Any litigation could be unsuccessful, cause us to incur substantial costs, divert resources and the efforts of our personnel away from daily operations, harm our reputation, and/or result in the impairment of our intellectual property rights. In some cases, litigation may be threatened or brought by a patent-holding company or other adverse patent owner who has no relevant product revenues and against which our patents may provide little or no deterrence. If we are found to infringe any patents, we could be required to (1) pay substantial monetary damages, including lost profits, reasonable royalties, and/or treble damages if an infringement is found to be willful and/or (2) totally discontinue or substantially modify any products or processes that are found to be in violation of another party's intellectual property rights. If our competitors are able to use our technology without payment to us, our ability to compete effectively could be harmed.

We face competition and technological advances by competitors, which could adversely affect the sales of our products.

The growth of our Company depends in part on maintaining and growing the sales of our current products in existing and new markets, but also in developing new products and technologies. There is significant competition among companies that provide solutions for pollutant emissions from diesel engines and liquids purification. Several companies market products that compete directly with our products. Other companies offer products that potential customers may consider to be acceptable or superior alternatives to our products and services, including products that are verified by the Environmental Protection Agency or other environmental authorities. We face direct competition from companies with greater financial, technological, manufacturing, and personnel resources. Newly developed products could be more effective and cost-efficient than our current or future products.

Any liability for environmental harm or damages resulting from technical faults or failures of our products could be substantial and could materially adversely affect our business and results of operations.

Customers rely upon our products to meet emissions control standards imposed upon them by regulatory bodies. Failure of our products to meet such standards could expose us to claims from customers. Our products are also integrated into goods used by consumers, and therefore a malfunction or the inadequate design of our products could result in product liability claims. Any liability for environmental harm or damages resulting from technical faults or failures could be substantial and could materially and adversely affect our business and results of operations. In addition, a well-publicized actual or perceived problem could adversely affect the market's perception of our products, which would materially impact our financial condition and operating results.

We could become liable for damages resulting from our manufacturing activities, which could have a material adverse effect on our business or cause us to cease operations.

The nature of our manufacturing operations exposes us to potential claims and liability for environmental damage, personal injury, loss of life and damage to, or destruction of, property. Our manufacturing operations are subject to numerous laws and regulations that govern environmental protection and human health and safety. These laws and regulations have changed frequently in the past, and it is reasonable to expect additional and more stringent changes in the future. Our manufacturing operations may not comply with future laws and regulations, and we may be required to make significant unanticipated capital and operating expenditures to bring our operations within compliance with such evolving regulations. If we fail to comply with applicable environmental laws and regulations, manufacturing guidelines, and workplace safety requirements, governmental authorities may seek to impose fines and penalties on us or to revoke or deny the issuance or renewal of operating permits, and private parties may seek damages from us. Under such circumstances, we could be required to curtail or cease operations, conduct site remediation or other corrective action, or pay substantial damage claims for which we may not have sufficient or any insurance coverage for claims.

Our actual or perceived failure to adequately protect personal data could adversely affect our business, financial condition, and results of operations.

A wide variety of provincial, state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy and data protection-related laws and regulations are evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations. Further, our legal and regulatory obligations in foreign jurisdictions are subject to unexpected changes, including the potential for regulatory or other governmental entities to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations, or to increase penalties significantly. Compliance with these laws and regulations can be costly and can delay or impede the development and offering of new products and services.

For example, the General Data Protection Regulation, which became effective in May 2018, imposes more stringent data protection requirements and provides for significantly greater penalties for noncompliance than the European Union laws that previously applied. Additionally, California recently enacted legislation, the California Consumer Privacy Act, which became effective on January 1, 2020. We may also be subject to additional obligations relating to personal data by contract that industry standards apply to our practices. Our actual or perceived failure to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal data, or to protect personal data from unauthorized access, use, or other processing, could result in enforcement actions and regulatory investigations against us, claims for damages by customers and other affected individuals, fines, damage to our reputation, and loss of goodwill, any of which could have a material adverse effect on our operations, financial performance, and business. Further, evolving and changing definitions of personal data and personal information, including the classification of IP addresses, machine identification information, location data, and other information, may limit or inhibit our ability to operate or expand our business, including limiting business relationships and partnerships that may involve the sharing or uses of data and may require significant costs, resources, and efforts to comply.

Some of our officers and directors are located outside of the United States; therefore, it may be difficult for an investor to enforce within the United States any judgments obtained against us or such officers and directors.

The majority of our officers and some of our directors are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets may be located outside of the United States. As a result, it may be difficult for an investor to affect service of process or enforce within the United States any judgments obtained against us or such officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. In addition, there is uncertainty as to whether the courts of other jurisdictions would recognize or enforce judgments of United States courts obtained against us or our directors and officers predicated upon the civil liability provisions of the securities laws of the United States or any state thereof or be competent to hear original actions brought in other jurisdictions against us or such officers and directors predicated upon the securities laws of the United States or any state thereof.

We have signed partnership, distribution, and joint venture agreements and may engage in additional collaborations, joint ventures, or strategic alliances in the future, and we may not realize the benefits of such arrangements.

From time to time, we may enter into partnership, exclusivity, distribution, or joint venture agreements. Establishment of these agreements involves significant risks and uncertainties, including (i) our inability to cooperate with our local partner, (ii) our local partner having economic, business, or legal interests or goals that are inconsistent with ours, and (iii) the potential that our local partner may be unable to meet its economic or other obligations, which may require us to fulfill those obligations alone. In any joint venture in which we engage, we will rely on our local partner for the implementation of much of any such joint venture operation, and the success of any such operation is thus not entirely within our control. Any failure or perceived failure of a joint venture may have a material impact on our operations and financial condition.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results, and current and potential stockholders may lose confidence in our financial reporting.

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to assess the effectiveness of our internal control over financial reporting and to disclose in our filing if such controls were unable to provide assurance that a material error would be prevented or detected in a timely manner. We have an ongoing program to review the design of our internal controls framework in keeping with changes in business needs, implement necessary changes to our controls design, and test the system and process controls necessary to comply with these requirements. If our internal controls over financial reporting is determined to be ineffective, resulting in material weaknesses and/or significant deficiencies, investor perceptions regarding the reliability of our financial statements may be adversely affected, which could cause a decline in the market price of our stock and otherwise negatively affect our liquidity and financial condition.

In Item 9A, we disclose that, with respect to the standards of Sarbanes-Oxley Section 404 and the internal controls standard to which we are subjected, we reported material weaknesses in our internal controls over financial reporting. For additional information on this item, please see Item 9A, Controls and Procedures.

Although we believe our historical efforts have strengthened our internal control over financial reporting (and we concluded that our financial statements were reliable, notwithstanding the material weakness we reported), we cannot be certain that our revised internal control practices will ensure that we will have or maintain adequate internal control over financial reporting in future periods. Any failure to have or maintain such internal controls could adversely impact our ability to report our financial results accurately and on a timely basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations.

We may have risks associated with security of our information technology systems.

We make significant efforts to maintain the security and integrity of our information technology systems and data. Despite significant efforts to create security barriers to such systems, it is virtually impossible for us to entirely mitigate this risk. There is a risk of industrial espionage, cyber-attacks, misuse or theft of information or assets, or damage to assets by people who may gain unauthorized access to our facilities, systems, or information. Such cybersecurity breaches, misuse, or other disruptions could lead to the disclosure of confidential information; improper usage and distribution of our intellectual property; theft, manipulation, and destruction of private and proprietary data; and production downtimes. Although we actively employ measures to prevent unauthorized access to our information systems, preventing unauthorized use is inherently difficult. These events could adversely affect our financial results, and any legal action in connection with any such cybersecurity breach could be costly and time-consuming, may divert management's attention and adversely affect the market's perception of us and our products. In addition, we must frequently expand our internal information system to meet increasing demand in storage, computing, and communication, which may result in increased costs. Our internal information system is expensive to expand and must be highly secure due to the sensitive nature of our customers' information that we transmit. Building and managing the support necessary for our growth places significant demands on our management and resources. These demands may divert such resources from the continued growth of our business and implementation of our business strategy.

RISKS RELATED TO OUR COMMON STOCK

Future equity financings or convertible debt issuances would dilute your ownership and could adversely affect your common stock ownership rights in comparison with those of other security holders.

Our Board of Directors has the power to issue additional shares of common or preferred stock without stockholder approval. In general, stockholders do not have preemptive rights to any common stock issued by us in the future; therefore, stockholders may experience additional dilution of their equity investment if we issue additional shares of common stock in the future, including shares issuable under equity incentive plans, or if we issue securities that are convertible into shares of our common stock.

If additional funds are raised through the issuance of equity or convertible debt securities, the percentage of ownership of our existing stockholders will be reduced, and such newly issued securities may have rights, preferences, or privileges senior to those of existing stockholders. If we issue additional common stock or securities convertible into common stock, such issuance will reduce the proportionate ownership and voting power of each other stockholder. In addition, such stock issuances might result in a reduction of the market value of our common stock, which could make our stock unattractive to existing stockholders.

We will not receive a significant amount, or potentially any, additional funds upon the exercise of our pre-funded warrants; however, any exercise would increase the number of shares eligible for future resale in the public market and result in substantial dilution to our stockholders.

As of December 31, 2023, we have issued pre-funded warrants to purchase a total of 3,930,008 shares of our common stock, of which none have been exercised. Each pre-funded warrant is exercisable for $0.008 per share of common stock underlying such pre-funded warrant, which may be paid by way of a cashless exercise--meaning that the holder may not pay a cash purchase price upon exercise, but instead would receive upon such exercise the net number of shares of common stock determined according to the formula set forth in the pre-funded warrant. Accordingly, we will not receive a significant amount, or potentially any, additional funds upon the exercise of the pre-funded warrants. To the extent such pre-funded warrants are exercised, additional shares of common stock will be issued for nominal or no additional consideration, which will result in substantial dilution to the then existing holders of our common stock and will increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of the common stock, causing our stock price to decline.

Provisions in our articles of incorporation and bylaws could discourage a change in control or an acquisition of us by a third party, even if the acquisition would be favorable to you, thereby adversely affecting existing stockholders.

Our articles of incorporation and bylaws contain provisions that may have the effect of making it more difficult or delaying attempts by others to obtain control of our Company, even when these attempts may be in the best interests of stockholders. For example, our articles of incorporation authorize our Board of Directors, without stockholder approval, to issue one or more series of preferred stock, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of common stock. These provisions and others that could be adopted in the future could deter unsolicited takeovers or delay or prevent changes in our control or management, including transactions in which stockholders might otherwise receive a premium for their shares over then-current market prices. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

There is limited trading volume of our common stock, which could make it difficult for you to liquidate an investment in our common stock in a timely manner.

Since April 16, 2019, our common stock has been traded on Nasdaq Capital Market under the ticker LIQT. Because there is limited volume in our common stock, investors may not be able to liquidate their investments when they desire to do so.

In addition, if we fail to meet the criteria set forth in SEC and Nasdaq Capital Market rules and regulations, various requirements would be imposed by law on broker-dealers who sell our securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling our common stock, which may further affect its liquidity.

If securities analysts do not publish research or reports about our business or if they downgrade us or our sector, the price of our common stock could decline.

The trading market for our common stock will depend in part on research and reports that industry or financial analysts publish about us or our business. Furthermore, if one or more of the analysts who cover us downgrades us, the industry in which we operate, or the stock of any of our competitors, the price of our common stock may decline. If one or more of these analysts ceases coverage altogether, we could lose visibility, which could also lead to a decline in the price of our common stock.

The market price of our common stock has been and may continue to be volatile.

The market price of our common stock has been volatile and fluctuates widely in response to various factors that are beyond our control. The price of our common stock is not necessarily indicative of our operating performance or long-term business prospects. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock. Factors such as the following could cause the market price of our common stock to fluctuate substantially:

- the underlying price of the commodities that affect our key markets of industrial water filtration, marine, and oil & gas;
- announcements of capital budget changes by major customers;
- the introduction of new products by our competitors;
- announcements of technology advances by us or our competitors;
- current events affecting the political and economic environment in the United States, Europe, or Asia;
- conditions or industry trends, including demand for our products, services, and technological advances;
- changes to financial estimates by us or by any securities analysts who might cover our stock;
- additions or departures of our key personnel;
- government regulation of our industry;
- seasonal, economic, or financial conditions;
- our quarterly operating and financial results;
- litigation or public concern about the safety of our products; or
- the effect of macroeconomic uncertainty, COVID-19, or other pandemics.

The realization of any of these risks and other factors beyond our control could cause the market price of our common stock to decline significantly. In particular, the market price of our common stock may be influenced by changes in governmental regulations regarding diesel particle emissions and marine wastewater because demand for our products and services is closely related to those regulations. The stock market in general experiences, from time to time, extreme price and volume fluctuations. Periodic and/or continuous market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock. Price volatility may be worse if the trading volume of our common stock is low.

Future sales of our common stock, or the perception that future sales may occur, may cause the market price of our common stock to decline.

If any significant number of our outstanding shares are sold, such sales could have a depressive effect on the market price of our stock. We are unable to predict the effect, if any, that the sale of shares, or the availability of shares for future sale, will have on the market price of the shares prevailing from time to time. Sales of substantial amounts of shares in the public market, or the perception that such sales could occur, could depress prevailing market prices for the shares. Such sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that we deem appropriate.

The Company is considered a "smaller reporting company" and is exempt from certain disclosure requirements, which could make our common stock less attractive to potential investors.

As a "smaller reporting company" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934 (the "Exchange Act"), we are not required and may not include a Compensation Discussion and Analysis section in our proxy statements, provide only three years of business information, provide fewer years of selected financial data; and have other "scaled" disclosure requirements that are less comprehensive than issuers that are not "smaller reporting companies," which could make our stock less attractive to potential investors and could make it more difficult for stockholders to sell their shares.

We have no current plan to pay dividends on our common stock, and investors may lose the entire amount of their investment.

We have no current plans to pay dividends on our common stock; therefore, investors will not receive any funds absent a sale of their shares. We cannot assure investors of a positive return on their investment when they sell their shares, nor can we assure investors will not lose the entire amount of their investment.

PUBLIC COMPANY RISK FACTORS

We will continue to incur significant costs from operating as a public company, and our management may be required to devote substantial time to compliance initiatives that ultimately could have a material adverse effect on our financial condition and results of operations.

As a public company, we expect to continue to incur significant legal, accounting, and other expenses. In addition, the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC, have imposed various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls as well as mandating certain corporate governance practices. Our management and other personnel will continue to devote a substantial amount of time and financial resources to these compliance initiatives.

If we fail to staff our accounting and finance function adequately or maintain internal control systems sufficient to meet the demands that are placed upon us as a public company, we may be unable to report our financial results accurately or in a timely manner and our business and stock price may suffer. The costs of being a public company, as well as the diversion of management's time and attention, may have a material adverse effect on our future business, financial condition, and results of operations.

Changes in U.S. Generally Accepted Accounting Principles ("GAAP") could adversely affect our financial results and may require significant changes to our internal accounting systems and processes.

We prepare our consolidated financial statements in conformity with GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC, and various bodies formed to interpret and create appropriate accounting principles and guidance. The FASB periodically issues new accounting standards on a variety of topics. For information regarding new accounting standards, please refer to Note 1, "Description of Business and Significant Accounting Policies – Recent Accounting Pronouncements," of the Notes to Consolidated Financial Statements in Part II, Item 8, "Financial Statements and Supplementary Data," of this Annual Report on Form 10-K. These and other such standards generally result in different accounting principles, which may significantly impact our reported results or could result in variability of our financial results.

In preparing our financial statements, we make certain assumptions, judgments and estimates that affect amounts reported in our consolidated financial statements, which, if not accurate, may significantly impact our financial results.

We make assumptions, judgments, and estimates for a number of items, including the fair value of financial instruments, goodwill, long-lived assets and other intangible assets; the realizability of deferred tax assets; the recognition of revenue; the fair value of stock awards; and others. We also make assumptions, judgments, and estimates in determining the accruals for employee-related liabilities, including commissions and variable compensation, and in determining the allowance or provisions for uncertain tax positions, doubtful accounts, excess or obsolete inventory, and legal contingencies. These assumptions, judgments, and estimates are drawn from historical experience and various other factors that we believe are reasonable under the circumstances as of the date of the consolidated financial statements. Actual results could differ materially from our estimates, and such differences could significantly impact our financial results.

Item 1B. Unresolved Staff Comments

None.

Item1C. Cybersecurity

We maintain a cyber risk management program designed to identify, assess, manage, mitigate, and respond to cybersecurity threats. This program is integrated within the Company's enterprise risk management system and addresses both the corporate information technology environment and customer-facing products.

The underlying controls and processes of our cyber risk management program are consistent with recognized practices and standards for cybersecurity and information technology, including the National Institute of Standards and Technology ("NIST") Cybersecurity Framework and the International Organization Standardization 27001 Information Security Management System Requirements.

We utilize third-party software to provide continuous monitoring of our infrastructure and to coordinate the investigation and remediation of alerts. A program for staging incident response drills is intended to prepare support teams in the event of a significant incident.

Cyber partners are also a key part of our cybersecurity infrastructure. We partner with leading cybersecurity companies and organizations, leveraging third-party technology and expertise. We engage periodically with these partners to monitor and maintain the performance and effectiveness of cybersecurity products and services that are deployed in our environment.

The Chief Financial Officer, who is responsible for assessing and managing our cyber risk management program, informs senior management regarding the prevention, detection, mitigation, and remediation of cybersecurity incidents and supervises such efforts. The Chief Financial Officer has experience selecting, deploying, and operating cybersecurity technologies, initiatives, and processes, and relies on threat intelligence as well as other information obtained from governmental, public or private sources, including external consultants.

The Audit Committee of the Board of Directors oversees cybersecurity risk exposures and the steps taken by management to monitor and mitigate cybersecurity risks. The cybersecurity team briefs the Audit Committee on the effectiveness of our cyber risk management program, typically on a quarterly basis. In addition, cybersecurity risks are reviewed by the Board of Directors, at least annually, as part of the Company's corporate risk mapping exercise.

We face risks from cybersecurity threats that could have a material adverse effect on our business, financial condition, results of operations, cash flows or reputation. We have experienced, and will continue to experience, cyber incidents in the normal course of our business. However, prior cybersecurity incidents have not had a material adverse effect on our business, financial condition, results of operations, or cash flows. See "Risk Factors – Risks Relating to Our Business – We may have risks associated with security of our information technology systems".

Item 2. Properties

Our corporate headquarters are located at Industriparken 22C, 2750 Ballerup, Denmark. We lease approximately 67,000 square feet at our Ballerup location, of which approximately 10,000 square feet is used for office space and 57,000 square feet is used for production. The lease will expire on August 31, 2028. We also conduct operations at Benshøj Industrivej 24, 9500 Hobro, Denmark, where we lease approximately 45,750 square feet, of which approximately 10,750 square feet is used for office space and 35,000 square feet is used for production. The lease will expire on November 30, 2034. Other operations are located at Sindalsvej 38-40, Risskov, Denmark, where we lease approximately 19,500 square feet, of which approximately 2,200 square feet is used for office space and 17,300 square feet is used for production. The lease will expire on August 31, 2024.

Item 3. Legal Proceedings

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. Please reference Note 9 - Agreements, Commitments and Contingencies for details on such litigation.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is quoted on the Nasdaq Capital Market under the symbol LIQT.

As of December 31, 2023, there were approximately 33 stockholders of record of our common stock as reported by our transfer agent, one of which is Cede & Co., a nominee for Depository Trust Company ("DTC"). All of the shares of common stock held by brokerage firms, banks, and other financial institutions as nominees for beneficial owners are deposited into participant accounts at DTC and are therefore considered to be held of record by Cede & Co. as one stockholder.

We have not paid any cash dividends on our common stock and have no intention of paying any dividends on the shares of our common stock in the future. Subject to Nevada law, our Board of Directors will determine the payment of future dividends on our common stock, if any, and the amount of any dividends subject to:

- any contractual restrictions limiting our ability to pay dividends that may be applicable at such time;
- our earnings and cash flow;
- our capital requirements;
- our financial condition; and
- other factors that our Board of Directors deems relevant.

Since the beginning of our fiscal year ended December 31, 2023, we have not sold any equity securities that were not registered under the Securities Act of 1933 that were not previously reported in a quarterly report on Form 10-Q or in a current report on Form 8-K.

Since the beginning of our fiscal year ended December 31, 2023, we have not repurchased any of our equity securities.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a Nevada corporation, formerly named Blue Moose Media, Inc. In October 2011, we changed our name to LiqTech International, Inc. For more than two decades, we have developed and provided state-of-the-art technologies for gas and liquid purification using silicon carbide ceramic 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 that facilitate new applications and improve existing technologies. In particular, the Company 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 long-standing systems design experience and capabilities, the Company offers solutions to the most difficult water pollution problems.

2023 Developments

On February 15, 2023, the Company entered into a distribution agreement with Liquinex regarding the supply of silicon carbide ceramic membranes.

On April 25, 2023, the Company entered into a distribution agreement with Silicon Filter for Phosphoric Acid Purification Applications in China.

On May 26, 2023, the Company completed a 1-for-8 reverse split of its issued and outstanding shares of Common Stock.

On June 27, 2023, the Company announced that Chairman Mark Vernon would retire from the Board with immediate effect. Alexander J. Buehler, a member of the Board of Directors, was appointed as the new Chairman of the Board. Further, the Company announced that Martin Kunz was appointed to the Company's Board of Directors, also with immediate effect.

On October 13, 2023, the Company and the Purchasers entered into an amendment to the Note and Warrant Purchase Agreement (the "Amendment") and Allonge No. 1 to each of the Notes (collectively, the " Allonges"), each as more fully described in the current report on Form 8-K filed with the SEC on October 19, 2023, effective as of September 30, 2023, pursuant to which the Company and the Purchasers extended the maturity date of the Notes from June 20, 2024, to January 1, 2026 (the "Extension").

On October 30, 2023, the Company entered into a distribution agreement with Barr + Wray for Aqua Solution® swimming pool water filtration systems covering the Middle East.

On November 2, 2023, the Company entered into a distribution agreement with Waterco for Aqua Solution® swimming pool water filtration systems covering Australia, New Zealand, Papua New Guinea, and the Pacific Islands.

On November 13, 2023, the Company filed an amendment to its Articles of Incorporation to increase the number of authorized shares of the Company's common stock from 12,500,000 shares to 50,000,000 shares, which was approved by the Company's stockholders at the Company's on November 9, 2023.

Results of Operations

Results of Operations for the Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

The following table sets forth our revenues, expenses, and net income for the years ended December 31, 2023 and 2022 in U.S. dollars, except for percentages.

	For the Year Ending December 31,				Period to Period Change	
	2023	As a % of Sales	2022	As a % of Sales	$	Percent %
Revenue	18,001,652	100.0%	15,982,438	100.0%	2,019,214	12.6%
Cost of Goods Sold	15,226,176	84.6	15,415,294	96.5	(189,118)	(1.2)
Gross Profit	2,775,476	15.4	567,144	3.5	2,208,332	389.4
Operating Expenses						
Selling expenses	4,298,905	23.9	3,669,887	23.0	629,018	17.1
General and administrative expenses	4,856,779	27.0	5,701,955	35.7	(845,176)	(14.8)
Research and development expenses	1,418,842	7.9	1,835,890	11.5	(417,048)	(22.7)
Restructuring costs	-	-	1,893,166	11.8	(1,893,166)	(100.0)
Total Operating Expenses	10,574,526	58.7	13,100,898	82.0	(2,526,372)	(19.3)
Loss from Operations	(7,799,050)	(43.3)	(12,533,754)	(78.4)	4,734,704	(37.8)
Other Income (Expense)						
Interest and other income	366,365	2.0	384,058	2.4	(17,693)	(4.6)
Interest expense	(151,670)	(0.8)	(419,942)	(2.6)	268,272	(63.9)
Amortization discount on Convertible Note	(400,903)	(2.2)	(2,389,128)	(14.9)	1,988,225	(83.2)
Gain (Loss) on currency transactions	(359,960)	(2.0)	404,162	2.5	(764,121)	(189.1)
Gain (Loss) on lease termination	-	-	147,452	0.9	(147,452)	(100.0)
Gain (Loss) on assets held for sale	(439,388)	(2.4)	-	-	(439,388)	-
Gain (Loss) on sale of property and equipment	7,254	0.0	635	0.0	6,619	1,042.4
Total Other Income (Expense)	(978,302)	(5.4)	(1,872,763)	(11.7)	894,462	(47.8)
Loss Before Income Taxes	(8,777,352)	(48.8)	(14,406,517)	(90.1)	5,629,166	(39.1)
Income Taxes Provision (Benefit)	(206,207)	(1.1)	(237,410)	(1.5)	31,203	(13.1)
Net Loss	(8,571,145)	(47.6)	(14,169,107)	(88.7)	5,597,963	(39.5)

Revenues

Revenue for the year ended December 31, 2023 was $18,001,652 compared to $15,982,438 for the same period in 2022, representing an increase of $2,019,214, or 13%. The increase in revenue was underpinned by an uptick in system sales, general spare parts and related services, and plastic component sales, partly offset by a decline in sales of DPFs and ceramic membranes.

- For the years ended December 31, 2023 and 2022, sales of systems, spare parts and related services were $7,705,080 and $5,297,286, respectively, and accounted for 42% and 33% of our total sales.
- For the years ended December 31, 2023 and 2022, sales of DPFs and ceramic membranes were $6,232,628 and $6,844,861, respectively, and accounted for 35% and 43% of our total sales.
- For the years ended December 31, 2023 and 2022, plastics revenues were $3,736,529 and $3,528,606, respectively, and accounted for 21% and 22% of our total sales.

The increase in system sales and related services of $2,407,794, reflecting a year-on-year increase of 46%, is a result of the increased focus on aftermarket activities through the establishment of a new dedicated aftermarket organization that generated an uptick in spare parts and membrane housing orders, , coupled with continued traction within our system business related to pool and marine system deliveries as well as oil & gas and industrial system applications.

The sales of DPFs and ceramic membranes experienced a year-on-year decline of 9% to $6,232,628, as the year ended December 31, 2022, benefitted from delivery of a large legacy DPF order. In addition, the Company has applied a deliberate focus to optimize the product mix in favor of higher-margin products, explaining the significant improvement in gross profit for the year.

The sale of plastic products benefitted from a year-on-year increase of 6% to $3,736,529, underpinned by increased customer diversification, stable order intake, and the successful execution of a large new order for the construction industry.

For the years ended December 31, 2023 and 2022, revenue from R&D projects was $327,415 and $311,685, respectively, reflecting an increase of 5%.

Gross Profit

Gross profit for the year ended December 31, 2023, was $2,775,476, or 15.4%, compared to $567,144, or 3.5%, for the same period in 2022, representing an increase of $2,208,332, or approximately 389%. The increase derives from a reduction in cost of goods sold due to an improved product mix and increased pricing discipline within the legacy ceramic DPF business, coupled with continued delivery of profitable system and aftermarket orders within the pool, oil & gas, and phosphoric acid businesses.

These efforts resulted in improved profitability, despite remediation costs related to legacy system deliveries and increased depreciation from recent investments in manufacturing equipment and facilities to improve kiln utilization and manufacturing throughput. Included in the gross profit for the year ended December 31, 2023 is depreciation of $2,575,824 compared to $1,822,402 for the same period in 2022.

Expenses

Total operating expenses for the year ended December 31, 2023, were $10,574,526, representing a decrease of $2,526,372, or approximately 19%, compared to $13,100,898 for the same period in 2022. Adjusting for the reported restructuring costs of $1,893,166 incurred in 2022, total operating expenses decreased by $633,206, or 6%.

Selling expenses for the year ended December 31, 2023, were $4,298,905 compared to $3,669,887 for the same period in 2022, representing an increase of $629,018, or approximately 17%. The increase is explained by the onboarding of new sales and commercial leadership in 2023, partly offset by the ongoing focus on cost reduction and reduced bad debt expenses.

General and administrative expenses for the year ended December 31, 2023, were $4,856,779 compared to $5,701,955 for the same period in 2022, representing a decrease of $845,176, or 15%. The decrease is attributed to reduced legal expenses, the absence of costs associated with the now-closed production facility in China, the CEO transition, and other transition costs related to management changes executed in 2022.

Included in general and administrative expenses is non-cash compensation expense of $627,904 and $934,423 for the years ended December 31, 2023 and December 31, 2022, respectively, representing a decrease of $306,519, or 33%, mainly explained by the stock grants awarded to management amid the 2022 CEO transition.

The following is a summary of our non-cash compensation:

	2023	2022
Compensation for vesting of restricted stock awards issued to the Board of Directors	$ 203,708	$ 167,750
Compensation for vesting of restricted stock awards issued to management	424,196	766,673
Total Non-Cash Compensation	**$ 627,904**	**$ 934,423**

Research and development expense for the year ended December 31, 2023, was $1,418,842 compared to $1,835,890 for the same period in 2022, representing a decrease of $417,048, or 23%. The decrease was attributable to the centralization of R&D efforts to streamline R&D spend and allow for better resource allocation and prioritization of projects.

Restructuring costs for the year ended December 31, 2023, were $0 compared to $1,893,166 for the same period in 2022.

Other income (expenses)

Total Other income (expense) for the year ended December 31, 2023, was $(978,302) compared to $(1,872,763) for the comparable period in 2022, representing a decrease of $894,462, or 48%. Total Other income (expense) in 2023 reflects a loss on assets held for sale along with a reduced gain on currency transactions, with the increased levels in the prior period explained by non-recurring transactions related to the now-closed production facility in China, the receipt of COVID-19 grants, and the early repayment of the Convertible Note.

Income taxes provision

The income tax benefit for the year ended December 31, 2023, was $206,207 compared to a benefit of $237,410 for the comparable period in 2022, representing a decrease of $31,203, or 13%, mainly driven by a decrease in tax credits associated with research and development activities in Denmark.

Net Loss

Net loss for the year ended December 31, 2023 was $(8,571,145) compared to $(14,169,107) for the comparable period in 2022, representing an improvement of $5,597,963, or approximately 40%.

The change was primarily attributable to the improved gross profit combined with the notable non-recurring items recorded in 2022, including restructuring costs, early repayment of the Convertible Note, closure of the production facility in China, and the CEO transition.

Liquidity and Capital Resources

In relation to the delivery and installation of new machinery and equipment to facilitate revenue growth, the Company has secured approximately $1.4 million of new finance leases from financial institutions to further strengthen its liquidity. On September 30, 2023, the Company proactively addressed the maturity of the $6 million senior promissory notes, extending the original maturity from June 2024 to January 2026 with terms and conditions that are generally aligned with the original agreement dated on June 22, 2022.

Based on current projections, which are subject to significant uncertainties--including the duration and severity of global macroeconomic issues, geopolitical instability, commodity price volatility, and continued global supply chain disruptions--the Company believes that the cash on hand, as well as ongoing cash generated from operations, will be sufficient to cover its capital requirements and committed investments for the next 12 months.

Continued market uncertainty and reduced order intake caused by weakening global macroeconomic conditions, recession, or a resurgence of the COVID-19 pandemic, however, could unfavorably impact the Company's ability to generate positive cash flow and thereby significantly reduce its profitability and liquidity position.

While the Company anticipates that its proactive measures will be sufficient to protect the business over the coming 12 months, the Company cannot predict the specific duration and severity of the unfavorable market dynamics that may adversely affect the business. In the future, the Company may experience reduced or changed demand for its products and services, especially if there is a global recession, structural shift in regulation, or the continuation of escalating interest rates that adversely impacts the investment decisions of our customers.

The Company has historically satisfied its capital and liquidity requirements through offerings of equity instruments, cash from operations, and our available lines of credit. On December 31, 2023, we had cash of $10,422,181 and net working capital of $14,590,430, and on December 31, 2022, we had cash of $16,597,371 and net working capital of $21,581,287. On December 31, 2023, our net working capital had decreased by $6,990,857 compared to December 31, 2022, mainly due to a reduction in cash and cash equivalents.

In connection with certain orders, we provide the customer a working guarantee, a prepayment guarantee, or a security bond. For that purpose, we maintain a guaranteed credit line of EUR 850,000 (approximately $940,000), which is secured by a cash deposit.

Going Concern and Management's Plans

The financial statements included herein for the period ended December 31, 2023, were prepared under the assumption that we would continue our operations as a going concern, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business. As of December 31, 2023, we had cash and cash equivalents of $10,422,181, net working capital of $14,590,430, an accumulated deficit of $75,922,180, and total assets and liabilities of $35,971,847 and $18,695,831, respectively. We have incurred losses from continuing operations, used cash in our continuing operations, and remain dependent on external financing to fund operations. These conditions raise substantial doubt about our ability to continue as a going concern for one year after the date the financial statements are issued. The financial statements included elsewhere herein do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

The Company has initiated substantial cost reductions and profitability improvement measures to help right-size the business and develop a clear and sustainable path to profitability, further underpinned by an updated strategy and onboarding of key executives. There can be no assurance, however, that the Company will be able to obtain any sources of funding. Such additional funding may not be available or may not be available on reasonable terms, and in the case of equity financing transactions, could result in significant additional dilution to our stockholders. If we do not obtain required additional equity or debt funding, our cash resources could be depleted and we could be required to materially reduce or suspend operations, which would likely have a material adverse effect on our business, stock price, and our relationships with third parties with whom we have business relationships, at least until additional funding is obtained. If we do not have sufficient funds to continue operations, we could be required to seek bankruptcy protection or other alternatives that could result in our stockholders losing some or all of their investment.

Cash Flows

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Cash used by operating activities is net income (losses) adjusted for certain non-cash items and changes in assets and liabilities. Cash used by operating activities for the year ended December 31, 2023, was $4,183,918 compared to cash used by operating activities of $12,039,020 for the year ended December 31, 2022, representing a decrease of $7,855,102. The cash used by operating activities for the year ended December 31, 2023, consists mainly of the net loss for the year of $(8,571,145) adjusted by depreciation and other non-cash items of $4,544,181. Further, changes in assets and liabilities included an increase of Inventory of $1,045,838, an increase of Accounts receivables of $765,956, and an increase in Contract assets/liabilities of $1,108,589, offset by a decrease in Deposits of $1,403,707 and an increase of Accounts payable of $990,538.

Net cash used in investing activities was $2,886,036 for the year ended December 31, 2023, as compared to $1,689,986 for the year ended December 31, 2022, representing an increase of $1,196,050. The investing activities include the purchase of property and equipment to satisfy earlier commitments made for the production facility in China, with select equipment re-directed to the manufacturing facility in Ballerup as part of the strategic negotiation with vendors.

Cash provided by financing activities was $580,645 for the year ended December 31, 2023, as compared to $13,696,551 for the year ended December 31, 2022, representing a decrease of $13,115,906. The decrease was mainly driven by the equity raise recorded in May 2022, generating net proceeds of $24,418,612 from the issuance of Common Stock and prefunded warrants, coupled with proceeds of $6,000,000 from the issuance of the new Senior Promissory Notes, and partly offset by the full repayment of the Convertible Note issued in April 2021 of $16,800,000.

	2023	2022
Net Cash Used in Operating Activities	$ (4,183,918)	$ (12,039,020)
Net Cash Used in Investing Activities	(2,886,036)	(1,689,986)
Net Cash Provided by Financing Activities	580,645	13,696,551
Net Change in Cash and Cash Equivalents	(6,175,190)	(892,009)
Cash and Cash Equivalents at End of Period	$ 10,422,181	$ 16,597,371

Off-Balance Sheet Arrangements

As of December 31, 2023, we had no off-balance sheet arrangements. We are not aware of any material transactions that are not disclosed in our consolidated financial statements.

Critical Accounting Policies

The methods, estimates, and judgments that we use in applying our accounting policies have a significant impact on the results that we report in our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. Our most critical accounting estimates include:

- The assessment of revenue recognition, which impacts revenue and cost of sales;
- The assessment of allowance for product warranties, which impacts cost of sales;
- The assessment of collectability of accounts receivable, which impacts operating expenses when and if we record bad debt or adjust the allowance for doubtful accounts;
- The assessment of recoverability of long-lived assets, which impacts gross margin or operating expenses when and if we record asset impairments or accelerate their depreciation;
- The recognition and measurement of current and deferred income taxes (including the measurement of uncertain tax positions), which impact our provision for taxes;
- The valuation of inventory, which impacts cost of sales; and
- The recognition and measurement of loss contingencies, which impact cost of sales or operating expenses when we recognize a loss contingency, revise the estimate for a loss contingency, or record an asset impairment.

We discuss these policies further below as well as the estimates and judgments involved.

Accounts Receivable / Long-Term Receivable / Allowance for Doubtful Accounts / Bad Debt

Accounts receivable consist of trade receivables arising from credit sales to customers in the normal course of business. These receivables are recorded at the time of sale, net of an allowance for current expected credit losses. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 326, "Financial Instruments – Credit Losses," the Company estimates expected credit losses based on historical bad debt experience, the aging of accounts receivable, the current creditworthiness of our customers, prevailing economic conditions, and reasonable and supportable forward-looking information.

The roll-forward of the allowance for doubtful accounts for the year ended December 31, 2023 and December 31, 2022 was as follows:

	2023	2022
Allowance for doubtful accounts at the beginning of the period	$ 59,559	$ 409,076
Bad debt expense	82,066	(24,534)
Receivables written off during the periods	(10,298)	(295,778)
Effect of currency translation	3,585	(29,205)
Allowance for doubtful accounts at the end of the period	$ 134,912	$ 59,559

Goodwill and Definite-life intangible assets

The Company accounts for Goodwill and definite-life intangible assets in accordance with the provisions of the Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, Intangibles, Goodwill and Other. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually in accordance with the provisions of Topic 350. Impairment losses arising from this impairment test, if any, are included in operating expenses in the period of impairment. Topic 350 requires that definite-life intangible assets be amortized over their respective estimated useful lives and reviewed for impairment in accordance with Topic 360, Criteria for Recognition of an Impairment of Long-Lived Assets.

The Company did not record an impairment charge on goodwill during the years ended December 31, 2023 and 2022, as management's estimated fair value of the reporting unit exceeded its carrying value determined during impairment testing in the fourth quarters of 2023 and 2022.

Long-Lived Assets

We assess the impairment of long-lived assets when events or changes in circumstances indicate that the carrying value of the assets or the asset grouping may not be recoverable. Factors that we consider in deciding when to perform an impairment review include significant under-performance of a business or product line in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in our use of the assets. We measure the recoverability of assets that will continue to be used in our operations by comparing the carrying value of the asset grouping to our estimate of the related total future undiscounted net cash flows. If an asset grouping's carrying value is not recoverable through the related undiscounted cash flows, the asset grouping is considered to be impaired. The impairment is measured by comparing the difference between the asset grouping's carrying value and its fair value.

Impairments of long-lived assets are determined for groups of assets related to the lowest level of identifiable independent cash flows. Due to our asset usage model and the interchangeable nature of our ceramic filter manufacturing capacity, we must make subjective judgments in determining the independent cash flows that can be related to specific asset groupings. In addition, as we make manufacturing process changes and other factory planning decisions, we must make subjective judgments regarding the remaining useful lives of assets, primarily process-specific filter manufacturing tools and building improvements. If we determine that the useful lives of assets are shorter than we had originally estimated, we accelerate the rate of depreciation over the assets' new, shorter useful lives.

Management has analyzed the impact of the current economic climate on its financial statements as of December 31, 2023, and has determined that the changes to its significant judgements and estimates did not have a material impact with respect to goodwill, intangible assets, or long-lived assets. During the years ended December 31, 2023 and 2022, no impairment charge of long-lived assets has been recorded.

Revenue Recognition

On January 1, 2018, the Company adopted Accounting Standards Codification Topic 606, “Revenue from Contracts with Customers,” which includes clarifying ASUs issued in 2015, 2016 and 2017 (“new revenue standard”). The new revenue standard was applied to all open revenue contracts using the modified retrospective method as of January 1, 2018.

The Company sells products throughout the world; sales by geographical region are as follows:

	% Distribution		For the Year Ended December 31	
	2023	2022	2023	2022
Americas	12%	7%	$ 2,125,460	$ 1,073,433
Asia-Pacific	14%	21%	2,506,215	3,406,420
Europe	65%	59%	11,820,674	9,379,337
Middle East & Africa	9%	13%	1,549,303	2,123,248
	100%	100%	$ 18,001,652	$ 15,982,438

The Company’s sales by product and service are as follows for the years ended December 31, 2023 and 2022:

	% Distribution		For the Year Ended December 31	
	2023	2022	2023	2022
Water	42%	33%	$ 7,705,080	$ 5,297,286
Ceramics	35%	43%	6,232,628	6,844,861
Plastics	21%	22%	3,736,529	3,528,606
Corporate	2%	2%	327,415	311,685
	100%	100%	$ 18,001,652	$ 15,982,438

For Water (systems and aftermarket), Ceramics (diesel particulate filters and membranes), and Plastics (components), revenue is recognized when performance obligations specified within the terms of a contract with the customer are satisfied, which occurs when control of the product transfers to the customer or when services are rendered by the Company. The majority of the Company's sales contracts contain performance obligations satisfied at a point in time when title along with risks and rewards of ownership have transferred to the customer. This generally occurs when the product is shipped or accepted by the customer. Revenue for service contracts is recognized as the services are provided. Revenue is measured as the amount of consideration expected to be received in exchange for transferring the goods or providing services. The satisfaction of performance obligations under the terms of a revenue contract generally gives rise to the right to receive payment from the customer. The Company's standard payment terms vary by the type and location of the customer and the products or services offered. Generally, the time between when revenue is recognized and when payment is due is not significant. Pre-payments received prior to satisfaction of performance obligations are recorded as a Contract liability. Considering the relatively short time between revenue recognition and receipt of payment, financing components do not exist between the Company and its customers.

For contracts with customers that include multiple performance obligations, judgment is required to determine whether performance obligations specified in these contracts are distinct and should be accounted for as separate revenue transactions for recognition purposes. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price. Standalone selling prices are generally determined based on the prices charged to customers or using expected cost-plus margin.

System sales are recognized when the Company transfers control to the customer based upon sales and delivery conditions specified in the sales contract. This typically occurs upon shipment of the system from the production facility but can also occur upon other agreed delivery terms. In connection with the completion of the system, it is normal procedure to issue a FAT (Factory Acceptance Test) asserting that the customer has accepted the performance of the system as it is being shipped from our production facility in Hobro. As part of the performance obligation, the customer is normally offered commissioning services (final assembly and configuration at a place designated by the customer), and this commissioning is therefore considered a second performance obligation and is valued at cost, with the addition of a standard gross profit. This second performance obligation is recognized as revenue at the time of the commissioning services being rendered together with the cost incurred. Part of the invoicing to the customer is also attributed to the commissioning, and at transfer of the control of the system (i.e., the first performance obligation), this portion is recognized as Contract Liabilities.

Aftermarket sales represent parts, extended warranties, and maintenance services. For the sale of aftermarket parts, the Company transfers control and recognizes revenue when parts are shipped to the customer. When customers are given the right to return eligible parts and accessories, the Company estimates the expected returns based on an analysis of historical experience. The Company adjusts estimated revenues at the earlier of when the most likely amount of consideration expected to be received changes or when the consideration becomes fixed. The Company recognizes revenue for extended warranty and maintenance agreements based on the standalone selling price over the life of the contract.

The Company has received long-term contracts for grants from government entities for the development and use of silicon carbide membranes in various water filtration and treatment applications and historically in the installation of various water filtrations systems. We measure transfer of control of the performance obligation on long-term contracts utilizing the cost-to-cost measure of progress, with cost of revenue including direct costs such as labor and materials. Under the cost-to-cost approach, the use of estimated costs to complete each performance obligation is a significant variable in the process of determining recognized revenue and a significant factor in the accounting for such performance obligations. The timing of when we bill our customers is generally dependent upon advance billings terms, milestone billings based on completion of certain phases of the work or when services are provided, or when products are shipped. Projects with performance obligations recognized over time that have costs and estimated earnings recognized to date in excess of cumulative billings are reported on our balance sheet as Contract assets. Projects with performance obligations recognized over time that have cumulative billings in excess of costs and estimated earnings recognized to date are reported on our balance sheet as Contract liabilities.

Contract assets are the Company's rights to consideration in exchange for goods or services and is recognized when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement. Contract liabilities are payments received from customers prior to satisfaction of performance obligations, and these balances are typically related to prepayments for third-party expenses that are incurred shortly after billing. Contract liabilities also include deferred revenue related to the second performance obligation stated under Revenue Recognition, where the obligation is attributed to the commissioning of the water treatment system.

The roll-forward of Contract assets / liabilities for the periods ended December 31, 2023 and December 31, 2022 is as follows:

	December 31, 2023	December 31, 2022
Cost incurred	$ 3,225,728	$ 3,860,179
Unbilled project deliveries	582,557	950,105
VAT	329,980	229,006
Other receivables	92,619	45,814
Prepayments	(1,688,427)	(3,363,039)
Deferred Revenue	(33,360)	(118,327)
	$ 2,509,097	$ 1,603,738
Distributed as follows:		
Contract assets	$ 2,891,744	$ 2,253,295
Contract liabilities	(382,647)	(649,557)
	$ 2,509,097	$ 1,603,738

Income Taxes

We must make estimates and judgments in determining the provision for income taxes for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, and deductions and in the calculation of certain tax assets and liabilities that arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Significant changes in these estimates may result in an increase or decrease to our tax provision in a subsequent period.

We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must increase our provision for taxes by recording a valuation allowance against the deferred tax assets that we estimate will not ultimately be recoverable. We believe that we will ultimately recover the deferred tax assets recorded on our consolidated balance sheets. Should there be a change in our ability to recover our deferred tax assets, however, our tax provision would increase in the period in which we determined that the recovery was not likely. Recovery of a portion of our deferred tax assets is impacted by management's plans and methods of allocating research and development costs to the underlying reporting units.

The calculation of our tax liabilities involves uncertainties in the application of complex tax regulations in Denmark and the United States. When a tax position is determined uncertain, we recognize liabilities based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. If we determine that a tax position will more likely than not be sustained on audit, the second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we must determine the probability of various possible outcomes. If uncertainties arise, we re-evaluate the tax positions on a quarterly basis. This evaluation is based on factors such as changes in facts or circumstances, changes in tax law, new audit activity, and effectively settled issues. Determining whether an uncertain tax position is effectively settled requires judgment. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

Inventory

The valuation of inventory requires us to estimate excess or obsolete inventory as well as inventory that is not of saleable quality. The determination of excess or obsolete inventory requires us to estimate the future demand for our products. The estimate of future demand is compared to work-in-process and finished goods inventory levels to determine the amount, if any, of excess or obsolete inventory. As of December 31, 2023, we had total raw materials of $3,301,526, total finished goods inventory of $1,507,113, work-in-process inventory of $1,271,458, furnace parts and supplies of $55,177, and a reserve for excess and obsolescence of $867,458. The estimated future demand is included in the development of our short-term manufacturing plans to enable consistency between inventory valuation and production decisions. Product-specific facts and circumstances reviewed in the inventory valuation process include a review of the customer base, acceptance of the product by the customer and the various environmental authorities, competitors' products, and an assessment of the selling price in relation to the product cost. If our demand forecast for specific products is greater than actual demand, and we fail to reduce manufacturing output accordingly, we could be required to write off inventory or increase our allowance, which would negatively impact our gross profit.

To determine what costs can be included in the valuation of inventory, we must determine normal capacity at our manufacturing, assembly, and test facilities based on historical production and compared to total available capacity. If the factory production is below the established normal capacity level, a portion of our manufacturing overhead costs would not be included in the cost of inventory and therefore would be recognized as cost of sales in that period, which would negatively impact our gross profit. We refer to these costs as excess capacity charges. The Company has been operating below capacity, and excess capacity charges have been recognized as cost of sales.

Loss Contingencies

We are subject to various legal and administrative proceedings along with asserted and potential claims, accruals related to product warranties, and potential asset impairments (loss contingencies) that arise in the ordinary course of business. An estimated loss from such contingencies is recognized as a charge to income if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is required if there is at least a reasonable possibility that a loss has been incurred. The outcomes of legal and administrative proceedings and claims, and the estimation of product warranties and asset impairments, are subject to significant uncertainty. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. To estimate the losses associated with repairing and replacing parts in connection with product warranties, we make judgments with respect to customer claim rates. At least quarterly, we review the status of each significant matter, and we may revise our estimates. These revisions could have a material impact on our results of operations and financial position.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are not required to provide quantitative and qualitative disclosures about market risk because we are a smaller reporting company.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of LiqTech International, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of LiqTech International, Inc. ("the Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2023 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) related to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgements. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Inventory Costing

Critical Audit Matter Description

As described in Notes 1 and 4 to the consolidated financial statements, the Company uses a standard costing method to value inventory produced. Management reviews and assesses the standard costing estimates annually or more frequently in the event circumstances indicate a change in cost structure or material variance from actual has occurred. In addition to raw materials, labor and energy usage charges, the Company applies production overhead allocations to each item.

We identified the auditing of inventory costing as a critical audit matter because of the significant estimates and assumptions management used in the determination of the standard costing allocation and related overhead allocations. Performing audit procedures to evaluate the reasonableness of these estimates and assumptions required a high degree of auditor judgment and an increased extent of effort.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures consisted of the following:

- Obtaining an understanding and testing management's process for developing the standard costing model and overhead allocations.
- Assessing the accuracy, completeness, and reasonableness of the costs included in the standard costing model, including overhead allocations to ensure all costs capitalized were appropriate, complete and proper.
- Evaluating the appropriateness and reasonableness of the assumptions used by management to allocate costs to specific inventory products, including assessing the reasonableness of production times, labor requirement and energy usage utilized.
- Performing cost testing on raw material inputs purchased by tracing the recorded costs to supporting third party invoices.

Revenue Recognition – Contracts with Multiple Performance Obligations

Critical Audit Matter Description

As described in Note 1 to the consolidated financial statements, the Company has some contracts with customers that contain multiple performance obligations. For these contracts, management accounts for individual performance obligations separately if they are distinct. As described by management, management exercises judgment and uses estimates in order to (1) determine whether performance obligations are distinct and should be accounted for separately; (2) determine the standalone selling price of each performance obligation; (3) allocate the transaction price among the various performance obligations on a relative standalone selling price basis; and (4) determine whether revenue for each performance obligation should be recognized at a point in time or over time. Revenue recognized in 2023 related to contracts with multiple performance obligations was approximately $7.4 million.

We identified the auditing of revenue from contracts with multiple performance obligations as a critical audit matter because there was significant judgments by management in identifying, evaluating and accounting for performance obligations in contracts with multiple performance obligations, which led to significant auditor judgment and effort in performing procedures to evaluate whether contracts with multiple performance obligations were appropriately identified, evaluated and accounted for by management.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures consisted of the following:

- Obtaining an understanding and testing management's process for identifying, evaluating, and accounting for contracts with multiple performance obligations.
- Examining revenue arrangements on a test basis, including assessing the key terms and conditions of the arrangements and testing the identification, evaluation, and accounting of the performance obligation for conformity with relevant authoritative guidance.
- Performing procedures to test the completeness and accuracy of the data used to determine estimated stand-alone selling price.
- Evaluating the reasonableness of the approaches used to determine estimated stand-alone selling price.

/s/ Sadler, Gibb & Associates, LLC
We have served as the Company's auditor since 2018.

Draper, UT
March 21, 2024

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	As of December 31, 2023	As of December 31, 2022
Current Assets:		
Cash, cash equivalents and restricted cash	$ 10,422,181	$ 16,597,371
Accounts receivable, net of allowance for doubtful accounts of $ 134,912 and $59,559 at December 31, 2023 and December 31, 2022, respectively	3,171,047	2,310,344
Inventories, net of allowance for excess and obsolete inventory of $ 867,458 and $663,227 at December 31, 2023 and December 31, 2022, respectively	5,267,816	4,062,001
Contract assets	2,891,744	2,253,295
Prepaid expenses and other current assets	337,391	1,720,902
Assets held for sale	-	723,872
Total Current Assets	22,090,179	27,667,785
Long-Term Assets:		
Property and equipment, net of accumulated depreciation of $ 11,828,200 and $9,046,499 at December 31, 2023 and December 31, 2022, respectively	9,007,166	8,296,807
Operating lease right-of-use assets	4,055,837	3,271,997
Deposits and other assets	470,349	450,038
Intangible assets, net of accumulated amortization of $ 558,555 and $438,250 at December 31, 2023 and December 31, 2022, respectively	114,593	212,933
Goodwill	233,723	226,095
Total Long-term Assets	13,881,668	12,457,870
Total Assets	**$ 35,971,847**	**$ 40,125,655**

The accompanying notes are an integral part of these consolidated financial statements.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	As of December 31, 2023	As of December 31, 2022
Current Liabilities:		
Accounts payable	$ 2,444,653	$ 1,389,355
Accrued expenses	3,550,542	3,087,206
Current portion of finance lease obligations	590,550	399,198
Current portion of operating lease liabilities	531,355	561,182
Contract liabilities	382,647	649,557
Total Current Liabilities	7,499,747	6,086,498
Deferred tax liability	101,059	154,645
Finance lease obligation, net of current portion	2,879,932	2,384,011
Operating lease liability, net of current portion	3,527,082	2,710,815
Senior promissory notes payable	4,688,011	5,480,314
Total Long-term liabilities	11,196,084	10,729,785
Total Liabilities	18,695,831	16,816,283
Stockholders' Equity:		
Preferred stock; par value $0.001, 2,500,000 shares authorized, 0 shares issued and outstanding at December 31, 2022 and December 31, 2021	-	-
Common stock; par value $0.001, 50,000,000 shares authorized 5,727,310 and 5,498,260 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	5,727	5,498
Additional paid-in capital	98,796,357	96,975,476
Accumulated deficit	(75,922,180)	(67,351,035)
Accumulated other comprehensive loss	(5,603,888)	(6,320,567)
Total Stockholders' Equity	17,276,016	23,309,372
Total Liabilities and Stockholders' Equity	**$ 35,971,847**	**$ 40,125,655**

The accompanying notes are an integral part of these consolidated financial statements.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Revenue	$ 18,001,652	$ 15,982,438
Cost of Goods Sold	15,226,176	15,415,294
Gross Profit	2,775,476	567,144
Operating Expenses:		
Selling expenses	4,298,905	3,669,887
General and administrative expenses	4,856,779	5,701,955
Research and development expenses	1,418,842	1,835,890
Restructuring costs	-	1,893,166
Total Operating Expenses	10,574,526	13,100,898
Loss from Operations	(7,799,050)	(12,533,754)
Other Income (Expense)		
Interest and other income	366,365	384,058
Interest expense	(151,670)	(419,942)
Amortization of discount on convertible note	(400,903)	(2,389,128)
Gain (loss) on currency transactions	(359,960)	404,162
Gain on lease termination	-	147,452
Gain (loss) on disposal of assets held for sale	(439,388)	-
Gain on sale of property and equipment	7,254	635
Total Other Expense	(978,302)	(1,872,763)
Loss Before Income Taxes	(8,777,352)	(14,406,517)
Income Tax Benefit	(206,207)	(237,410)
Net Loss	(8,571,145)	(14,169,107)
Basic and Diluted Loss Per Share	$ (1.51)	$ (3.20)
Basic and Diluted Weighted Average Common Shares Outstanding	5,688,281	4,424,433

The accompanying notes are an integral part of these consolidated financial statements.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Net Loss	(8,571,145)	(14,169,107)
Other Comprehensive Income (Loss) - Currency Translation, net	716,679	(1,345,168)
Total Comprehensive Loss	$ (7,854,466)	$ (15,514,275)

The accompanying notes are an integral part of these consolidated financial statements.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2023 and 2022

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Compre-hensive Income (Loss)	TOTAL
	Shares	Amount				
BALANCE, December 31, 2022	5,498,260	5,498	96,975,476	(67,351,035)	(6,320,567)	23,309,372
Common stock issued in settlement of RSUs	212,254	212	(212)	-	-	-
Fractional shares from individual shareholder round-up following reverse split	16,796	17	(17)	-	-	-
Warrants issued in connection with Senior Promissory Notes	-	-	1,193,206	-	-	1,193,206
Stock-based compensation	-	-	627,904	-	-	627,904
Currency translation, net	-	-	-	-	716,679	716,679
Net Loss for the year ended December 31, 2023	-	-	-	(8,571,145)	-	(8,571,145)
BALANCE, December 31, 2023	5,727,310	5,727	98,796,357	(75,922,180)	(5,603,888)	17,276,016

The accompanying notes are an integral part of these consolidated financial statements.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2023 and 2022

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Compre-hensive Income (Loss)	TOTAL
	Shares	Amount				
BALANCE, December 31, 2021	2,660,713	2,661	70,929,526	(53,181,928)	(4,975,399)	12,774,860
Common stock issued in settlement of RSUs	20,566	20	(20)	-	-	-
Common shares issued for cash at $ 0.50 per share, net of offering cost of $1,996,469, in May 2022	2,816,981	2,817	24,450,711	-	-	24,453,528
Warrants issued in connection with Senior Promissory Notes	-	-	660,836	-	-	660,836
Stock-based compensation	-	-	934,423	-	-	934,423
Currency translation, net	-	-	-	-	(1,345,168)	(1,345,168)
Net Loss for the year ended December 31, 2022	-	-	-	(14,169,107)	-	(14,169,107)
BALANCE, December 31, 2022	5,498,260	5,498	96,975,476	(67,351,035)	(6,320,567)	23,309,372

The accompanying notes are an integral part of these consolidated financial statements.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2023	**2022**
Cash Flows from Operating Activities:		
Net Loss	$ (8,571,145)	$ (14,169,107)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	3,140,779	2,585,881
Amortization of discount on convertible notes payable	400,903	2,389,128
Stock-based compensation	627,904	934,423
Change in deferred tax liability	(57,539)	(55,994)
Gain on lease termination	-	(147,452)
Loss on disposal of assets held for sale	439,388	-
Gain on sale of equipment	(7,254)	(635)
Changes in assets and liabilities:		
Accounts receivable	(765,956)	(460,837)
Inventory	(1,045,838)	984,130
Contract assets	(825,974)	(460,743)
Prepaid expenses and other current assets	1,403,707	(354,307)
Accounts payable	990,538	(158,797)
Accrued expenses	639,309	(1,632,897)
Operating lease liabilities	(562,948)	(544,391)
Contract liabilities	(282,614)	(234,873)
Assets held for sale	292,822	(712,549)
Net Cash used in Operating Activities	(4,183,918)	(12,039,020)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(2,893,290)	(1,690,621)
Proceeds from sale of property and equipment	7,254	635
Net Cash used in Investing Activities	(2,886,036)	(1,689,986)
Cash Flows from Financing Activities:		
Payments on finance lease obligation	(435,343)	77,939
Proceeds from Sale and Leaseback Agreements	1,015,988	-
Payments on Convertible Note	-	(16,800,000)
Proceeds from issuance of common stock and prefunded warrants	-	24,418,612
Proceeds from issuance of Senior Promissory Notes	-	6,000,000
Net Cash Provided by Financing Activities	580,645	13,696,551
Effect of foreign currency exchange on cash	314,119	(859,554)
Net Change in Cash, Cash Equivalents and Restricted Cash	(6,175,190)	(892,009)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	16,597,371	17,489,380
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 10,422,181	$ 16,597,371

The accompanying notes are an integral part of these consolidated financial statements.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2023	2022
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 178,872	$ 348,575
Income Taxes	-	-
Non-cash financing activities		
Debt discount on Senior Promissory Notes	1,193,206	695,749

The accompanying notes are an integral part of these consolidated financial statements.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Basis of Presentation

The consolidated financial statements include the accounts of LiqTech International, Inc. and its subsidiaries (the “Company”). The terms "Company", “us", "we" and "our" as used in this report refer to the Company and its subsidiaries, which are set forth below. The Company engages in the development, design, production, marketing, and sale of automated filtering systems, ceramic silicon carbide liquid applications, and diesel particulate air filters in the Americas, Asia-Pacific, Europe, and Middle-East & Africa. Set forth below is a description of the Company and each of its subsidiaries:

LiqTech International, Inc., a Nevada corporation organized in July 2004, formerly known as Blue Moose Media, Inc.

LiqTech USA Inc., a Delaware corporation and a 100 % owned subsidiary of the Company formed in May 2011.

LiqTech Holding A/S (formerly known as LiqTech International A/S), a Danish corporation, incorporated on January 15, 2000 (“LiqTech Holding”), a 100 % owned subsidiary of LiqTech USA Inc., handling all joint group activities such as management, marketing, finance, IT, etc.

LiqTech NA, Inc. (“LiqTech NA”), incorporated in Delaware on July 1, 2005, a 100 % owned subsidiary of LiqTech USA Inc., engaged in the production, marketing, and sale of ceramic diesel particulate and liquid filters in the United States and Canada. LiqTech NA closed operations in January 2021, and all activity in this company has ceased.

LiqTech Water A/S (formerly known as LiqTech Systems A/S), a Danish corporation (“LiqTech Water”), incorporated on September 1, 2009, engaged in the manufacture of fully automated filtering systems for use within marine applications, municipal pool and spa applications, and other industrial applications within Denmark and international markets.

LiqTech Plastics A/S (formerly known as BS Plastic A/S), a Danish corporation (“LiqTech Plastics”), acquired on September 1, 2019, engaged in the manufacture of specialized machined and welded plastic parts within Denmark and international markets.

LiqTech Ceramics A/S, a Danish corporation (“LiqTech Ceramics”), incorporated on December 20, 2019, engaged in the development, design, application, marketing, and sales of membranes, ceramic diesel particulate and liquid filters, and catalytic converters in Europe, Asia, and South America.

LiqTech Water Projects A/S, a Danish corporation (“LiqTech Water Projects”), incorporated on July 28, 2020, that is a dormant company without activity. This company was formed to include the investments for our joint venture in the Middle East.

LiqTech Emission Control A/S, a Danish corporation (“LiqTech Emission Control”), incorporated on March 1, 2021, that is a dormant company without activity. This company was formed to include the investments for our joint venture in China.

LiqTech Environment Technologies (China) Co. Ltd. (“LiqTech China”), incorporated on September 23, 2021, to be engaged in the development, design, application, marketing, and sales of ceramic diesel particulate, liquid filters, and catalytic converters in Asia.

Consolidation -- The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and its majority-owned subsidiary. All material intercompany transactions and accounts have been eliminated in the consolidation.

Reverse Stock Split -- On May 26, 2023, the Company effected a 1-for- 8 reverse split of its outstanding common stock, $ 0.001 par value ("Common Stock"). All outstanding Common Stock, warrants, and restricted stock units ("RSUs") were adjusted to reflect the 1-for-8 reverse split, with respective exercise prices of the warrants proportionately increased. All stock and per share data throughout these consolidated financial statements have been retroactively adjusted to reflect the reverse share split. The total number of authorized Common Stock was adjusted to reflect the 1-for-8 reverse split.

As a result of the reverse Common Stock split, an amount equal to the decreased value of Common Stock was reclassified from "Common Stock" to "Additional Paid-in Capital."

Functional Currency / Foreign currency translation -- The functional currency of LiqTech International, Inc. and LiqTech USA, Inc. is the U.S. Dollar. The functional currency of LiqTech Holding, LiqTech Water, LiqTech Plastics, LiqTech Ceramics, LiqTech Water Projects, and LiqTech Emission Control is the Danish Krone ("DKK"); and the functional currency of LiqTech China is the Renminbi ("RMB"). The Company's reporting currency is the U.S. Dollar for the purpose of these consolidated financial statements. The balance sheet accounts of the foreign subsidiaries are translated into U.S. Dollars at the period-end exchange rates, equity is translated at historical cost, and all revenue and expenses are translated into U.S. Dollars at the average exchange rates prevailing during the twelve months ended December 31, 2023 and 2022. Translation gains and losses are deferred and accumulated as a component of other comprehensive income (loss) in stockholders' equity. Transaction gains and losses that arose from exchange rate fluctuations from transactions denominated in a currency other than the functional currency are included in the statement of operations as incurred.

Cash, Cash Equivalents, and Restricted Cash -- The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. As of December 31, 2023, and 2022, the Company held $ 941,361 and $ 1,440,394 , respectively, of restricted cash. The restricted cash is held as security by a local financial institution for ensuring a leasing facility and for payment guarantees issued for the benefit of customers in connection with prepayments of sales orders and for warranties after the delivery of sales orders.

Accounts held in each U.S. institution are insured by the Federal Deposit Insurance Company ("FDIC") up to $250,000. At December 31, 2023 and December 31, 2022, the Company had $ 0 and $ 12,999,271 in excess of the FDIC insured limit, respectively.

Accounts Receivable -- Accounts receivable consist of trade receivables arising from credit sales to customers in the normal course of business. These receivables are recorded at the time of sale, net of an allowance for current expected credit losses. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 326, "Financial Instruments – Credit Losses," the Company estimates expected credit losses based on historical bad debt experience, the aging of accounts receivable, the current creditworthiness of our customers, prevailing economic conditions, and reasonable and supportable forward-looking information.

The roll-forward of the allowance for doubtful accounts as of December 31, 2023 and December 31, 2022 is as follows:

	2023	2022
Allowance for doubtful accounts at the beginning of the period	$ 59,559	$ 409,076
Bad debt expense	82,066	(24,534)
Receivables written off during the periods	(10,298)	(295,778)
Effect of currency translation	3,585	(29,205)
Allowance for doubtful accounts at the end of the period	$ 134,912	$ 59,559

Inventory -- Inventory directly purchased is carried at the lower of cost or net realizable value, as determined on the first-in, first-out method.

For inventory produced, standard costs that approximate actual cost on the FIFO method are used to value inventory. Standard costs are reviewed at least annually by management or more often in the event that circumstances indicate a change in cost has occurred.

Work in process and finished goods include material, labor, and production overhead costs. The Company adjusts the value of its inventory to the extent management determines that the cost cannot be recovered due to obsolescence or other factors.

Inventory valuation adjustments for excess and obsolete inventory are calculated based on current inventory levels, movement, expected useful lives, and estimated future demand for our products.

Contracts Assets / Liabilities -- Contract assets are the Company's rights to consideration in exchange for goods or services and are recognized when a performance obligation has been satisfied but has not yet been billed. When the Company issues invoices to the customer, and the billing is higher than the capitalized Contract assets, the net amount is transferred to Contract liabilities. Contract assets/liabilities are transferred to revenue and cost of goods sold when the right to consideration is unconditional and billed per the terms of the contractual agreement.

Contract assets also include unbilled receivables, which usually comprise the last invoice remaining after the delivery of the water treatment unit, where revenue is recognized at the transfer of control based upon signed acceptance of the unit by the customer. Most commonly, this invoice is sent to the customer at commissioning of the product or no later than 12 months after delivery. Further included in Contract Assets are short-term receivables such as VAT and other receivables.

Assets Held for Sale -- Assets are classified as held for sale when all of the following criteria for a plan of sale have been met: (1) management, having the authority to approve the action, commits to a plan to sell the assets; (2) the assets are available for immediate sale, in their present condition, subject only to terms that are usual and customary for sales of such assets; (3) an active program to locate a buyer and other actions required to complete the plan to sell the assets have been initiated; (4) the sale of the assets is probable and is expected to be completed within one year; (5) the assets are being actively marketed for a price that is reasonable in relation to their current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn. When all of these criteria have been met, the assets are classified as held for sale on the balance sheet. Assets classified as held for sale are reported at the lower of their carrying value or fair value less costs to sell. Depreciation and amortization of assets cease upon designation as held for sale.

Leases -- The Company has elected to not recognize lease assets and liabilities with an initial term of 12 months or less and to not separate lease and non-lease components. The Company's accounting for finance leases remains substantially unchanged. Operating lease right-of-use ("ROU") assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, an incremental borrowing rate based on the information available at the commencement date is used in determining the present value. The Company will use the implicit rate when readily determinable. The operating lease ROU asset also included prepaid lease payments and reduced by accrued lease payments. The Company's lease terms may include options to extend or terminate the lease, recognized when it is reasonably certain that those options will be exercised. Operating lease cost for lease payments will be recognized on a straight-line basis over the lease term.

Property and Equipment -- Property and equipment are stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized upon being placed in service. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the assets, which range from three to ten years.

Long-lived Assets -- The Company assesses the impairment of long-lived assets when events or changes in circumstances indicate that the carrying value of the assets or the asset grouping may not be recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant under-performance of a business or product line in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in its use of the assets. The Company measures the recoverability of assets that will continue to be used in its operations by comparing the carrying value of the asset grouping to its estimate of the related total future undiscounted net cash flows. If an asset grouping's carrying value is not recoverable through the related undiscounted cash flows, the asset grouping is considered to be impaired. The impairment is measured by comparing the difference between the asset grouping's carrying value and its fair value.

Impairments of long-lived assets are determined for groups of assets related to the lowest level of identifiable independent cash flows. Due to the Company's asset usage model and the interchangeable nature of its ceramic filter manufacturing capacity, the Company must make subjective judgments in determining the independent cash flows that can be related to specific asset groupings. In addition, as the Company makes manufacturing process changes and other factory planning decisions, it must make subjective judgments regarding the remaining useful lives of assets, primarily process-specific filter manufacturing tools and building improvements. If the Company determines that the useful lives of assets are shorter than it had originally estimated, the Company accelerates the rate of depreciation over the assets' new, shorter useful lives.

Management has analyzed the impact of the current economic climate on its financial statements as of December 31, 2023, and has determined that the changes to its significant judgements and estimates did not have a material impact with respect to goodwill, intangible assets, or long-lived assets. During the years ended December 31, 2023 and 2022, no impairment charge of long-lived assets has been recorded.

Goodwill and Intangible Assets -- The purchase price of an acquired company is allocated between intangible assets and the net tangible assets of the acquired business, with the residual purchase price recorded as goodwill. The determination of the value of the intangible assets acquired involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

Acquired intangible assets with determinable useful lives are amortized on a straight-line or accelerated basis over the estimated periods benefited, ranging from one to ten years. Customer relationships and other non-contractual intangible assets with determinable lives are amortized over periods of five years.

The Company evaluates the recoverability of long-lived assets by comparing the carrying amount of an asset to estimated future net undiscounted cash flows generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying value of the assets exceeds the fair value of the assets. The evaluation of recoverability involves estimates of future operating cash flows based upon certain forecasted assumptions, including, but not limited to, revenue growth rates, gross profit margins, and operating expenses over the expected remaining useful life of the related asset. A shortfall in these estimated operating cash flows could result in an impairment charge in the future.

Goodwill is not amortized but is evaluated annually for impairment at the reporting unit level or when indicators of a potential impairment are present. The Company estimates the fair value of the reporting unit using the discounted cash flow and market approaches. Forecasts of future cash flows are based on the Company's best estimate of future net sales and operating expenses, using primarily expected category expansion, pricing, market segment fundamentals, and general economic conditions.

Revenue Recognition -- The Company records revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, “Revenue from Contracts with Customers.” Revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five-step approach: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as a performance obligation is satisfied.

The Company sells products throughout the world; sales by geographical region are as follows for the year ended December 31, 2023 and 2022:

	% Distribution		For the Year Ended December 31	
	2023	2022	2023	2022
Americas	12%	7%	$ 2,125,460	$ 1,073,433
Asia-Pacific	14%	21%	2,506,215	3,406,420
Europe	65%	59%	11,820,674	9,379,337
Middle East & Africa	9%	13%	1,549,303	2,123,248
	100%	100%	$ 18,001,652	$ 15,982,438

The Company’s sales by product line are as follows for the years ended December 31, 2023 and 2022:

	% Distribution		For the Year Ended December 31	
	2023	2022	2023	2022
Water	42%	33%	$ 7,705,080	$ 5,297,286
Ceramics	35%	43%	6,232,628	6,844,861
Plastics	21%	22%	3,736,529	3,528,606
Corporate	2%	2%	327,415	311,685
	100%	100%	$ 18,001,652	$ 15,982,438

For Water (systems and aftermarket), Ceramics (diesel particulate filters and membranes), and Plastics (components), revenue is recognized when performance obligations specified within the terms of a contract with the customer are satisfied, which occurs when control of the product transfers to the customer or when services are rendered by the Company. The majority of the Company's sales contracts contain performance obligations satisfied at a point in time when title along with risks and rewards of ownership have transferred to the customer. This generally occurs when the product is shipped or accepted by the customer. Revenue for service contracts is recognized as the services are provided. Revenue is measured as the amount of consideration expected to be received in exchange for transferring the goods or providing services. The satisfaction of performance obligations under the terms of a revenue contract generally gives rise to the right to receive payment from the customer. The Company's standard payment terms vary by the type and location of the customer and the products or services offered. Generally, the time between when revenue is recognized and when payment is due is not significant. Pre-payments received prior to satisfaction of performance obligations are recorded as a Contract liability. Considering the relatively short time between revenue recognition and receipt of payment, significant financing components do not exist between the Company and its customers.

For contracts with customers that include multiple performance obligations, judgment is required to determine whether performance obligations specified in these contracts are distinct and should be accounted for as separate revenue transactions for recognition purposes. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price. Standalone selling prices are generally determined based on the prices charged to customers or using an expected cost-plus margin.

System sales are recognized when the Company transfers control to the customer based upon sales and delivery conditions specified in the sales contract. This typically occurs upon shipment of the system from the production facility but can also occur upon other agreed delivery terms. In connection with the completion of the system, it is normal procedure to issue a Factory Acceptance Test ("FAT") asserting that the customer has accepted the performance of the system as it is being shipped from our production facility in Hobro. As part of the performance obligation, the customer is normally offered commissioning services (final assembly and configuration at a place designated by the customer), and this commissioning is therefore considered a second performance obligation and is valued at cost, with the addition of a standard gross margin. This second performance obligation is recognized as revenue at the time of the commissioning services being rendered together with the cost incurred. Part of the invoicing to the customer is also attributed to the commissioning, and at transfer of the control of the system (i.e., the first performance obligation), this portion is recognized as Contract liabilities.

Aftermarket sales represent parts, extended warranties, and maintenance services. For the sale of aftermarket parts, the Company transfers control and recognizes revenue when parts are shipped to the customer. When customers are given the right to return eligible parts and accessories, the Company estimates the expected returns based on an analysis of historical experience. The Company adjusts estimated revenues at the earlier of when the most likely amount of consideration expected to be received changes or when the consideration becomes fixed. The Company recognizes revenue for extended warranty and maintenance agreements based on the standalone selling price over the life of the contract.

The Company has received long-term contracts for grants from government entities for the development and use of silicon carbide membranes in various water filtration and treatment applications and historically in the installation of various water filtration systems. We measure the transfer of control of the performance obligation on long-term contracts utilizing the cost-to-cost measure of progress, with cost of revenue including direct costs such as labor and materials. Under the cost-to-cost approach, the use of estimated costs to complete each performance obligation is a significant variable in the process of determining recognized revenue and a significant factor in the accounting for such performance obligations. The timing of when we bill our customers is generally dependent upon advance billings terms, milestone billings based on completion of certain phases of the work, or when services are provided or products are shipped. Projects with performance obligations recognized over time that have costs and estimated earnings recognized to date in excess of cumulative billings are reported on our balance sheet as Contract assets. Projects with performance obligations recognized over time that have cumulative billings in excess of costs and estimated earnings recognized to date are reported on our balance sheet as Contract liabilities.

The roll-forward of Contract Assets/Liabilities for the year ended December 31, 2023 and December 31, 2022 is:

	2023	2022
Cost incurred	$ 3,225,728	$ 3,860,179
Unbilled project deliveries	582,557	950,105
VAT	329,980	229,006
Other receivables	92,619	45,814
Prepayments	(1,688,427)	(3,363,039)
Deferred Revenue	(33,360)	(118,327)
	$ 2,509,097	$ 1,603,738
Distributed as follows:		
Contract assets	$ 2,891,744	$ 2,253,295
Contract liabilities	(382,647)	(649,557)
	$ 2,509,097	$ 1,603,738

Cost of Sales -- The Company includes product costs (i.e., material, direct labor and overhead costs), shipping and handling expense, production-related depreciation expense and product license agreement expense in cost of sales.

Advertising Cost -- Costs incurred in connection with advertising of the Company's products are expensed as incurred. Advertising cost is included in sales expenses, and total advertising costs amounted to $ 70,580 and $ 144,043 for the years ended December 31, 2023 and 2022, respectively.

Research and Development Cost -- The Company expenses research and development costs for the development of new products as incurred. Included in operating expense for the years ended December 31, 2023 and 2022 were $ 1,418,842 and $ 1,835,890 , respectively, of research and development costs.

Income Taxes -- The Company accounts for income taxes in accordance with FASB ASC Topic 740: Accounting for Income Taxes. This statement requires an asset and liability approach for accounting for income taxes.

Loss Contingencies – The Company is subject to various legal and administrative proceedings along with asserted and potential claims, accruals related to product warranties, and potential asset impairments (loss contingencies) that arise in the ordinary course of business. An estimated loss from such contingencies is recognized as a charge to income if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is required if there is at least a reasonable possibility that a loss has been incurred. The outcomes of legal and administrative proceedings and claims, and the estimation of product warranties and asset impairments, are subject to significant uncertainty. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. To estimate the losses associated with repairing and replacing parts in connection with product warranties, the Company makes judgments with respect to customer claim rates. At least quarterly, the Company reviews the status of each significant matter, and it may revise its estimates. These revisions could have a material impact on the Company's results of operations and financial position.

Income/(Loss) Per Share -- The Company calculates earnings (loss) per share in accordance with FASB ASC 260, Earnings Per Share. Basic earnings per common share (EPS) are based on the weighted average number of common shares outstanding during each period. Diluted earnings per common share are based on shares outstanding (computed as under basic EPS) and potentially dilutive common shares. Potential common shares included in the diluted earnings per share calculation include in-the-money stock options and warrants that have been granted but have not been exercised.

Stock Awards -- During the years presented in the accompanying consolidated financial statements, the Company has granted stock awards. The Company accounts for stock awards in accordance with the provisions of FASB ASC Topic 718, Compensation – Stock Compensation. Stock-based compensation costs of $ 627,904 and $ 934,423 have been recognized for the vesting of options and stock awards granted to directors, management, and certain key employees for the years ended December 31, 2023 and 2022, respectively.

Fair Value of Financial Instruments -- The Company accounts for fair value measurements for financial assets and liabilities in accordance with FASB ASC Topic 820. The authoritative guidance, which, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as the exit price, representing the amount that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Unless otherwise disclosed, the fair value of the Company's financial instruments including cash, accounts receivable, other receivables, prepaid expenses, accounts payable, and accrued expenses approximate their recorded values due to their short-term maturities.

Accounting Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, including accounts receivable; allowance for doubtful accounts; reserve for excess and obsolete inventory; depreciation and impairment of property, plant and equipment; goodwill and intangible assets; liabilities including contingencies; the disclosures of contingent assets and liabilities at the date of the financial statements; warrant liability; and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Recent Accounting Pronouncements -- In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures by requiring; (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. These amendments are to be applied prospectively, with retrospective application permitted. We are currently evaluating the impact this standard will have on our consolidated financial statement disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about reportable segment's profit or loss and assets that are currently required annually. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. These amendments are to be applied retrospectively. We are currently evaluating the impact this standard will have on our consolidated financial statement disclosures.

In August 2023, the FASB issued ASU 2023-05, Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement, which requires a newly-formed joint venture to apply a new basis of accounting to its contributed net assets, resulting in the joint venture initially measuring its contributed net assets at fair value on the formation date. ASU 2023-05 is effective for all joint venture formations with a formation date on or after January 1, 2025, with early adoption permitted. These amendments are to be applied prospectively, with retrospective application permitted for joint ventures formed before the effective date. We are currently evaluating the impact this standard will have on our consolidated financial statement disclosures.

Other recent accounting pronouncements issued by the FASB did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 2 – **GOING CONCERN**

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America, which contemplate continuation of the Company as a going concern; however, the Company has incurred significant recent losses, which raises substantial doubt about the ability of the Company to continue as a going concern for a period of one year from the issuance of these financial statements. There is no assurance that the Company will be successful in executing the proposed cost reductions, strategy, and profitability improvement measures, thus achieving profitable operations. The financial statements do not include any adjustments that might result from the realization of these uncertainties.

We continue to analyze various alternatives, including potentially obtaining debt or equity financings or other arrangements. Our future success depends on our ability to raise capital and restore profitability. We cannot be certain that raising additional capital, whether through selling additional debt or equity securities or obtaining a line of credit or other loan, will be available to us or, if available, will be on terms acceptable to us. If we issue additional securities to raise funds, these securities may have rights, preferences, or privileges senior to those of our common stock, and our current shareholders may experience dilution. If we are unable to obtain funds when needed or on acceptable terms, we may be required to curtail our current development programs, cut operating costs, forego future development and other opportunities, or even terminate our operations.

As of December 31, 2023, the Company had cash and cash equivalents of $ 10,422,181 , net working capital of $ 14,590,430 , an accumulated deficit of $ 75,922,180 , and total assets and liabilities of $ 35,971,847 and $ 18,695,831 , respectively.

NOTE 3 – **RESTRUCTURING COSTS**

During the second quarter of 2022, the Company completed a restructuring program to reduce costs, decrease operating losses and improve cash flow. Total restructuring and restructuring-related net charges pursuant to this program were $ 1,893,166 , which were recorded separately in the income statement as "restructuring costs", and allocated as follows:

CEO separation -- On May 10, 2022, the Board of Directors accepted the resignation of Sune Mathiesen as Chief Executive Officer and a director of the Company, effective on May 12, 2022. As previously announced, Mr. Mathiesen had been on a medical leave of absence since March 17, 2022. In connection with Mr. Mathiesen's resignation, Mr. Mathiesen and the Company entered into a Separation Agreement and Release (the "Separation Agreement"). Under the provisions of the Separation Agreement, Mr. Mathiesen received DKK1,605,000 ($ 228,975), which is the equivalent of six months of salary, car allowance and pension contributions, paid in a lump-sum payment, less applicable deductions and withholdings.

Terminated employees – In the second quarter of 2022, the Company re-aligned its corporate management structure, which involved a reduction in headcount and labor costs of approximately 25 %. The new organization reflects a focused effort to align key leaders with strategic imperatives, inspire greater accountability and performance management, eliminate silos and layers of middle management, and operate a leaner, more efficient business. Provisions for salary obligations to employees amounted to $ 158,199 , reflecting the costs related to select employees released from duties with immediate effect. No provisions were made for the employees working during the notice period.

China close-down – In the second quarter of 2022, the Company reduced and suspended planned capital investments, including the Company's program to build a manufacturing and service center in China. Pursuant to the suspended plans, the Company terminated and settled agreements with consultants, select project employees, and property development providers, resulting in a net payment of termination and cancellation charges of $ 275,445 .

Capex commitments -- As part of efforts to balance future investments with expected demands and cash flow, the Company commenced the renegotiation of all material Capex commitments during the quarter, with the ambition to reduce, cancel, or delay deliveries under the contracts, which initially amounted to approximately $ 10,300,000 . As part of the renegotiation, a provision was made during the second quarter of $ 668,606 regarding expected cancellation charges and contractual termination costs. During the third and fourth quarter the amount of paid cancellation charges exceeded the provision by $ 145,388 , which explains the total amount regarding capex commitments of $ 813,994 .

Write-downs -- The re-routing of production equipment and machinery to Denmark (originally planned for China), resulted in a write-down of $ 240,576 on legacy installed equipment and machinery that was decommissioned as part of the arrival and implementation of new and more efficient equipment. Furthermore, review of obsolete inventory and existing product demand resulted in a write-down of $ 175,977 .

The Company's restructuring costs are as follows for the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
CEO separation	$ -	$ 228,975
Terminated employees	-	158,199
China close-down	-	275,445
Capex commitments	-	813,994
Write-downs	-	416,553
	$ -	$ 1,893,166

NOTE 4 - INVENTORY

Inventory consisted of the following at December 31, 2023 and December 31, 2022:

	2023	2022
Furnace parts and supplies	$ 55,177	$ 66,495
Raw materials	3,301,526	2,474,227
Work in process	1,271,458	982,973
Finished goods and filtration systems	1,507,113	1,201,533
Reserve for excess and obsolescence	(867,458)	(663,227)
Net Inventory	$ 5,267,816	$ 4,062,001

Inventory valuation adjustments for excess and obsolete inventory are calculated based on current inventory levels, movements, expected useful lives, and estimated future demand for the products.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following on December 31, 2023 and December 31, 2022:

	Useful Life	2023	2022
Production equipment	3 - 10	$ 9,433,581	$ 8,027,589
Production equipment - finance lease	3 - 10	5,182,375	3,625,558
Lab equipment	3 - 10	130,909	118,935
Computer equipment	3 - 5	1,141,790	1,070,437
Vehicles	3 - 5	26,897	26,020
Furniture and fixture	5	1,474,032	1,141,424
Furniture and fixture - finance lease	5	260,911	252,397
Leasehold improvements	5 - 10	3,184,871	3,080,946
		20,835,366	17,343,306
Less Accumulated Depreciation		(10,950,622)	(8,501,846)
Less Accumulated Depreciation - finance lease		(877,578)	(544,653)
Net Property and Equipment		$ 9,007,166	$ 8,296,807

Depreciation expense amounted to $ 2,472,031 and $ 2,007,112 for the year ended December 31, 2023, and 2022, respectively. Of the $2,472,031 for the year ended December 31, 2023, $ 2,178,993 is allocated to cost of goods sold and $ 293,038 is allocated to operating expenses.

NOTE 6 - LEASES

The Company leases certain vehicles, real property, production equipment, and office equipment under lease agreements. The Company evaluates each lease to determine its appropriate classification as an operating lease or finance lease for financial reporting purposes. The majority of our operating leases are non-cancelable operating leases for production and office space in Hobro, Aarhus, and Copenhagen, Denmark. The lease agreements expire on November 30, 2034, August 31, 2024, and August 31, 2028, respectively.

During the year ended December 31, 2023, cash paid for amounts included for the measurement of operating lease liabilities was $ 754,490 , and the Company recorded operating lease expenses of $ 725,337 in operating expenses.

During the year ended December 31, 2023, cash paid for amounts included for the measurement of finance lease liabilities was $ 441,696 , and the Company recorded finance lease expenses of $ 159,766 in other income (expenses).

Supplemental balance sheet information related to leases as of December 31, 2023 and 2022 was as follows:

	December 31, 2023	December 31, 2022
Operating leases:		
Operating lease right-of-use assets	$ 4,055,837	$ 3,271,997
Operating lease liabilities – current	$ 531,355	$ 561,182
Operating lease liabilities – long-term	3,527,082	2,710,815
Total operating lease liabilities	$ 4,058,437	$ 3,271,997
Finance leases:		
Property and equipment, at cost	$ 5,443,287	$ 3,877,955
Accumulated depreciation	(877,578)	(544,653)
Property and equipment, net	$ 4,565,709	$ 3,333,302
Finance lease liabilities – current	$ 590,550	$ 399,198
Finance lease liabilities – long-term	2,879,932	2,384,011
Total finance lease liabilities	$ 3,470,482	$ 2,783,209
Weighted average remaining lease term:		
Operating leases	8.3	9.6
Finance leases	4.3	5.4
Weighted average discount rate:		
Operating leases	6.7%	6.2%
Finance leases	6.0%	2.8%

Maturities of lease liabilities at December 31, 2023 were as follows:

	Operating lease	Finance lease
2024	$ 785,707	$ 804,044
2025	702,899	800,510
2026	692,137	764,105
2027	692,137	1,320,097
2028	566,381	356,983
Thereafter	1,810,499	130,196
Total payment under lease agreements	5,249,760	4,175,935
Less imputed interest	(1,191,323)	(705,453)
Total lease liability	$ 4,058,437	$ 3,470,482

NOTE 7 - INTANGIBLE ASSETS

At December 31, 2023 and December 31, 2022, other intangible assets, net of accumulated amortization, consisted of customer relationships acquired in connection with the purchase of BS Plastic A/S and the cost of patent applications for the Company's products.

Intangible assets consisted of the following at December 31, 2023 and December 31, 2022:

	2023	2022
Customer relationships	$ 489,273	$ 473,308
Patent cost	183,874	177,875
	673,148	651,183
Less Accumulated amortization	(558,555)	(438,250)
Intangible assets, net	$ 114,593	$ 212,933

Amortization expense amounted to $ 105,522 and $ 81,019 for the years ended December 31, 2023 and 2022, respectively.

Expected future amortization expense for the years ended are as follows:

Year ending December 31,	Amortization Expenses
2024	72,902
2025	7,665
2026	7,665
2027	7,665
2028	7,665
Thereafter	11,031
	$ 114,593

NOTE 8 - LINES OF CREDIT

In connection with certain orders, the Company provides to customers a working guarantee, prepayment guarantee, or security bond. For that purpose, the Company has a guaranteed credit line of EUR 850,000 (approx. $ 940,000) secured by a cash deposit. As of December 31, 2023, the Company no longer has any outstanding working guarantees issued to customers against this credit line.

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Accounts payable	$ 2,444,653	$ 1,389,355
Accrued payroll liabilities	1,223,712	510,727
Product warranty accrual	629,100	898,072
Other accrued expenses	1,697,730	1,678,407
Total	$ 5,995,195	$ 4,476,561

NOTE 10 – LONG-TERM DEBT

Convertible Note

On March 24, 2021, the Company entered into a Securities Purchase Agreement with an institutional investor ("Investor") pursuant to which the Company agreed to issue and sell a $ 15.0 million principal amount senior convertible note (the "Convertible Note") maturing on October 1, 2023 and 10,000 shares of our Common Stock, $ 0.001 par value ("Common Stock"), for an aggregate purchase price of $ 15.0 million upon the satisfaction of the closing conditions set forth in the Securities Purchase Agreement. The Closing occurred on April 8, 2021, and the Company issued to the Investor the securities in connection with the closing.

The Convertible Note was a senior, unsecured obligation of the Company, payable at 112 % of the principal amount at maturity (October 1, 2023), or earlier upon redemption or repurchase as set forth in the Convertible Note. The Convertible Note was convertible into shares of Common Stock pursuant to the terms of the Convertible Note, in part or in whole, from time to time, at the election of the Investor. The initial conversion rate was 805.3992 shares of Common Stock per $1,000 of principal amount of the Convertible Note. The conversion rate was subject to anti-dilution adjustments, including for stock dividends, splits, and combinations; issuances of options, warrants, or similar rights; spin-offs and distributions of property; cash dividends or distributions; and tender or exchange offers, in each case as further described in and pursuant to the terms of the Convertible Note.

Beginning on March 1, 2022, and on the first day of each calendar month thereafter, at the election of the Investor or Holder, if applicable, the Company was required to redeem $ 840,000 of the amounts due under the Convertible Note in cash or Common Stock at 90% of the lesser of (i) the volume-weighted average price (“VWAP”) of the Common Stock on the trading day immediately preceding the payment date and (ii) the average of the lowest three (3) VWAPs over the 10 trading days immediately preceding the payment date, which shall in no case be less than the floor price of $ 14.00 per share.

As of June 22, 2022, the Convertible Note, including accrued interest and all relevant obligations, was repaid in full, amounting to $ 13,446,875 , allocated between a principal repayment of $ 11,640,000 and contractual repayment premium of $ 1,806,875 .

For the year ended December 31, 2023 and 2022, the Company recognized interest expense of $ 0 and $ 308,958 , respectively, and $ 0 and $ 2,213,065 , respectively, related to the amortization of debt issuance costs.

Senior Promissory Notes

On June 22, 2022, the Company issued and sold Senior Promissory Notes in an aggregate principal amount of $ 6.0 million (the “Notes”) and issued warrants to purchase 531,250 shares of Common Stock to affiliates of Bleichroeder L.P., 21 April Fund, L.P., and 21 April Fund, Ltd. (together, the “Purchasers”), pursuant to a note and warrant purchase agreement entered into with the Purchasers (the “Note and Warrant Purchase Agreement”). The warrants issued in this transaction have an exercise price of $ 5.20 per share, a term of five years and are exercisable for cash at any time.

The Notes originally had a term of 24 months and do not bear interest during this period. If the Notes are not repaid on or before the second anniversary of issuance, however, the Notes will thereafter bear interest of 10 % per annum, which will increase by 1 % each month the Notes remain unpaid, up to a maximum of 16 % per annum, payable monthly.

Additionally, as part of the transaction, the Company issued 28,846 warrants to the placement agent. The warrants issued in this transaction have an exercise price of $ 5.20 per share, a term of five years and are exercisable for cash at any time.

As a result, the Company recorded an initial debt discount of $ 695,749 , based on the relative fair value of the warrants and Notes issued. The Company determined the fair value of the warrants by using the Black-Scholes Option Pricing Model, with the following assumptions: expected term of 2.5 years, stock price of $ 3.44 , exercise price of $ 5.20 , volatility of 80.8 %, risk-free rate of 3.13 %, and no forfeiture rate. The debt discount will be accreted according to the effective interest method over the contractual term of the Notes. The warrants qualified for equity classification and were reported within Additional Paid-In Capital.

On October 13, 2023, the Company and the Purchasers entered into an amendment to the Note and Warrant Purchase Agreement (the “Amendment”) and Allonge No. 1 to each of the Notes (collectively, the “Allonges”) effective as of September 30, 2023, pursuant to which the Company and the Purchasers extended the maturity date of the Notes from June 20, 2024, to January 1, 2026 (the “Extension”). As consideration for the Extension, simultaneously with the entry into the Amendment and Allonges, the Company issued to the Purchasers additional warrants to purchase an aggregate of 531,250 shares of Common Stock at an exercise price of $ 5.20 per share, subject to adjustment as provided therein (the “2023 Warrants”). The 2023 Warrants are exercisable at any time prior to the five-year anniversary of the initial exercise date of September 30, 2023. The Amendment qualifies as a modification and entitles the Purchasers to registration rights with respect to the shares of Common Stock issuable upon exercise of the 2023 Warrants pursuant to the existing Registration Rights Agreement, dated June 22, 2022, by and between the Company and the Purchasers.

As a result of the amendment, the Company recorded an initial debt discount of $ 1,193,206 , based on fair value of the warrants issued. The Company determined the fair value of the warrants by using the Black-Scholes Option Pricing Model, with the following assumptions: expected term of 5.0 years, stock price of $ 3.89 , exercise price of $ 5.20 , volatility of 73.66 %, risk-free rate of 4.60 %, and no forfeiture rate. The debt discount will be accreted according to the effective interest method over the contractual term of the Notes. The warrants qualified for equity classification and were reported within Additional Paid-In Capital.

The components of notes payable are as follows:

	December 31, 2023	December 31, 2022
Senior Promissory Notes	$ 6,000,000	6,000,000
Less: unamortized debt discount	(1,311,989)	(519,686)
Senior Promissory Notes payable	$ 4,688,011	$ 5,480,314
Current portion of Senior Promissory Notes payable	-	-
Senior Promissory Notes payable, less current portion	4,688,011	5,480,314
Senior Promissory Notes payable	$ 4,688,011	$ 5,480,314

For the year ended December 31, 2023, and 2022, the Company recognized interest expense of $ 0 and $ 0 , respectively, and $ 400,903 and $ 176,063 , respectively, related to the amortization of the debt discount.

NOTE 11 - AGREEMENTS, COMMITMENTS AND CONTINGENCIES

Contingencies -- From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business.

In November 2022, the Company entered into a commercial settlement agreement regarding marine wastewater treatment systems delivered in 2019 and associated, potential warranty claims related to alleged corrosion on certain parts and components. The Company disputed the claim in full, subsequently reaching an amicable settlement agreement with the customer to conduct remediation work in 2023. The cost of any remediation work is shared between the two parties.

Product Warranties - The Company provides a standard warranty on its systems, generally for a period of one to three years after customer acceptance. The Company estimates the costs that may be incurred under its standard warranty programs and records a liability for such costs at the time product revenue is recognized.

In addition, the Company sells an extended warranty for certain systems, which generally provides a warranty for up to four years from the date of commissioning. The specific terms and conditions of the warranties vary depending upon the product sold and the country in which the Company does business. Revenue received for the sale of extended warranty contracts is deferred and recognized in the same manner as the costs incurred to perform under the warranty contracts.

The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts, as necessary. Factors that affect the warranty liability include the number of units sold, historical and anticipated rates of warranty claims, and the cost per claim.

Changes in the Company's current and long-term warranty obligations included in accrued expenses on the balance sheet for the fiscal years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Balance at January 1,	$ 898,072	$ 962,313
Warranty costs charged to cost of goods sold	115,401	86,256
Utilization charges against reserve	(408,234)	(93,653)
Foreign currency effect	23,861	(56,844)
Balance at December 31,	$ 629,100	$ 898,072

The utilization charges against the reserve for the ended December 31, 2023 relate to the commercial settlement agreement as described over under “Contingencies”.

NOTE 12 - INCOME TAXES

The Company accounts for income taxes in accordance with FASB ASC Topic 740, Accounting for Income Taxes, which requires the Company to provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between book and tax accounting and any available operating loss or tax credit carryforwards. The amount of and ultimate realization of the benefits from the deferred tax assets for income tax purposes is dependent, in part, upon the tax laws in effect, the Company's future earnings, and other future events, the effects of which cannot be determined. In accordance with prevailing accounting guidance, the Company is required to recognize and disclose any income tax uncertainties. The guidance provides a two-step approach to recognizing and measuring tax benefits and liabilities when realization of the tax position is uncertain. The first step is to determine whether the tax position meets the more-likely-than- not condition for recognition, and the second step is to determine the amount to be recognized based on the cumulative probability that exceeds 50%. Actual results could differ from these estimates.

As of December 31, 2023, the Company had net operating loss carry-forwards of approximately $ 29,136,593 for U.S. federal tax purposes, expiring through 2041; approximately $ 21,482,164 for Danish tax purposes, which do not expire; and approximately $ 1,914,858 for Chinese tax purposes, which expires in 2027.

As of December 31, 2023 and December 31, 2022, the Company established a valuation allowance of $ 7,100,000 and $ 6,510,000 for the tax components of LiqTech International Inc. and Liqtech NA, respectively; $ 6,303,000 and $ 5,226,000 for the tax components of LiqTech Holding, LiqTech Ceramics, LiqTech Water, LiqTech Plastics, LiqTech Emission Control, and LiqTech Water Projects, respectively; and $ 479,000 and $ 488,000 for LiqTech China, respectively, as management could not determine that it was more than likely not that sufficient income could be generated by these components to realize the resulting net operating loss carry-forwards and other deferred tax assets of these components. The change in the valuation allowance for the year ended December 31, 2023 was $ 590,000 , $ 1,077,000 , and $ 9,000 for the US, Danish, and Chinese components, respectively. The change in the valuation allowance for the year ended December 31, 2022 was $ 1,146,000 , $ 1,720,000 , and $ 295,000 for the US, Danish, and Chinese components, respectively.

The temporary differences, tax credits and carry-forwards gave rise to the following deferred tax assets and liabilities at December 31, 2023 and December 31, 2022:

	2023	2022
Excess of tax over financial accounting	$ 1,454,389	$ 973,859
Reserve for excess and obsolete inventory	190,841	145,910
Accrued interest	-	-
Discount amortization	724,353	640,163
Deferred compensation	-	-
Net operating loss carryover	11,580,458	11,057,361
Excess of book over tax depreciation	(359,917)	(272,243)
Excess of book over tax work in progress	190,196	(253,930)
Valuation allowance	(13,881,379)	(12,445,765)
	$ (101,059)	$ (154,645)
Distributed as:		
Long-term deferred tax asset	-	-
Long-term deferred tax liability	(101,059)	(154,645)
	$ (101,059)	$ (154,645)

A reconciliation of income tax expense at the federal statutory rate to income tax expense at the Company's effective rate is as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Computed tax at expected statutory rate	$ (1,843,244)	$ (3,025,369)
State and local income taxes, net of federal benefit	(1,177)	(1,532)
Non-US income taxed at different rates	(44,279)	(138,596)
Deferred compensation	-	52,500
Non-deductible expenses	5,399	2,749
Non-taxable income	-	(541)
Change in valuation allowance	1,755,013	3,035,205
Other	(77,919)	(161,826)
Income tax expense (benefit)	$ (206,207)	$ (237,410)

The components of income tax expense (benefit) from continuing operations for the years ended December 31, 2023 and 2022 consisted of the following:

	2023	2022
Current income taxes:		
Danish	$ (148,668)	$ (181,417)
Federal	-	-
State	-	-
Current tax (benefit)	$ -	$ -
Deferred income taxes:		
Book in excess of tax depreciation	$ (386,673)	$ (346,154)
Work in progress	(442,964)	(294,233)
Net operating loss carryover	(402,448)	(2,041,211)
Valuation allowance	1,128,197	2,319,705
Deferred compensation	-	(52,500)
Accrued interest	-	(13,125)
Discount amortization	84,190	464,744
Accrued vacation	-	(4,305)
Reserve for obsolete inventory	(37,841)	(88,915
Deferred tax expense (benefit)	$ (57,539)	$ (55,994)
Total tax expense (benefit)	$ (206,207)	$ (237,410)

Deferred income tax expense / (benefit) results primarily from the reversal of temporary timing differences between tax and financial statement income.

The Company files Danish, Chinese, U.S. federal and Minnesota state income tax returns. LiqTech Holding, LiqTech Ceramics, LiqTech Water, LiqTech Plastics, LiqTech Emission Control, and LiqTech Water Projects are generally no longer subject to tax examinations for years prior to 2017 for their Danish tax returns. LiqTech NA is generally no longer subject to tax examinations for years prior to 2017 for U.S. federal and state tax returns.

NOTE 13 - EARNINGS PER SHARE

Basic and diluted net income (loss) per common share is determined by dividing net income (loss) by the weighted average common shares outstanding during the period. For the periods where there is a net loss, stock options, warrants, and Restricted Stock Units have been excluded from the calculation of diluted net loss per common share because their effect would be anti-dilutive. Consequently, the weighted average common shares used to calculate both basic and diluted net loss per common share would be the same.

For the year ended December 31, 2023, the Company had outstanding balances of 314,461 RSUs, 3,390,008 prefunded warrants, and 1,091,346 warrants, all exercisable for shares of Common Stock.

For the year ended December 31, 2022, the Company had outstanding balances of 301,111 RSUs, 3,930,008 prefunded warrants, and 560,096 warrants, all exercisable for shares of Common Stock.

NOTE 14 - STOCKHOLDERS' EQUITY

Common Stock - The Company has 50,000,000 authorized shares of common stock, $ 0.001 par value. As of December 31, 2023 and 2022, respectively, there were 5,727,310 and 5,498,260 common shares issued and outstanding.

Voting - Holders of common stock are entitled to one vote for each share held of record on each matter submitted to a vote of stockholders, including the election of directors, and do not have any right to cumulate votes in the election of directors.

Dividends - Subject to the rights and preferences of the holders of any series of preferred stock, if any, which may at the time be outstanding, holders of common stock are entitled to receive ratably such dividends as our Board of Directors from time to time may declare out of funds legally available.

Liquidation Rights - In the event of any liquidation, dissolution, or winding-up of affairs, after payment of all of our debts and liabilities and subject to the rights and preferences of the holders of any outstanding shares of any series of our preferred stock, the holders of common stock will be entitled to share ratably in the distribution of any of our remaining assets.

Other Matters - Holders of common stock have no conversion, preemptive, or other subscription rights, and there are no redemption rights or sinking fund provisions with respect to our common stock. All of the issued and outstanding shares of common stock on the date of this Annual Report are validly issued, fully paid, and non-assessable.

Preferred Stock - Our Board of Directors has the authority to issue preferred stock in one or more classes or series and to fix the designations, powers, preferences and rights, the qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences, and the number of shares constituting any class or series, without further vote or action by the stockholders. The issuance of preferred stock may have the effect of delaying, deferring, or preventing a change in control without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock.

The Company has 2,500,000 authorized shares of preferred stock, $ 0.001 par value. As of December 31, 2023 and 2022, there were no preferred shares issued and outstanding.

Reversed Stock Split - On May 26, 2023, the Company effected a 1-for- 8 reverse split of its outstanding Common Stock, $ 0.001 par value ("Common Stock"). All outstanding Common Stock, warrants, and RSUs were adjusted to reflect the 1-for- 8 reverse split, with respective exercise prices of the warrants proportionately increased. All stock and per share data throughout these condensed consolidated financial statements have been retroactively adjusted to reflect the reverse share split. The total number of authorized Common Stock was adjusted to reflect the 1-for- 8 reverse split.

As a result of the reverse Common Stock split, an amount equal to the decreased value of Common Stock was reclassified from "Common Stock" to "Additional Paid-in Capital."

Stock Issuances

Since January 1, 2023, the Company has made the following issuances of Common Stock:

On January 3, 2023, the Company issued 2,340 shares of Common Stock to settle RSUs. The RSUs were valued at $ 110,254 for services provided by the Board of Directors in 2022. The Company recognized the stock-based compensation of the award over the requisite service period during the year ended December 31, 2022.

On January 3, 2023, the Company issued 158,330 shares of Common Stock to settle RSUs. The RSUs were valued at $ 674,164 for services provided by management in 2022. The Company recognized the stock-based compensation of the award over the requisite service period during the year ended December 31, 2022.

On May, 2023, the Company issued 16,796 shares of Common Stock for individual shareholder round-ups in connection with the 1-for- 8 reverse split of its outstanding Common Stock.

On June 26, 2023, the Company issued 24,500 shares of Common Stock to settle RSUs. The RSUs were valued at $ 73,500 for services provided by the Board of Directors in 2023. The Company recognized the stock-based compensation of the award over the requisite service period during the period ended June 30, 2023.

On August 25, 2023, the Company issued 1,042 shares of Common Stock to settle RSUs. The RSUs were valued at $ 57,500 for services provided by the Board of Directors in 2023. The Company recognized the stock-based compensation of the award over the requisite service period during the period ended September 30, 2023.

On September 12, 2023, the Company issued 26,042 shares of Common Stock to settle RSUs. The RSUs were valued at $ 116,667 for services provided by management in the last 12 months. The Company recognized the stock-based compensation of the award over the requisite service period during the period ended September 30, 2023.

Warrants

On May 17, 2022, the Company entered a warrant purchase agreement with existing stockholders to purchase 3,803,133 shares of Common Stock at an offering price of $ 3.992 per prefunded warrant, which represents the offering price of $ 4.00 per share of the Company's Common Stock less the $ 0.008 per share exercise price for each pre-funded warrant. The warrants represented gross proceeds of approximately $ 15,182,075 as part of the Company's public offering of Common Stock and pre-funded warrants totaling $23,000,000 before underwriting discounts, commissions, and offering expenses payable by the Company.

On June 22, 2022, the Company completed a private placement of Senior Notes in an aggregate principal amount of $ 6,000,000 and warrants to purchase 531,250 shares of Common Stock of the Company to affiliates of Bleichroeder L.P., 21 April Fund, L.P., and 21 April Fund, Ltd. (together, the "Purchasers"), pursuant to a note and warrant purchase agreement (the "Note and Warrant Purchase Agreement"). Additionally, as part of the transaction, the Company issued 28,846 warrants to the placement agent. All warrants issued in this transaction have an exercise price of $ 5.20 per share, a term of five years, and are exercisable for cash at any time.

On October 13, 2023, the Company entered into an amendment to the Note and Warrant Purchase Agreement effective as of September 30, 2023, pursuant to which the Company and the Purchasers extended the maturity date of the Notes from June 20, 2024, to January 1, 2026 (the "Extension"). As consideration for the Extension, the Company issued to the Purchasers additional warrants to purchase an aggregate of 531,250 shares of Common Stock at an exercise price of $ 5.20 per share. The warrants are exercisable at any time prior to the five-year anniversary of the initial exercise date of September 30, 2023.

The following is a summary of the periodic changes in warrants outstanding for the years ended December 31, 2023 and 2022:

	2023	2022
Warrants outstanding at January 1	4,490,104	126,875
Warrants issued in connection with public offering and private placement	531,250	4,363,229
Common stock exchanged to prefunded warrant	-	-
Warrants outstanding at December 31	5,021,354	4,490,104

Stock-based Compensation

In 2013, the Company's Board of Directors adopted a Share Incentive Plan (the "Incentive Plan"). Under the terms and conditions of the Incentive Plan, the Board of Directors is empowered to grant RSUs to officers, directors, and consultants of the Company. At December 31, 2023, 113,357 RSUs were granted and outstanding under the Incentive Plan. Directors of the Company receive share compensation consisting of annual grants of $ 36,750 ($ 73,500 for the Chairman of the Board) in RSUs per annum with one-year vesting.

In 2022, the Company's Board of Directors adopted an Equity Incentive Plan (the "2022 Incentive Plan"). Under the terms and conditions of the 2022 Incentive Plan, the Board of Directors is empowered to grant RSUs to officers and directors of the Company. At December 31, 2023, 201,104 RSUs were granted and outstanding under the 2022 Incentive Plan.

The Company recognizes compensation costs for RSU grants to Directors and management based on the stock price on the date of the grant.

The Company recognized stock-based compensation expense related to RSU grants of $ 627,904 and $ 934,423 for the years ended December 31, 2023 and 2022, respectively. On December 31, 2023, the Company had $ 688,990 of unrecognized compensation cost related to non-vested stock grants.

A summary of the status of the RSUs as of December 31, 2023 and changes during the period are presented below:

	December 31, 2023		
	Number of units	Weighted Average Grant-Date Fair value	Aggregated Intrinsic Value
Outstanding, December 31, 2022	301,111	$ 4.80	$ -
Granted	225,604	3.00	-
Vested and settled with share issuance	(212,254)	(4.86)	-
Outstanding, December 31, 2023	314,461	$ 3.46	$ -

NOTE 15 – SEGMENT REPORTING

The Company operates in three segments: Water, Ceramics, and Plastics. Effective as of January 1, 2020, the group structure was changed so that shared group activities were transferred to an individual reporting unit separated from the business units. Costs and assets for these activities were therefore separated during 2020.

Segment information for the business areas is as follows:

	For the Year Ended December 31,	
Revenues	2023	2022
Water	$ 7,705,080	$ 5,297,286
Ceramics	6,232,628	6,844,861
Plastics	3,736,529	3,528,606
Other	327,415	311,685
Total consolidated revenue	$ 18,001,652	$ 15,982,438

	For the Year Ended December 31,	
Loss	2023	2022
Water	$ (736,148)	$ (1,072,530)
Ceramics	(2,640,894)	(4,648,768)
Plastics	(660,896)	(794,942)
Other	(4,533,206)	(7,652,867)
Total consolidated Loss	$ (8,571,145)	$ (14,169,107)

	For the Year Ended December 31,	
Total assets	2023	2022
Water	$ 9,432,991	$ 7,781,211
Ceramics	14,550,872	13,808,529
Plastics	759,745	1,099,019
Other	11,228,239	17,436,896
Total consolidated assets	$ 35,971,847	$ 40,125,655

NOTE 16 - SIGNIFICANT CUSTOMERS / CONCENTRATION

The following table presents customers accounting for 10% or more of the Company's net sales:

	For the Year Ended December 31,	
	2023	2022
Customer A	-%	13%

* Zero or less than 10%

The following table presents customers accounting for 10% or more of the Company's accounts receivable:

	December 31, 2023	December 31, 2022
Customer B	22%	17%
Customer C	13%	-%
Customer D	-%	20%
Customer E	-%	10%

As of December 31, 2023, approximately 98 % of the Company's assets were located in Denmark, 0 % were located in the U.S., and 2 % were located in China. As of December 31, 2022, approximately 65 % of the Company's assets were located in Denmark, 33 % were located in the U.S., and 2 % were located in China.

NOTE 17 - SUBSEQUENT EVENTS

On January 3, 2024, the Company issued 24,500 common shares to settle RSUs. The RSUs were valued at $ 73,500 for services provided by the Board of Directors in 2023. The Company is recognizing the stock-based compensation of the award over the requisite service period.

On January 3, 2024, the Company issued 55,530 common shares to settle RSUs. The RSUs were valued at $ 181,142 for services provided by management in 2023. The Company is recognizing the stock-based compensation of the award over the requisite service period.

On January 10, 2024, Simon Stadil tendered his resignation as Chief Financial Officer of the Company, effective as of April 10, 2024.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the design and effectiveness of our internal controls over financial reporting and disclosure controls and procedures (pursuant to Rule 13a-15(b) and (c) under the Exchange Act) as of the end of the period covered by this Annual Report. A weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a misstatement of the registrant's financial statements will not be prevented or detected on a timely basis.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2023 were not effective due to material weaknesses in internal controls over financial reporting, described below

Notwithstanding this finding, we concluded that the consolidated financial statements included in this Report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States. During the year ended December 31, 2023, the Company was not subject to the requirements of Section 404(b) of the Sarbanes-Oxley Act. As such, our independent registered public accounting firm was not required to, and thus did not, audit our internal control structure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive officer and principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting is defined in rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the audited consolidated financial statements.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the Company's management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the criteria set forth in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commissions (2013).

Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2023 were not effective due to material weaknesses in internal controls over financial reporting.

Material weaknesses as of December 31, 2023

A material weakness is a deficiency, or combination thereof, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses we identified related to the following:

1) Ineffective information technology general controls (ITGC's) in the areas of user access and program change-management over certain information technology systems that support the Company's financial reporting processes Additionally, management has identified a material weakness in its internal control over financial reporting related to information technology general controls in the areas of service organization control report review.;
2) The lack of formal documentation of the design, and related execution of, certain transactional level controls related to disbursements, procurement, and inventory management and valuation; and
3) Ineffective design and operation of process level controls over the existence and accuracy of revenue transactions.

Management's Remediation Initiatives

In response to the identified material weaknesses, our management, with oversight from the Company's Audit Committee, has been and will continue to dedicate necessary resources to enhance the Company's internal control over financial reporting and remediate the identified material weaknesses. As an example of such remediation, the Company in 2023 hired additional employees into the finance department, and we plan to continue to work on remediating the material weaknesses during 2024 by improving competencies and processes. Further, the Company implemented a new ERP system along with other IT programs to help reinforce its controls and processes, and these investments are an important step in the remediation of the material weaknesses. During 2022, the Company introduced an updated Delegation of Authority, with the overall purpose to provide clarity for all employees on the extent to which they can commit the Company and at the same time provide the Company with assurance that decisions about agreements are made by the appropriate functions and employees. Lastly, the Company has started the process of redesigning and ensuring documentation of all processes and procedures related to the financial reporting process to ensure the effective design and operation of process-level controls.

While management believes that the steps that we have taken and plan to take will improve the overall system of internal control over financial reporting and will remediate identified material weaknesses, the material weaknesses cannot be considered remediated until the applicable relevant controls operate for a sufficient period of time.

Following identification of the material weakness and prior to filing this Annual Report on Form 10-K, we completed substantive procedures for the year ended December 31, 2023. Based on these procedures, management believes that our consolidated financial statements included in this Form 10-K have been prepared in accordance with U.S. GAAP. Our CEO and CFO have certified that, based on their knowledge, the financial statements, and other financial information included in this Form 10-K, fairly present in all material respects the financial condition, results of operations, and cash flows of the Company as of, and for, the periods presented in this Form 10-K.

Changes in Internal Control

During the most recently completed fiscal quarter, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Internal Controls

An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

While management believes that the steps that we have taken and plan to continue to take will improve the overall system of internal control over financial reporting and will remediate identified material weaknesses, the material weaknesses cannot be considered remediated until the applicable relevant controls operate for a sufficient period of time.

Item 9B. Other Information

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 19, 2024, the board of directors of the Company appointed Phillip Massie Price as Interim Chief Financial Officer of the Company, effective April 1, 2024. Mr. Price, 32, has served the Company as its Head of Finance since January 2022. Prior to serving the Company, from April 2021, Mr. Price was the Chief Accountant and Administration Manager at Vektus A/S. a consultancy firm that sells and supports Dynamics NAV/Dynamics 265 Business Central, Microsoft’s comprehensive business management solution. Prior to his time with Vektus, from June 2020, Mr. Price was the Business Controller at K.W. Bruun Import A/S, one of the largest car importers in the Nordic region. Prior to K.W. Bruun, from 2013, Mr. Price was an auditor at inforevision, an accounting and consultancy firm. Mr. Price holds a Bsc. in Economics and Business Administration and a Msc. in Business Economics and Auditing from Copenhagen Business School.

On January 28, 2022, the Company (through its wholly owned Danish subsidiary) and Mr. Price entered into an Employment Contract, effective January 3, 2022 (as amended, the “Employment Contract”). In connection with Mr. Price’s appointment as Interim Chief Financial Officer, the Company and Mr. Price entered into an addendum to his Employment Contract (the “Addendum”) which provides that for so long as Mr. Price serves as Interim Chief Financial Officer, he shall be paid a salary of 100,000 DKK (appr. $14,660) per month and will be eligible to receive an annual bonus of up to 300,000 DKK (appr. $43,980).

The foregoing descriptions of the Employment Contract and the Addendum are not complete and are in summary form only and are qualified in their entirety by reference to the full text of the Employment Contract and Addendum, which are filed as Exhibits 10.16, and 10.17 to this Annual Report on Form 10-K, respectively.

Mr. Price does not have any family relationships with any of the Company’s other officers or directors and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item 10 is incorporated herein by reference to our Definitive Proxy Statement relating to our 2024 Annual Meeting of Stockholders or alternatively will be included, by amendment to this Form 10-K under cover of Form 10-K/A no later than 120-days after the end of our fiscal year covered by this report.

Item 11. Executive Compensation

The information required by this Item 11 will be included in the Definitive Proxy Statement referenced above in Item 10 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 will be included in the Definitive Proxy Statement referenced above in Item 10 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 will be included in the Definitive Proxy Statement referenced above in Item 10 and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item 14 will be included in the Definitive Proxy Statement referenced above in Item 10 and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Schedules

The financial statements are set forth under Item 8 of this Annual Report. The following financial statement schedule for the years ended December 31, 2023 and December 31, 2022 is included in this Annual Report on Form 10-K:

a. Valuation and Qualifying Accounts for the years ended December 31, 2023 and December 31, 2022.

	2023	2022
Bad debt expense	82,066	(24,534)
Reserve for obsolete inventory	177,953	404,160

	Balance Beginning of Year	Charges to Costs and Expenses	Deductions (1)	Balance End of Year
Year Ended December 31, 2023				
Allowance for inventory obsolescence	$ 663,227	$ 177,953	$ 26,278	$ 867,458
Allowance for doubtful accounts	59,559	82,066	(6,713)	134,912
Totals	$ 722,786	$ 260,019	$ 19,565	$ 1,002,370
Year Ended December 31, 2022				
Allowance for inventory obsolescence	$ 268,470	$ 404,160	$ (9,403)	$ 663,227
Allowance for doubtful accounts	409,076	(24,534)	(324,983)	59,559
Totals	$ 677,546	$ 379,626	$ (334,386)	$ 722,786

	2023	2022
Allowance for doubtful accounts at the beginning of the period	$ 59,559	$ 409,076
Bad debt expense	82,066	(24,534)
Receivables written off during the periods	(10,298)	(295,778)
Effect of currency translation	3,585	(29,205)
Allowance for doubtful accounts at the end of the period	$ 134,912	$ 59,559

(1) Includes write-offs, the impact of foreign currency exchange rates.

Schedules other than that listed above are omitted because the conditions requiring their filing do not exist or because the required information is provided in the Consolidated Financial Statements, including the Notes thereto. Financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included.

(b) Exhibits

Exhibit No.	Description	Location
3.1	Articles of Incorporation, as amended as of November 13, 2023	Filed herewith
3.2	Amended and Restated Bylaws	Incorporated by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q as filed with the SEC on May 15, 2012
4.1	Form of Pre-Funded Warrant	Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the SEC on June 2, 2020
4.2	Form of Amendment to Pre-Funded Warrant	Incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q as filed with the SEC on November 9, 2020
4.3	Description of our Common Stock	Incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K as filed with the SEC on March 30, 2020
4.4	Form of Pre-Funded Warrant	Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the SEC on August 20, 2021
4.5	Form of Pre-Funded Warrant	Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the SEC on May 17, 2022
4.6	Form of Warrant	Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the SEC on June 27, 2022
4.7	Form of Warrant	Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the SEC on October 19, 2023
10.1	Lease Agreement for Industriparken 22C, 2750 Ballerup, Denmark	Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K/A as filed with the SEC on November 15, 2011 (translated in English)
10.2	Form of Securities Purchase Agreement, by and among the Company and the purchasers named therein	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K as filed with the SEC on June 2, 2020
10.3	Form of Registration Rights Agreement, by and among the Company and the investors named therein	Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K as filed with the SEC on June 2, 2020
10.4	Lease Contract for Benshoej Industrivej 24, 9500 Hobro	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K as filed with the SEC on December 5, 2019

10.5	Form of Exchange Agreement	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K as filed with the SEC on August 20, 2021
10.6*	Executive Service Agreement by and between Liqtech Holding A/S and Simon Stadil	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K as filed with the SEC on November 30, 2021
10.7*	LiqTech International, Inc. 2013 Share Incentive Plan	Incorporated by reference to Exhibit 99.1 to the Company's Form S-8 as filed with the SEC on January 27, 2014
10.8	Note and Warrant Purchase Agreement, by and among the Company and the Purchasers	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the SEC on June 27, 2022
10.9	Form of Note	Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K as filed with the SEC on June 27, 2022
10.10	Registration Rights Agreement, by and among the Company and the Purchasers	Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K as filed with the SEC on June 27, 2022
10.11	First Amendment to Note and Warrant Purchase Agreement	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2023
10.12	Form of Allonge No. 1	Included in Exhibit 10.11
10.13*	Executive Service Agreement, dated July 26, 2022, by and between LiqTech Holdings A/S and Fei Chen	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the SEC on August 1, 2022
10.14*	LiqTech International, Inc. 2022 Equity Incentive Plan	Incorporated by reference to Annex A to the Company's Proxy Statement pursuant to Section 14(a) of the Exchange Act filed with the SEC on October 3, 2022
10.15	Exclusivity Agreement for Collaboration, Marketing and Deployment of Products and Associated Services, dated November 11, 2022, by and between the Company and NESR	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the SEC on November 17, 2022
10.16	Employment Contract, dated January 28, 2022, by and between LiqTech Holdings A/S and Phillip Massie Price	Filed herewith
10.17	Addendum to Employment Contract, dated March 20, 2024, by and between LiqTech Holdings A/S and Phillip Massie Price	Filed herewith
21.1	List of Subsidiaries	Filed herewith
23.1	Consent of Sadler, Gibb	Filed herewith
31.1	Certifications of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certifications of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act Of 2002	Furnished herewith
32.2	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act Of 2002	Furnished herewith
97.1	Clawback Policy	Filed herewith

101. INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	Provided herewith
101. CAL	Inline XBRL Taxonomy Extension Calculation Link base Document	Provided herewith
101. DEF	Inline XBRL Taxonomy Extension Definition Link base Document	Provided herewith
101. LAB	Inline XBRL Taxonomy Label Link base Document	Provided herewith
101. PRE	Inline XBRL Extension Presentation Link base Document	Provided herewith
101. SCH	Inline XBRL Taxonomy Extension Scheme Document	Provided herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	Provided herewith

* Denotes a management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

Not Applicable.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIQTECH INTERNATIONAL, INC.

Date: March 22, 2024

By: */s/ Fei Chen*
Fei Chen
Chief Executive Officer and Principal Executive Officer

In accordance with the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the dates indicated.

Signatures	**Title**	**Date**
/s/ Alexander Buehler Alexander Buehler	Chairman of the Board of Directors	March 22, 2024
/s/ Fei Chen Fei Chen	President, Chief Executive Officer, Principal Executive Officer and Director	March 22, 2024
/s/ Simon Stadil Simon Stadil	Chief Financial Officer, Principal Financial and Accounting Officer	March 22, 2024
/s/ Peyton Boswell Peyton Boswell	Director	March 22, 2024
/s/ Richard Meeusen Richard Meeusen	Director	March 22, 2024
/s/ Martin Kunz Martin Kunz	Director	March 22, 2024

Exhibit 3.1

Filed in the Office of	Business Number C17450-2004
FVAguilar	Filing Number 20233623856
Secretary of State State Of Nevada	Filed On 11/13/2023 12:56:00 PM
	Number of Pages 2

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State: LiqTech International, Inc.

Entity or Nevada Business Identification Number (NVID): C17450-2004

2. Restated or Amended and Restated Articles: (Select one)

(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles

☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on:
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.

☐ Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed: (Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following:

(Check only one box) ☐ incorporators ☐ board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 63.08%

☐ Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada:

Jurisdiction of formation:

Changes to takes the following effect:

☐ The entity name has been amended. ☐ Dissolution
☐ The purpose of the entity has been amended. ☐ Merger
☐ The authorized shares have been amended. ☐ Conversion
☐ Other: (specify changes)

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)	Date: Time: (must not be later than 90 days after the certificate is filed)
5. Information Being Changed: (Domestic corporations only)	Changes to takes the following effect: ☐ The entity name has been amended. ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent) ☐ The purpose of the entity has been amended. ☒ The authorized shares have been amended. ☐ The directors, managers or general partners have been amended. ☐ IRS tax language has been added. ☐ Articles have been added. ☐ Articles have been deleted. ☐ Other. The articles have been amended as follows: (provide article numbers, if available) Article III has been amended to read as follows: (text below). (attach additional page(s) if necessary)
6. Signature: (Required)	DocuSigned by: X Simon Stadil — Chief Financial Officer/Treasurer Signature of Officer or Authorized Signer — Title X ____________ — ____________ Signature of Officer or Authorized Signer — Title *If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

The authorized amount of Capital Stock of the Corporation shall be Fifty Million (50,000,000) shares of Common Stock at $0.001 par value per share and Two Million Five Hundred Thousand (2,500,000) shares of Preferred Stock at $0.001 par value per share, in such series and designations as may be authorized by the Board of Directors. Said Capital Stock may be increased or decreased from time to time in accordance with the provisions of the laws of the State of Nevada.

This form must be accompanied by appropriate fees.

Filed in the Office of	Business Number C17450-2004
FVAguilar	Filing Number 20233217456
Secretary of State State Of Nevada	Filed On 5/24/2023 8:44:00 AM
	Number of Pages 1

FRANCISCO V. AGUILAR
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Change Pursuant to NRS 78.209

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

INSTRUCTIONS:

1. Enter the current name as on file with the Nevada Secretary of State and enter the Entity or Nevada Business Identification Number (NVID).
2. Indicate the current number of authorized shares and par value, if any, and each class or series before the change.
3. Indicate the number of authorized shares and par value, if any of each class or series after the change.
4. Indicate the change of the affected class or series of issued, if any, shares after the change in exchange for each issued share of the same class or series.
5. Indicate provisions, if any, regarding fractional shares that are affected by the change.
6. NRS required statement.
7. This section is optional. If an effective date and time is indicated the date must not be more than 90 days after the date on which the certificate is filed.
8. Must be signed by an Officer. Form will be returned if unsigned.

1. Entity Information:	Name of entity as on file with the Nevada Secretary of State: LiqTech International, Inc. Entity or Nevada Business Identification Number (NVID): C17450-2004
2. Current Authorized Shares:	The current number of authorized shares and the par value, if any, of each class or series, if any, of shares before the change: 100,000,000 shares of Common Stock at $0.001 par value; and 2,500,000 shares of Preferred Stock at $0.001 par value.
3. Authorized Shares After Change:	The number of authorized shares and the par value, if any, of each class or series, if any, of shares after the change: 12,500,000 shares of Common Stock at $0.001 par value; and 2,500,000 shares of Preferred Stock at $0.001 par value.
4. Issuance:	The number of shares of each affected class or series, if any, to be issued after the change in exchange for each issued share of the same class or series: Every eight (8) shares of Common Stock shall be reverse split, reconstituted and converted into one (1) share of Common Stock.
5. Provisions:	The provisions, if any, for the issuance of fractional shares, or for the payment of money or the issuance of scrip to stockholders otherwise entitled to a fraction of a share and the percentage of outstanding shares affected thereby: No fractional shares shall be issued. Any fraction of a share of Common Stock that would otherwise result from this reverse stock split shall be rounded up to the next whole share of Common Stock.
6. Provisions:	The required approval of the stockholders has been obtained.
7. Effective date and time: (Optional)	Date: 05/26/2023 Time: (must not be later than 90 days after the certificate is filed)
8. Signature: (Required)	X Simon Stadil (DocuSigned by:) — Signature of Officer; CFO — Title; 05/23/2023 — Date

This form must be accompanied by appropriate fees.
If necessary, additional pages may be attached to this form.

Filed in the Office of	Business Number C17450-2004
Barbara K. Cegavske	Filing Number 20222286758
Secretary of State State Of Nevada	Filed On 4/28/2022 11:28:00 AM
	Number of Pages 1

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Withdrawal of Certificate of Designation

(PURSUANT TO NRS 78.1955(6))

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Withdrawal of
Certificate of Designation
for Nevada Profit Corporations
(Pursuant to NRS 78.1955(6))

1. Name of corporation:

LiqTech International, Inc.

2. Following is the resolution by the board of directors authorizing the withdrawal of Certificate of Designation establishing the classes or series of stock:

RESOLVED, that the Board hereby authorizes, approves and adopts the Certificate of Withdrawal of Series A Convertible Preferred Shares filed with the Secretary of State of the State of Nevada on November 14, 2017 (including, without limitation, the resolutions of the Board set forth therein, which such resolutions shall be deemed fully a part of these resolutions as if set forth herein) and directs the Company's appropriate officers to cause the Certificate of Withdrawal of the Series A Convertible Preferred Shares to be filed with the Secretary of State of the State of Nevada.

3. No shares of the class or series of stock being withdrawn are outstanding.

4. Signature: (required)

X /s/ Simon Seidelin Stadil, Chief Financial Officer

Signature of Officer

Filing Fee: $175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Filed in the Office of	Business Number C17450-2004
Barbara K. Cegavske	Filing Number 20211478574
Secretary of State State Of Nevada	Filed On 5/21/2021 1:01:00 PM
	Number of Pages 2

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:
Name of entity as on file with the Nevada Secretary of State:
LiqTech International, Inc.
Entity or Nevada Business Identification Number (NVID): C17450-2004

2. Restated or Amended and Restated Articles: (Select one)
(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles
☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on:
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.
☐ Amended and Restated Articles
* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed: (Select only one box)
(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)
The undersigned declare that they constitute at least two-thirds of the following:
(Check only one box) ☐ incorporators ☐ board of directors
The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)
The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 60.98%

☐ Officer's Statement (foreign qualified entities only) -
Name in home state, if using a modified name in Nevada:
Jurisdiction of formation:
Changes to takes the following effect:
☐ The entity name has been amended. ☐ Dissolution
☐ The purpose of the entity has been amended. ☐ Merger
☐ The authorized shares have been amended. ☐ Conversion
☐ Other: (specify changes)

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)	Date: Time: (must not be later than 90 days after the certificate is filed)
5. Information Being Changed: (Domestic corporations only)	Changes to takes the following effect: ☐ The entity name has been amended. ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent) ☐ The purpose of the entity has been amended. ☒ The authorized shares have been amended. ☐ The directors, managers or general partners have been amended. ☐ IRS tax language has been added. ☐ Articles have been added. ☐ Articles have been deleted. ☐ Other. The articles have been amended as follows: (provide article numbers, if available) Article 3 has been amended to read as follows: (text below). (attach additional page(s) if necessary)
6. Signature: (Required)	**X /s/ Claus Toftegaard** Signature of Officer or Authorized Signer — Chief Financial Officer/Treasurer Title X ______ Signature of Officer or Authorized Signer — Title *If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

The authorized amount of Capital Stock of the Corporation shall be One Hundred Million (100,000,000) shares of Common Stock at $.001 par value per share and Two Million Five Hundred Thousand (2,500,000) shares of Preferred Stock at $.001 par value per share, in such series and designations as may be authorized by the Board of Directors. Said Capital Stock may be increased or decreased from time to time in accordance with the provisions of the laws of the State of Nevada.

This form must be accompanied by appropriate fees.

DocuSign Envelope ID: A8CA300D-CDA7-4716-AE4A-73703D36F883

Filed in the Office of	Business Number C17450-2004
Barbara K. Cegavske	Filing Number 20201041926
Secretary of State State Of Nevada	Filed On 11/13/2020 3:25:00 PM
	Number of Pages 1

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Correction

NRS 78, 78A, 80, 81, 82, 84, 86, 87, 87A, 88, 88A, 89 and 92A

(Only one document may be corrected per certificate.)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

INSTRUCTIONS:

1. Enter the current name as on file with the Nevada Secretary of State and enter the Entity or Nevada Business Identification Number (NVID).
2. Name of document with inaccuracy or defect.
3. Filing date of document with inaccuracy or defect.
4. Brief description of inaccuracy or defect.
5. Correction of inaccuracy or defect.
6. Must be signed by Authorized Signer. Form will be returned if unsigned.

1. Entity Information:	Name of entity as on file with the Nevada Secretary of State: Liqtech International, Inc. Entity or Nevada Business Identification Number (NVID): C17450-2004
2. Document:	Name of document with inaccuracy or defect: Certificate of Amendment increasing authorized shares.
3. Filing Date:	Filing date of document which correction is being made: November 3, 2020
4. Description:	Description of inaccuracy or defect: The process for approving the proposed amendment was inaccurately described in the notice to shareholders as required under NRS Section 78.390.
5. Correction:	Correction of inaccuracy or defect: The authorized amount of shares of Common Stock at $0.001 par value per share is not being increased and shall remain at 25,000,000 shares.
6. Signature: (Required)	X DocuSigned by: Claus Toftegaard 1920C45CFCA34A7... **Signature** 13-11-2020 Date

This form must be accompanied by appropriate fees.

DocuSign Envelope ID: EBAD3D7E-E0D0-4E26-AB81-D02E897A8D88

Filed in the Office of	Business Number C17450-2004
Barbara K. Cegavske	Filing Number 20201028144
Secretary of State State Of Nevada	Filed On 11/6/2020 8:38:00 AM
	Number of Pages 1

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Correction

NRS 78, 78A, 80, 81, 82, 84, 86, 87, 87A, 88, 88A, 89 and 92A

(Only one document may be corrected per certificate.)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

INSTRUCTIONS:

1. Enter the current name as on file with the Nevada Secretary of State and enter the Entity or Nevada Business Identification Number (NVID).
2. Name of document with inaccuracy or defect.
3. Filing date of document with inaccuracy or defect.
4. Brief description of inaccuracy or defect.
5. Correction of inaccuracy or defect.
6. Must be signed by Authorized Signer. Form will be returned if unsigned.

1. Entity Information:	Name of entity as on file with the Nevada Secretary of State: LiqTech International, Inc. Entity or Nevada Business Identification Number (NVID): C17450-2004
2. Document:	Name of document with inaccuracy or defect: Certificate of Amendment
3. Filing Date:	Filing date of document which correction is being made: November 3, 2020
4. Description:	Description of inaccuracy or defect: Section 3 of the Certificate of Amendment contained an error as to percentage of stockholders voting in favor of the amendment.
5. Correction:	Correction of inaccuracy or defect: Section 3 of the Certificate of Amendment is corrected to reflect that the percentage of stockholders voting in favor of the amendment is 57%.
6. Signature: (Required)	DocuSigned by: Claus Toftegaard 1920C40C7CA34A7... X Signature 05-11-2020 Date

This form must be accompanied by appropriate fees.

DocuSign Envelope ID: 829E7E64-C7F1-4144-8076-FD850FA5C321

Filed in the Office of	Business Number C17450-2004
Barbara K. Cegavske	Filing Number 20201022590
Secretary of State State Of Nevada	Filed On 11/3/2020 9:24:00 AM
	Number of Pages 1

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Amendment

(PURSUANT TO NRS 78.385 AND 78.390)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation For Nevada Profit Corporations

(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

LiqTech International, Inc.

2. The articles have been amended as follows: (provide article numbers, if available)

Article III:

The authorized amount of Capital Stock of the Corporation shall be One Hundred Million (100,000,000) shares of Common Stock at $.001 par value per share and Two-Million Five Hundred Thousand (2,500,000) shares of Preferred Stock at $.001 par value per share, in such series and designations as may be authorized by the Board of Directors. Said Capital Stock may be increased or decreased from time to time in accordance with the provisions of the laws of the State of Nevada.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 75.93%

4. Effective date and time of filing: (optional) Date: Time:

(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X DocuSigned by: Claus Toftegaard 1920C40C7CA34A7...

Signature of Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Change Pursuant to NRS 78.209

Filed in the Office of Barbara K. Cegavske Secretary of State State Of Nevada	Business Number C17450-2004
	Filing Number 20190155103-27
	Filed On 04/08/2019
	Number of Pages 1

USE BLACK INK ONLY - DO NOT HIGHLIGHT ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Change filed Pursuant to NRS 78.209 For Nevada Profit Corporations

1. Name of corporation:
LiqTech International, Inc.

2.The board of directors have adopted a resolution pursuant to NRS 78.209 and have obtained any required approval of the stockholders.

3.The current number of authorized shares and the par value, if any, of each class or series, if any, of shares before the change:
One Hundred Million (100,000,000) shares of Common Stock at $0.001 par value; and Ten Million (10,000,000) shares of Preferred Stock at $0.001 par value.

4.The number of authorized shares and the par value, if any, of each class or series, if any, of shares after the change:
Twenty-Five Million (25,000,000) shares of Common Stock at $0.001 par value; and Two-Million Five Hundred Thousand (2,500,000) shares of Preferred Stock at $0.001 par value.

5.The number of shares of each affected class or series, if any, to be issued after the change in exchange for each issued share of the same class or series:
Every four (4) shares of Common Stock shall be reverse split, reconstituted and converted into one (1) share of Common Stock.

6.The provisions, if any, for the issuance of fractional shares, or for the payment of money or the issuance of scrip to stockholders otherwise entitled to a fraction of a share and the percentage of outstanding shares affected thereby:
No fractional shares shall be issued. Any fraction of a share of Common Stock that otherwise would result from this reverse stock split shall be rounded up to the next whole share of Common Stock.

7.Effective date and time of filing: (optional) Date: 04/08/2019 Time: 4:01 EDT
(must not be later than 90 days after the certificate is filed)

8. Signature: (required)

X /s/ Claus Toftegaard
Signature of Officer

Chief Financial Officer
Title

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Filed in the Office of	Business Number C17450-2004
Barbara K. Cegavske	Filing Number 20170481891-21
Secretary of State State Of Nevada	Filed On 11/14/2017
	Number of Pages 7

Certificate of Designation

(PURSUANT TO NRS 78.1955)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Designation For Nevada Profit Corporations (Pursuant to NRS 78.1955)

1. Name of corporation:

Liqtech International, Inc.

2. By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.

It is hereby certified that:

1. The name of the Company (hereinafter called the "Company") is LiqTech International, Inc. a Nevada corporation.

2. The Articles of Incorporation of the Company authorizes the issuance of ten Million (10,000,000) shares of preferred stock, $0.001 par value per share, and expressly vests in the Board of Directors of the Company the authority to issue any or all of said shares in one (1) or more classes or series and to fix the designations, powers, preferences and rights, the qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, (please see full text attached)

3. Effective date of filing: (optional)

(must not be later than 90 days after the certificate is filed)

4. Signature: (required)

X

Signature of Officer

Filing Fee: $175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES A CONVERTIBLE PREFERRED STOCK

OF

LIQTECH INTERNATIONAL, INC.

It is hereby certified that:

1. The name of the Company (hereinafter called the "**Company**") is LiqTech International, Inc. a Nevada corporation.

2. The Articles of Incorporation of the Company authorizes the issuance of Ten Million (10,000,000) shares of preferred stock, $0.001 par value per share, and expressly vests in the Board of Directors of the Company the authority to issue any or all of said shares in one (1) or more classes or series and to fix the designations, powers, preferences and rights, the qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any class or series, without further vote or action by the stockholders.

3. The Board of Directors of the Company, pursuant to the authority expressly vested in it as aforesaid, has adopted the following resolutions creating a Series A issue of Convertible Preferred Stock:

RESOLVED, that Two Million Two Hundred Ten Thousand Three Hundred Fifty-Seven (2,210,357) of the Ten Million (10,000,000) authorized shares of Preferred Stock of the Company shall be designated Series A Convertible Preferred Stock, and shall possess the rights and preferences set forth below:

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"**Alternate Consideration**" shall have the meaning set forth in Section 6(b).

"**Business Day**" means any day except Saturday, Sunday, and any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of Nevada are authorized or required by law or other governmental action to close. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

"**Common Stock**" means the Company's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed into.

"**Common Stock Equivalents**" means any securities of the Company or the subsidiaries of the Company, whether or not vested or otherwise convertible or exercisable into shares of Common Stock at the time of such issuance, which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"**Conversion Date**" shall have the meaning set forth in Section 5(a).

"**Conversion Price**" means $0.30, subject to adjustment as set forth in Section 6.

"**Conversion Shares**" means the shares of Common Stock issuable upon conversion of the shares of Series A Preferred Stock in accordance with the terms hereof.

"**Effective Date**" means the date that this Certificate of Designation is filed with the Secretary of State of Nevada.

"**Fundamental Transaction**" shall have the meaning set forth in Section 6(b).

"**Holder**" shall mean the owner of the Series A Preferred Stock.

"**Junior Securities**" shall be the Common Stock and any other class or series of capital stock of the Company hereafter created which does not expressly rank pari passu with or senior to the Series A Preferred Stock.

"**Liquidation**" shall have the meaning set forth in Section 4(a).

"**Mandatory Conversion**" shall have the meaning set forth in Section 5(b).

"**Mandatory Conversion Date**" shall have the meaning set forth in Section 5(b).

"**Notice of Conversion**" shall have the meaning set forth in Section 5(a).

"**Person**" means an individual, entity, corporation, partnership, association, limited liability company, limited liability partnership, joint-stock company, trust or unincorporated organization.

"**Purchase Agreement**" means, with respect to each Holder, the securities purchase agreement between the Company and the original Holder.

"**Preferred Stock**" means the Company's preferred stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed into.

"**Reverse Split**" shall have the meaning set forth in Section 3.

"**Series A Preferred Stock**" shall have the meaning set forth in Section 2.

"**Stated Value**" means $1.20 per share.

"**Trading Day**" means a day on which the NYSE American or any other trading market or exchange on which the Common Stock may then trade is open for business.

Section 2. **Designation and Authorized Shares**. The series of Preferred Stock designated by this Certificate shall be designated as the Company's Series A Convertible Preferred Stock (the "**Series A Preferred Stock**") and the number of shares so designated shall be 2,210,357, provided, however, the Company may increase the number of shares of Series A Preferred Stock that has been designated solely by action of the Company's Board of Directors, and no further consent of the Company's stockholders is required to designate additional shares of Series A Preferred Stock up to 10,000,000 shares, as long as no other series of Preferred Stock has been designated. So long as any of the Series A Preferred Stock are issued and outstanding, the Company shall not issue any shares of Preferred Stock that are senior to the Series A Preferred Stock in Liquidation without the approval of the Holders of a majority of the issued and outstanding shares of Series A Preferred Stock. The Series A Preferred Stock shall not be redeemed for cash and under no circumstances shall the Company be required to net cash settle the Series A Preferred Stock.

Section 3. **Voting Rights**. The Holders shall have the right to vote on any matter submitted to a vote of holders of Common Stock, voting together with the Common Stock as one (1) class. The Holders shall be entitled to the same notice of any regular or special meeting of the stockholders as may or shall be given to holders of Common Stock entitled to vote at such meetings. Each share of Series A Preferred Stock will entitle its Holder to vote with the Common Stock on an as-converted basis, and for the avoidance of doubt, each share of Series A Preferred Stock will be initially entitled to four (4) votes. As long as any shares of Series A Preferred Stock are outstanding, the Company may not, without the affirmative vote of the Holders of the majority of the then outstanding shares of the Series A Preferred Stock, alter or change adversely the powers, preferences or rights given to the Series A Preferred Stock, or issue any series of capital ranking senior to the Series A Preferred Stock in Liquidation. Nothing in the foregoing sentence shall impede a change in the Company's Articles of Incorporation, including to effect a reverse split of the Company's issued and outstanding Common Stock (a "**Reverse Split**"), bylaws or other charter documents which does not have such adverse effect.

Section 4. **Liquidation**.

(a) The Series A Preferred Stock shall with respect to distributions of assets and rights upon the occurrence of a Liquidation, rank senior to the Junior Securities of the Company. Upon any liquidation, dissolution or winding-up of the Company ("**Liquidation**"), the Holders of Series A Preferred Stock will be entitled to be paid for each share of Series A Preferred Stock held thereby, out of but only to the extent the assets of the Company are legally available for distribution to its stockholders, an amount equal to the Stated Value per share (as adjusted for stock splits, stock dividends, combinations or other recapitalizations of the Series A Preferred Stock). If the assets of the Company available for distribution to the Holders of Series A Preferred Stock shall be insufficient to permit payment in full to such Holders of the sums which such Holders are entitled to receive in such case, then all of the assets available for distribution to the Holders of the Series A Preferred Stock shall be distributed among and paid to such Holders ratably in proportion to the amounts that would be payable to such Holders if such assets were sufficient to permit payment in full.

(b) After the Holders of all series of Series A Preferred Stock shall have been paid in full the amounts to which they are entitled in Section 4(a), the shares of Series A Preferred Stock shall not be entitled to any further participation in any distribution of assets of the Company.

Section 5. Conversion.

a) Conversions at Option of Holder. Subject to the provisions of this Section 5, each share of Series A Preferred Stock will be convertible, at any time and from time to time from and after the Effective Date, at the option of the Holder thereof, into Common Stock. Holders may effect conversions by providing the Company with a conversion notice (a "**Notice of Conversion**") which specifies the number of shares of Series A Preferred Stock to be converted, the number of shares of Series A Preferred Stock owned prior to the conversion at issue, the number of shares of Series A Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile or e-mail such Notice of Conversion to the Company (such date, the "**Conversion Date**"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date will be the date that such Notice of Conversion to the Company is deemed delivered hereunder. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Series A Preferred Stock, a Holder will not be required to surrender the certificate(s) representing such shares of Series A Preferred Stock to the Company unless all of the shares of Series A Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Series A Preferred Stock promptly following the Conversion Date at issue subject to the rules of the NYSE American or any other exchange to which the Common Stock may be subject. Shares of Series A Preferred Stock converted into Common Stock in accordance with the terms hereof will be canceled and may not be reissued except as otherwise set forth in this Certificate of Designation.

b) Mandatory Conversion. On the sooner to occur of (i) six (6) months from the Effective Date or (ii) upon the date of effectiveness of any public offering of Common Stock by the Company pursuant to a registration statement filed by the Company with the United States Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "**Mandatory Conversion Date**"), all of the outstanding shares of Series A Preferred Stock will automatically convert to Common Stock (a "**Mandatory Conversion**") in accordance with Section 5(c). Within three Business Days of the Mandatory Conversion Date, the Company shall deliver to each Holder the Conversion Shares issuable upon conversion of such Holder's Series A Preferred Stock, and, within three Business Days after receipt of such Conversion Shares, each Holder shall return the certificates for its Series A Preferred Stock to the Company, provided that, any failure by the Holder to return a certificate for Series A Preferred Stock will have no effect on the Mandatory Conversion pursuant to this Section 5(b), which Mandatory Conversion will be deemed to occur on the Mandatory Conversion Date.

c) Conversion Shares. The number of Conversion Shares which the Company shall issue upon conversion of the Series A Preferred Stock (whether pursuant to Section 5(a) or 5(b)) will be equal to the number of shares of

Series A Preferred Stock to be converted, multiplied by the Stated Value, divided by the Conversion Price in effect at the time of the conversion.

d) Mechanics of Conversion at Option of Holder

i. Delivery of Certificate Upon Conversion. Not later than five Trading Days after each Conversion Date, the Company shall deliver, or cause to be delivered, to the converting Holder a certificate or certificates which will contain appropriate restrictive legends and trading restrictions representing the number of Conversion Shares being acquired upon the conversion of shares of Series A Preferred Stock.

ii. Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series A Preferred Stock, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders of the Series A Preferred Stock, not less than such aggregate number of shares of the Common Stock as are issuable upon the conversion of all outstanding shares of Series A Preferred Stock.

iii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of or as dividends on the Series A Preferred Stock. As to any fraction of a share which a Holder would otherwise be entitled to purchase or be issued upon such conversion, the Company shall round up to the next whole share.

Section 6. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Company, at any time while the Series A Preferred Stock is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, will not include any shares of Common Stock issued by the Company upon conversion of this Series A Preferred Stock); (B) subdivides outstanding shares of Common Stock into a larger number of shares; (C) combines (including by way of a Reverse Split) outstanding shares of Common Stock into a smaller number of shares; or (D) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Company, then the Conversion Price will be multiplied by a fraction of which the numerator will be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event and of which the denominator will be the number of shares of Common Stock, or in the event that clause (D) of this Section 6(a) will apply shares of reclassified capital stock, outstanding immediately after such event. Any adjustment made pursuant to this Section 6(a) will become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and will become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Fundamental Transaction. If, at any time while the Series A Preferred Stock is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person, (B) the Company effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, or (C) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a "**Fundamental Transaction**"), then, upon any subsequent conversion of the Series A Preferred Stock, the Holders shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of four shares of Common Stock (the "**Alternate Consideration**"). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of four shares of Common Stock in such Fundamental Transaction, and the Company shall adjust the Conversion Price in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holders shall be given the same choice as to the Alternate Consideration they receive upon any conversion of the Series A Preferred Stock following such

Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 6(c) and insuring that the Series A Preferred Stock (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

c) Calculations. All calculations under this Section 6 will be made to the nearest 1/10th of a cent or the nearest 1/100th of a share, as the case may be.

d) Notice to the Holders. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 6, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 7. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, by e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth in the Purchase Agreement or address as the Company may specify for such purposes by notice to the Holders delivered in accordance with this Section 7. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally or sent by a nationally recognized overnight courier service, or by facsimile or e-mail, addressed to each Holder at the address of such Holder such forth in the Purchase Agreement or appearing on the books of the Company, or if no such address appears in the Purchase Agreement or on the books of the Company, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of the Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or upon actual receipt by the party to whom such notice is required to be given.

b) Lost or Mutilated Series A Preferred Stock Certificate. If a Holder's Series A Preferred Stock certificate becomes mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Series A Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership thereof reasonably satisfactory to the Company.

c) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation will be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof.

d) Waiver. Any waiver by the Company or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Company or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation. Any waiver by the Company or a Holder must be in writing.

f) Status of Converted Series A Preferred Stock. If any shares of Series A Preferred Stock shall be converted or reacquired by the Company, such shares shall resume the status of authorized but unissued Series A Preferred Stock.

[Signature page follows.]

IN WITNESS WHEREOF, this Certificate of Designation has been executed by a duly authorized officer of the Company as of this 9th day of November, 2017.

Name: Soren Degn

Title: Chief Financial Officer

090201

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Certificate of Amendment

(PURSUANT TO NRS 78.385 AND 78.390)

Filed in the Office of	Business Number C17450-2004
	Filing Number 20110729904-25
Secretary of State	Filed On 10/10/2011
State Of Nevada	Number of Pages 1

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation For Nevada Profit Corporations (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

BLUE MOOSE MEDIA, INC.

2. The articles have been amended as follows: (provide article numbers, if available)

Article First: The name of the corporation is LiqTech International, Inc.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise a least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: **57.1 Percent**

4. Effective date and time of filing: (optional) Date: **October 13, 2011** Time: **9:00 A.M.**

(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X

Signature of Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

[redacted]

DEAN HELLER
Secretary of State
206 North Carson Street
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

FILED # C17450-2004

JUL 0 1 2004

IN THE OFFICE OF
DEAN HELLER, SECRETARY OF STATE

Articles of Incorporation
(PURSUANT TO NRS 78)

103759

Important: Read attached instructions before completing form.

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Corporation:	Blue Moose Media, Inc.
2. Resident Agent Name and Street Address: (must be a Nevada address where process may be served)	Name: Gateway Enterprises, Inc. Street Address: 3230 East Flamingo Rd., #156, City: Las Vegas, NEVADA, Zip Code: 89121 Optional Mailing Address: City: State: Zip Code:
3. Shares: (number of shares corporation authorized to issue)	Number of shares with par value: 100,000,000 common $0.001; 10,000,000 preferred Par value: $ 0.001 Number of shares without par value: -0-
4. Names & Addresses, of Board of Directors/Trustees: (attach additional page if there is more than 3 directors/trustees)	1. Name: Jason Davis Street Address: 3113 St. Christopher Court, City: Antioch, State: CA, Zip Code: 94509 2. Name: Street Address: City: State: Zip Code: 3. Name: Street Address: City: State: Zip Code:
5. Purpose: (optional - see instructions)	The purpose of this Corporation shall be: Any legal purpose
6. Names, Address and Signature of Incorporator: (attach additional page if there is more than 1 incorporator)	Name: Cletha A. Walstrand Signature: Cletha A. Walstrand Address: 8 East Broadway, #609, City: Salt Lake City, State: UT, Zip Code: 84111
7. Certificate of Acceptance of Appointment of Resident Agent:	I hereby accept appointment as Resident Agent for the above named corporation. Authorized Signature of R.A. or On Behalf of R.A. Company: VP. Date: June 30, 2004

7/1/2004 10:46:16 AM $300.00
WL E200407010273

This form must be accompanied by appropriate fees. See attached fee schedule.

Nevada Secretary of State Form 78 ARTICLES 2003
Revised on: 11/21/03

[redacted]

ARTICLES OF INCORPORATION

OF

BLUE MOOSE MEDIA, INC.

THE UNDERSIGNED, having associated ourselves together for the purpose of forming a corporation for the transaction of business and the promotion and conduct of the objects and purposes hereinafter stated, under the provisions of and subject to the requirements of the laws of the State of Nevada, do make, record and file these Articles of Incorporation, in writing, and we do hereby certify:

ARTICLE I

NAME

The name of this Corporation shall be: BLUE MOOSE MEDIA, INC.

ARTICLE II

PURPOSE

The purpose for which said Corporation is formed and the nature of the objects proposed to be transacted and carried on by it is to engage in any and all lawful activity, as provided by the laws of the State of Nevada.

ARTICLE III

CAPITAL STOCK

The authorized amount of Capital Stock of the Corporation shall be One Hundred Million (100,000,000) shares of Common Stock at $.001 par value per share and Ten Million (10,000,000) shares of Preferred Stock at $.001 par value per share, in such series and designations as may be authorized by the Board of Directors. Said Capital Stock may be increased or decreased from time to time in accordance with the provisions of the laws of the State of Nevada.

ARTICLE IV

GOVERNING BOARD

The members of the Governing Board of the Corporation are styled Directors. The initial board of directors shall consist of one member. The names and post office address of the First Board of Directors are as follows:

FIRST BOARD OF DIRECTORS

Name	Address
Jason Davis	3113 St. Christopher Court Antioch, CA 94509

ARTICLE V

INCORPORATOR

The name and address of the incorporator signing these Articles of Incorporation, who is above the age of eighteen (18) years, is as follows:

Name	Address
Cletha A. Walstrand	8 East Broadway, Suite 609 Salt Lake City, UT 84111

ARTICLE VI

RESIDENT AGENT

The name and address of the Resident Agent is as follows:

Name	Address
Gateway Enterprises, Inc.	3230 East Flamingo Road, Suite 156 Las Vegas, Nevada 89121

ARTICLE VII

INDEMNIFICATION

No director or officer of the Corporation shall be personally liable to the Corporation or any of its stockholders for damages for breach of fiduciary duty as a director or officer; provided, however, that the foregoing provision shall not eliminate or limit the liability of a director or officer (i) for acts or omissions which involve intentional misconduct, fraud or knowing violation of law, or (ii) the payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes. Any repeal or modification of an Article by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation of the personal liability of a director or officer of the Corporation for acts or omissions prior to such repeal or modification.

ARTICLE VIII

ACQUISITION OF CONTROLLING INTEREST

The Corporation elects not to be governed by the terms and provisions of Sections 78.378 through 78.3793, inclusive, of the Nevada Revised Statutes, as the same may be amended, superseded, or replaced by any successor section, statute, or provision. No amendment to these Articles of Incorporation, directly or indirectly, by merger or consolidation or otherwise, having the effect of amending or repealing any of the provisions of this paragraph shall apply to or have any effect on any transaction involving acquisition of control by any person or any transaction with an interested stockholder occurring prior to such amendment or repeal.

ARTICLE IX

COMBINATIONS WITH INTERESTED STOCKHOLDERS

The Corporation elects not to be governed by the terms and provisions of Sections 78.411 through 78.444, inclusive, of the Nevada Revised Statutes, as the same may be amended, superseded, or replaced by any successor section, statute, or provision.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 30th day of June, 2004.

Cletha A Walstrand

Cletha A. Walstrand

State of Utah)
:ss.
County of Salt Lake)

On the 30th day of June 2004, personally appeared before me, a notary public (or judge or other authorized person, as the case may be), duly commissioned and sworn, Cletha A. Walstrand, personally known or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the foregoing instrument and who acknowledged that she executed the instrument.

IN WITNESS WHEREOF, I have executed this notary and affixed my official seal.

NOTARY PUBLIC

My Commission Expires:______________

NOTARY SEAL

Notary Public
TRENT WADDOUPS
609 Judge Building
8 East Broadway
Salt Lake City, Utah 84111
My Commission Expires
February 2, 2005
State of Utah

LIQTECH

EMPLOYMENT CONTRACT

Between

LiqTech Holding A/S
Industriparken 22c
2750 Ballerup
CVR no.: 25 12 10 31
(hereinafter referred to as "the Company")

and

Phillip Massie Price
Strandgårdsvej 50
4000, Roskilde
(hereinafter referred to as "the Employee")

the following has been agreed upon on today's date:

1 - Title

Head of Finance

2 - Start Date From 01-03-2022

3 - Scope of Responsibilities

The Employee, with reference CFO, Simon Seidelin Stadil is responsible for tasks related to The Financial organization.

The Employee's scope of work and responsibilities are outlined in the attached job description.

4 - Working Hours & Capacity

The weekly working hours amount to 37 hours per week excluding lunch.

The Employee is obligated to dedicate their full working capacity in the Company's interest. However, the Employee has the right to take on minor tasks as long as it does not diminish their work capacity in the Company. If this work conflicts with the Company's interests, approval must always be obtained in advance.

5 - Confidentiality & Return of Materials

The Employee is bound by confidentiality regarding all information obtained during the course of their employment with the Company, unless it concerns matters that by their nature must be disclosed to third parties.

This confidentiality obligation also applies after the Employee leaves the Company.

Upon actual termination of employment, regardless of the reason, all materials belonging to the Company and in the possession of the Employee must be returned to the Company. The Employee cannot exercise any retention rights over materials belonging to the Company.

The Employee must not be indebted to the Company.

6 - Salary

The monthly salary is 68.500 DKK. The salary is paid monthly in arrears and is paid no later than the last working day of the month.

Salary negotiations will be initiated for the first time on October 1, 2022. Any adjustments will come into effect in January 2023.

Thereafter, salary negotiations will occur annually in the month of March, with effect from March onwards.

Overtime is not separately compensated but is included in the agreed-upon salary.

7 - Pension

The Employee participates in the Company's pension scheme and contributes 4% of their monthly salary as their own pension contribution. The Company contributes 8%.

8 - Code of Conduct and Ethics

Upon employment, the Employee has been made aware of the Code of Conduct and Ethics for LiqTech International Inc., of which the Company is a part. The Code of Conduct and Ethics can be found at www.LiqTech.com.

LIQTECH

9 - Insider Trading Policy

Upon employment, the Employee has been made aware of the Insider Trading Policy, and the document is attached to this employment contract for signature.

10 - PC, Internet, Mobile Phone, Telephone, Newspapers, and Magazines

Upon employment, the Employee will be provided with a telephone and PC.
The tax consequences thereof will apply in accordance with the relevant legislation.

11 - Travel, Representation, and Further Education

The Employee's expenses related to travel and representation in the Company's interest will be reimbursed by the Company upon submission of receipts.

The Employee's use of their own car for Company purposes will be compensated according to the prevailing rates set by the state.

12 - Vacation & Discretionary days off

The Employee's rights and obligations regarding vacation are determined by the prevailing holiday law.
The Employee must plan the timing of their vacation with consideration for the Company's interests. Vacation requests must always be approved by the immediate supervisor.

After 9 months of employment, the Employee accrues the right to 5 discretionary days off.

13 - Illness

The Employee receives salary during illness. Absence due to illness must be reported to the Company as soon as possible and no later than the start of normal working hours.

14 - Prolonged Illness

If, within a period of 12 consecutive months, the Employee has received salary during illness for a total of 120 days, the Company is entitled to terminate the employment with 1 month's written notice, effective at the end of a month.

The validity of the termination is conditional upon it being made immediately upon the expiration of the 120 sick days, and while the Employee is still ill, whereas the validity is not affected by the Employee returning to work after the termination.

LIQTECH

15 - Termination

The employment relationship can be terminated in writing by both the Company and the Employee in accordance with the prevailing white-collar worker law.

A mutual notice period of 14 days is agreed upon during the first 3 months of the contract, which is considered as a probationary period.

16 - Breach

Should the Company or the Employee substantially breach their obligations under this contract or the relevant conditions under which it was entered into, the other party may terminate the contract without notice or terminate it at a arbitrarily determined time.

If the termination or resignation is due to the Employee's material breach, the Employee is entitled to salary only until the date of termination. The party that has breached its obligations is obliged to compensate for any losses incurred by the other party due to the breach.

The Employee's violation of the provisions in clauses 5, 8, 9, and 13 is considered a substantial breach.

17 - Disputes

Any disputes between the Company and the Employee arising from the employment relationship established by this contract shall first be attempted to be resolved through negotiation. If the parties cannot reach an agreement, the dispute shall be settled by the Danish courts in accordance with Danish law.

18 - Miscellaneous

All matters not regulated under this agreement shall be governed by the general provisions of the Salaried Employees Act.

LIQTECH

19 - Signatures

This contract is executed in two signed copies, one of which shall remain with the Company, while the other is provided to the Employee.

Hobro, January 28th 2022.

For the Company	Employee
/s/ Simon Seidelin Stadil	*/s/ Phillip Massie Price*
CFO, Simon Seidelin Stadil	Phillip Massie Price

LiqTech Holding A/S +45 7020 7258
Industriparken 22c info@liqtech.com
2750 Ballerup, Denmark liqtech.com

Exhibit 10.17

LIQTECH

Phillip Massie Price Strandgardsvej 50
4000 Roskilde

Date: 20 March 2024

Addendum for Interim CFO

In connection with you assuming the role of Interim CFO (interim) as of April 1, 2024, there will be the following changes to your employment contract:

- Monthly salary as interim CFO per month: 100,000 DKK
- Your bonus will change so that you can achieve up to 3 months' bonus per year.
- Your notice period will be extended by 2 months mutually, so the notice period will be 3 months if the employee wishes to terminate his position. And, in case the company wishes to terminate the employee, the notice will be the applicable rule at any given time according to Danish Funktionaerloven + 2 months.

The above terms apply as long as you hold the position of interim CFO. All other terms in your employment contract remain unchanged.

I look forward to a close future collaboration.

Best regards,
/s/ Fei Chen
Fei Chen
CEO

For accept:
/s/ Phillip Massie Price
Phillip Massie Price

Exhibit 21.1

Subsidiaries

1) LiqTech USA, Inc., a Delaware corporation;

2) LiqTech International A/S, a Danish limited company;

3) Liqtech NA, Inc., a Delaware corporation; and

4) LiqTech Water Projects A/S, a Danish company

5) Liqtech Ceramics A/S, a Danish limited company;

6) Liqtech Water A/S, a Danish limited company;

7) Liqtech Plastic A/S, a Danish limited company;

8) Liqtech Emission Control A/S, a Danish limited company; and

9) Liqtech Environment Technologies (China) Co., Ltd., a Chinese limited company.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
LiqTech International, Inc.

As independent registered public accountants, we hereby consent to the use of our report dated March 21, 2024, with respect to the consolidated financial statements for LiqTech International, Inc., it its registration statements on Form S-1 (File no. 333-239364), Form S-3 (File no. 333-220496) and S-8 (File No. 333-193580) relating to the December 31, 2023 and 2022 consolidated financial statements, which is incorporated by reference.

/s/ Sadler, Gibb & Associates, LLC

Draper, UT
March 21, 2024

Exhibit 31.1

OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302

I, Fei Chen, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of Liqtech International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2024

By: /s/ Fei Chen
Name: Fei Chen
Title: Chief Executive Officer and Principal Executive Officer

Exhibit 31.2

OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302

I, Simon Stadil, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of Liqtech International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2024

By: /s/ Simon Stadil
Name: Simon Stadil
Title: Chief Financial Officer and Principal Financial and Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Liqtech International, Inc. (the " Company") on Form 10-K for the year ended December 31, 2023 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 22, 2024

By: /s/ Fei Chen
Name: Fei Chen
Title: Chief Executive Officer and Principal Executive Officer

A signed original of this written statement required by Section 906, or other document authentications, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Liqtech International, Inc. (the " Company") on Form 10-K for the year ended December 31, 2023 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 22, 2024

By: /s/ Simon Stadil
Name: Simon Stadil
Title: Chief Financial Officer and Principal Financial and Accounting Officer

A signed original of this written statement required by Section 906, or other document authentications, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

EXHIBIT 97.1

LIQTECH INTERNATIONAL, INC. NASDAQ RULE 5608
EXECUTIVE OFFICER COMPENSATION CLAWBACK POLICY

EFFECTIVE NOVEMBER 6, 2023

1. Policy Purpose. The purpose of this LiqTech International, Inc. Nasdaq Rule 5608 Executive Officer Compensation Clawback Policy (this "***Policy***") is to enable LiqTech International, Inc. and its subsidiaries and affiliates (the " ***Company***") to recover Erroneously Awarded Compensation in the event that the Company is required to prepare an Accounting Restatement. This Policy is intended to comply with the requirements set forth in Listing Rule 5608 of The Nasdaq Stock Market LLC and will be construed and interpreted in accordance with such intent. Unless otherwise defined in this Policy, capitalized terms will have the meaning ascribed to such terms in Section 7.

2. Policy Administration. This Policy will be administered by the Compensation Committee of the Board (the " ***Committee***") unless the Board determines to administer this Policy itself. The Committee has full and final authority to make all determinations under this Policy, in each case to the extent permitted under the Listing Rule and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code. All determinations and decisions made by the Committee pursuant to the provisions of this Policy will be final, conclusive and binding on all persons, including the Company, its affiliates, its stockholders and the Executive Officers. Any action or inaction by the Committee with respect to an Executive Officer under this Policy in no way limits the Committee's actions or decisions not to act with respect to any other Executive Officer under this Policy or under any similar policy, agreement or arrangement, nor will any such action or inaction serve as a waiver of any rights the Company may have against any Executive Officer other than as set forth in this Policy.

3. Policy Application. This Policy applies to all Incentive-Based Compensation received by a person (a) after beginning service as an Executive Officer, (b) who served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation, (c) while the Company had a class of securities listed on a national securities exchange or a national securities association and (d) during the three completed fiscal years immediately preceding the Accounting Restatement Date. In addition to such last three completed fiscal years, the immediately preceding clause (d) includes any transition period that results from a change in the Company's fiscal year within or immediately following such three completed fiscal years, provided that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to twelve months will be deemed a completed fiscal year. For purposes of this Section 3, Incentive-Based Compensation is deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, Incentive-Based Compensation that is subject to both a Financial Reporting Measure vesting condition and a service-based vesting condition will be considered received when the relevant Financial Reporting Measure is achieved, even if the Incentive-Based Compensation continues to be subject to the service-based vesting condition.

4. Policy Recovery Requirement. In the event of an Accounting Restatement, the Company must recover, reasonably promptly, Erroneously Awarded Compensation, in amounts determined pursuant to this Policy. The Company's obligation to recover Erroneously Awarded Compensation is not dependent on if or when the Company files restated financial statements. Recovery under this Policy with respect to an Executive Officer will not require the finding of any misconduct by such Executive Officer or such Executive Officer being found responsible for the accounting error leading to an Accounting Restatement. In the event of an Accounting Restatement, the Company will satisfy the Company's obligations under this Policy to recover any amount owed from any applicable Executive Officer by exercising its sole and absolute discretion in how to accomplish such recovery, to the extent permitted under the Listing Rule and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code. The Company's recovery obligation pursuant to this Section 4 will not apply to the extent that the Committee, or in the absence of the Committee, a majority of the independent directors serving on the Board, determines that such recovery would be impracticable and:

a. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempts to recover and provide that documentation to the Stock Exchange;

b. Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Stock Exchange, that recovery would resu2lt in such a violation, and must provide such opinion to the Stock Exchange; or

c. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of Section 401(a)(13) or 411(a) of the Code.

5. Policy Prohibition on Indemnification and Insurance Reimbursement. The Company is prohibited from indemnifying any current or former Executive Officer against the loss of Erroneously Awarded Compensation. Further, the Company is prohibited from paying or reimbursing an Executive Officer for purchasing insurance to cover any such loss.

6. Required Policy-Related Filings. The Company will file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by U.S. Securities and Exchange Commission filings.

7. Definitions.

a. "***Accounting Restatement***" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

b. " ***Accounting Restatement Date***" means the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if the Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement and (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

c. "***Board***" means the board of directors of the Company.

d. "***Code***" means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code or regulation thereunder includes such section or regulation, any valid regulation or other official guidance promulgated under such section and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.

e. "***Erroneously Awarded Compensation***" means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement, and must be computed without regard to any taxes paid by the relevant Executive Officer. Notwithstanding the foregoing, for Incentive-Based Compensation based on stock price or total stockholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Stock Exchange.

f. "***Executive Officer***" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function or any other person who performs similar policy-making functions for the Company. An executive officer of the Company's parent or subsidiary is deemed an "Executive Officer" if the executive officer performs such policy making functions for the Company.

g. "***Financial Reporting Measure***" means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measure, provided that a Financial Reporting Measure is not required to be presented within the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission to qualify as a "Financial Reporting Measure." For purposes of this Policy, "Financial Reporting Measure" includes, but is not limited to, stock price and total stockholder return.

h. “***Incentive-Based Compensation***” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

i. “***Stock Exchange***” means the national stock exchange on which the Company’s common stock is listed.

8. Acknowledgement. Each Executive Officer will sign and return to the Company, within 30 calendar days following the later of (i) the effective date of this Policy first set forth above or (ii) the date the individual becomes an Executive Officer, the Acknowledgement Form attached as Exhibit A, pursuant to which the Executive Officer agrees to be bound by, and to comply with, the terms and conditions of this Policy.

9. Severability. The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and will automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination. The Board may amend this Policy from time to time in its sole and absolute discretion and will amend this Policy as it deems necessary to reflect the Listing Rule, to comply with (or maintain an exemption from the application of) Section 409A of the Code. The Board may terminate this Policy at any time.

11. Other Recovery Obligations and General Rights. To the extent that the application of this Policy would provide for recovery of Incentive-Based Compensation that the Company recovers pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations, the amount the relevant Executive Officer has already reimbursed the Company will be credited to the required recovery under this Policy. This Policy will not limit the rights of the Company to take any other actions or pursue other remedies that the Company may deem appropriate under the circumstances and under applicable law, in each case to the extent permitted under the Listing Rule and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code. Nothing contained in this Policy will limit the Company’s ability to seek recoupment, in appropriate circumstances (including circumstances beyond the scope of this Policy) and as permitted by other applicable law, of any amounts from any individual, in each case to the extent permitted under the Listing Rule and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code.

12. Successors. This Policy is binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

13. Governing Law and Venue. This Policy and all rights and obligations hereunder are governed by and construed in accordance with the internal laws of the State of Nevada, excluding any choice of law rules or principles that may direct the application of the laws of another jurisdiction.

EXHIBIT A
LIQTECH INTERNATIONAL, INC. NASDAQ RULE 5608
EXECUTIVE OFFICER COMPENSATION CLAWBACK POLICY

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the LiqTech International, Inc. Nasdaq Rule 5608 Executive Officer Compensation Clawback Policy (the "***Policy***").

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with LiqTech International, Inc. and, as applicable, its subsidiaries and affiliates (the "***Company***"). Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

EXECUTIVE OFFICER

____
Signature

____
Print Name

____
Date