Table of Contents

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

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

or

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

For the transition period from _______________ to ________________

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: **+45 3131 5941**

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**

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, 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 (Check one):

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of November 14, 2024, there were 9,449,401 shares of Common Stock, $0.001 par value per share, outstanding.

LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q
For the Period Ended September 30, 2024

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Certain statements made in this Quarterly Report on Form 10-Q are “forward-looking statements” regarding the plans and objectives of management for future operations and market trends and expectations. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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 potential 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 Quarterly Report on Form 10-Q 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;

- Exposure to potentially adverse tax consequences;
- Our ability to compete under changing governmental standards by which our products are evaluated;
- 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 control 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 and evolving disclosure requirements;
- The potential negative impact of more stringent environmental laws and regulations, along with evolving disclosure requirements, 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.

Any forward-looking statement made by us herein speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

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

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

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

	September 30, 2024 (Unaudited)	December 31, 2023
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 1,715,915	$ 2,444,653
Accrued expenses	3,030,801	3,550,542
Current portion of finance lease liabilities	479,779	590,550
Current portion of operating lease liabilities	577,628	531,355
Contract liabilities	193,577	382,647
Total Current Liabilities	5,997,700	7,499,747
Long-Term Liabilities:		
Deferred tax liability	62,532	101,059
Finance lease liabilities, net of current portion	1,764,671	2,879,932
Operating lease liabilities, net of current portion	4,337,326	3,527,082
Notes payable, less current portion	5,141,630	4,688,011
Total Long-Term Liabilities	11,306,159	11,196,084
Total Liabilities	17,303,859	18,695,831
Stockholders' Equity:		
Preferred stock; par value $0.001, 2,500,000 shares authorized, 0 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	-	-
Common stock; par value $0.001, 50,000,000 shares authorized and 5,848,499 and 5,727,310 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	5,848	5,727
Additional paid-in capital	100,320,472	98,796,357
Accumulated deficit	(83,262,701)	(75,922,180)
Accumulated other comprehensive loss	(5,642,134)	(5,603,888)
Total Stockholders' Equity	11,421,485	17,276,016
Total Liabilities and Stockholders' Equity	**$ 28,725,344**	**$ 35,971,847**

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

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Revenue	$ 2,478,221	$ 5,070,446	$ 11,198,627	$ 14,071,984
Cost of goods sold	2,687,754	4,121,881	10,419,847	11,569,549
Gross Profit (Loss)	(209,533)	948,565	778,780	2,502,435
Operating Expenses:				
Selling expenses	610,713	965,039	1,983,414	3,175,699
General and administrative expenses	1,491,366	1,253,779	4,577,413	3,690,211
Research and development expenses	278,361	428,600	940,465	1,131,003
Total Operating Expense	2,380,440	2,647,418	7,501,292	7,996,913
Loss from Operations	(2,589,973)	(1,698,853)	(6,722,512)	(5,494,478)
Other Income (Expense)				
Interest and other income	24,079	103,887	138,909	272,105
Interest expense	(34,523)	(34,734)	(135,532)	(92,633)
Amortization of debt discount	(156,988)	(86,447)	(453,619)	(257,765)
Gain (Loss) on currency transactions	(89,086)	287,437	250,912	170,653
Gain (Loss) on disposal of property and equipment	(4,096)	-	(457,329)	-
Total Other Income (Expense)	(260,614)	270,143	(656,659)	92,360
Loss Before Income Taxes	(2,850,587)	(1,428,710)	(7,379,171)	(5,402,118)
Income tax benefit	(10,061)	(14,480)	(38,650)	(43,093)
Net Income (Loss)	$ (2,840,526)	$ (1,414,230)	$ (7,340,521)	$ (5,359,025)
Loss Per Common Share – Basic and Diluted	$ (0.49)	$ (0.25)	$ (1.26)	$ (0.94)
Weighted-Average Common Shares Outstanding – Basic and Diluted	5,820,225	5,705,729	5,811,051	5,684,430

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

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net Loss	(2,840,526)	(1,414,230)	(7,340,521)	(5,359,025)
Gain (loss) on foreign currency translation	718,525	(671,128)	(38,246)	(362,324)
Other Comprehensive Loss	$ (2,122,001)	$ (2,085,358)	$ (7,378,767)	$ (5,721,349)

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

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2023	**5,727,310**	**5,727**	**98,796,357**	**(75,922,180)**	**(5,603,888)**	**17,276,016**
Common stock issued in settlement of RSUs	110,028	110	(110)	-	-	-
Tax withholdings paid related to stock-based compensation	(29,998)	(30)	30	-	-	-
Stock-based compensation	-	-	193,321	-	-	193,321
Currency translation, net	-	-	-	-	(543,580)	(543,580)
Net loss	-	-	-	(2,388,295)	-	(2,388,295)
Balance at March 31, 2024	**5,807,340**	**5,807**	**98,989,598**	**(78,310,475)**	**(6,147,468)**	**14,537,462**
Common stock issued in settlement of RSUs	11,932	12	(12)	-	-	-
Tax withholdings paid related to stock-based compensation	-	-	(104,940)	-	-	(104,940)
Stock-based compensation	-	-	166,617	-	-	166,617
Currency translation, net	-	-	-	-	(213,191)	(213,191)
Net loss	-	-	-	(2,111,700)	-	(2,111,700)
Balance at June 30, 2024	**5,819,272**	**5,819**	**99,051,263**	**(80,422,175)**	**(6,360,659)**	**12,274,248**
Issuance of common shares, warrants and prefunded warrants in connection with a private offering	29,227	29	1,107,356	-	-	1,107,385
Stock-based compensation	-	-	161,853	-	-	161,853
Currency translation, net	-	-	-	-	718,525	718,525
Net loss	-	-	-	(2,840,526)	-	(2,840,526)
Balance at September 30, 2024	**5,848,499**	**5,848**	**100,320,472**	**(83,262,701)**	**(5,642,134)**	**11,421,485**

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

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at 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	160,670	161	(161)	-	-	-
Stock-based compensation	-	-	157,173	-	-	157,173
Currency translation, net	-	-	-	-	408,596	408,596
Net loss	-	-	-	(2,389,503)	-	(2,389,503)
Balance at March 31, 2023	**5,658,930**	**5,659**	**97,132,488**	**(69,740,538)**	**(5,911,971)**	**21,485,638**
Common Stock issued in settlement of RSUs	24,500	24	(24)	-	-	-
Fractional shares from individual shareholder round-up following reverse split	16,796	17	(17)	-	-	-
Stock-based compensation	-	-	193,924	-	-	193,924
Currency translation, net	-	-	-	-	(99,792)	(99,792)
Net loss	-	-	-	(1,555,292)	-	(1,555,292)
Balance at June 30, 2023	**5,700,226**	**5,700**	**97,326,371**	**(71,295,830)**	**(6,011,763)**	**20,024,478**
Common Stock issued in settlement of RSUs	27,084	27	(27)	-	-	-
Warrants issued in connection with Senior Promissory Notes	-	-	1,193,206	-	-	1,193,206
Stock-based compensation	-	-	143,195	-	-	143,195
Currency translation, net	-	-	-	-	(671,128)	(671,128)
Net loss	-	-	-	(1,414,230)	-	(1,414,230)
Balance at September 30, 2023	**5,727,310**	**5,727**	**98,662,745**	**(72,710,060)**	**(6,682,891)**	**19,275,521**

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

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
	2024	**2023**
Cash Flows from Operating Activities:		
Net loss	$ (7,340,521)	$ (5,359,025)
Adjustments to reconcile net loss to net cash provided used in operations:		
Depreciation and amortization	1,621,898	1,906,052
Amortization of discount on notes payable	453,619	257,765
Stock-based compensation	521,791	494,292
Amortization of right-of-use assets	439,963	423,587
Deferred taxes	(38,650)	(43,093)
Loss on disposal of property and equipment	457,329	-
Changes in assets and liabilities:		
Accounts receivable	867,035	(1,632,953)
Inventory	(901,122)	(545,083)
Contract assets	383,835	(640,098)
Prepaid expenses and other current assets	(87,721)	405,001
Accounts payable	(736,726)	877,608
Accrued expenses	(538,387)	1,081,572
Operating lease liabilities	(442,519)	(423,587)
Contract liabilities	(188,266)	(105,671)
Assets held for sale	-	329,969
Net Cash used in Operating Activities	(5,528,442)	(2,973,664)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(977,432)	(2,261,131)
Proceeds from the disposal of property and equipment	948,665	-
Net Cash used in Investing Activities	(28,767)	(2,261,131)
Cash Flows from Financing Activities:		
Repayments of finance lease liabilities	(1,233,103)	(299,980)
Proceeds from sale and leaseback agreement	-	1,018,307
Proceeds from issuance of common stock and prefunded warrants	1,107,385	-
Net Cash provided by (used in) Financing Activities	(125,718)	718,327
Effect of Foreign Currency exchange on cash	(203,988)	(247,943)
Net Change in Cash and Restricted Cash	(5,886,915)	(4,764,411)
Cash and Restricted Cash at Beginning of Period	10,422,181	16,597,370
Cash and Restricted Cash at End of Period	$ 4,535,266	$ 11,832,959

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

LIQTECH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,			
	2024		2023	
Supplemental Disclosures of Cash Flow Information:				
Cash paid for interest	$	131,380	$	117,648
Cash paid for income taxes		-		-
Non-cash financing activities				
Financed purchases of property and equipment	$	83,825	$	-

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

LIQTECH INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION AND OTHER INFORMATION

The accompanying unaudited condensed consolidated financial statements of LiqTech International, Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q of Regulation S-X. They do not include all the information and footnotes required by GAAP for complete financial statements. The December 31, 2023 consolidated balance sheet data were derived from audited financial statements but does not include all disclosures required by GAAP. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements for the year ended December 31, 2023 included in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on March 22, 2024. The interim unaudited condensed consolidated financial statements should be read in conjunction with those consolidated financial statements included in the Company's Annual Report on Form 10-K. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial statements, consisting solely of normal recurring adjustments, have been made. Operating results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

Recently Issued Accounting Pronouncements

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. The Company is currently evaluating the impact this standard will have on its condensed consolidated financial statements.

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. The Company is currently evaluating the impact this standard will have on its condensed consolidated financial statements.

The Company currently believes there are no other issued and not yet effective accounting standards that are materially relevant to its condensed consolidated financial statements.

NOTE 2 – LIQUIDITY AND GOING CONCERN ASSESSMENT

Management assesses liquidity and going concern uncertainty in the Company's consolidated financial statements to determine whether there is sufficient cash on hand and working capital, including available borrowings on loans, to operate for a period of at least one year from the date the financial statements are issued, which is referred to as the "look-forward period," as defined by GAAP. As part of this assessment, based on conditions that are known and reasonably knowable to management, management considered various scenarios, forecasts, projections, estimates and made certain key assumptions, including the timing and nature of projected cash expenditures or programs, its ability to delay or curtail expenditures or programs, and its ability to raise additional capital, if necessary, among other factors. Based on this assessment, management made certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent it deems probable those implementations can be achieved and management has the proper authority to execute them within the look-forward period.

As of September 30, 2024, the Company had cash and cash equivalents of $ 4,535,266, net working capital of $ 9,963,511, an accumulated deficit of $83,262,701, and total assets and liabilities of $ 28,725,344 and $17,303,859, respectively.

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. Continued market uncertainty and reduced order intake caused by weakening global macroeconomic conditions or recession could unfavorably impact the Company's ability to generate positive cash flow and thereby significantly reduce its profitability and liquidity position. There is no assurance that the Company will be successful in executing the planned revenue growth, cost reductions, strategy, and profitability improvement measures, thus achieving profitable operations.

We continue to analyze various alternatives, including potentially obtaining debt or equity financings or other arrangements. As further disclosed in Note 10 below, on September 27, 2024, the Company entered into an agreement with certain investors, pursuant to which the Company agreed to issue and sell common stock and warrants for gross proceeds of up to $10 million in two tranches. In connection with the closing of the first tranche on September 27, 2024, the Company received gross proceeds of approximately $ 1.2 million. The Company obtained stockholder approval at our stockholders' meeting on November 8, 2024 on the issuance of the securities in the second tranche. On November 12, 2024, the second tranche closed, and the Company received gross proceeds of approximately $8.8 million. Our future success depends on our ability to accelerate growth, restore profitability, and raise capital as needed.

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and their carrying amounts, or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern. As 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, reduce operating costs, forego future development and other opportunities, or even terminate our operations.

NOTE 3 – DISAGGREGATION OF REVENUES AND SEGMENT REPORTING

The Company operates in three reportable segments: Water, Ceramics and Plastics.

The Company sells products throughout the world, and sales by geographical region are as follows for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Americas	$ 373,364	$ 986,316	$ 1,904,237	$ 1,798,608
Asia-Pacific	127,030	891,058	563,670	2,031,013
Europe	1,973,219	2,933,092	7,908,036	8,944,536
Middle East & Africa	4,607	259,980	822,684	1,297,827
Total consolidated Revenue	$ 2,478,221	$ 5,070,446	$ 11,198,627	$ 14,071,984

The Company's sales by segment are as follows for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Water	$ 687,684	$ 2,629,910	$ 4,106,975	$ 6,135,127
Ceramics	1,077,630	1,608,763	4,549,104	4,807,600
Plastics	663,198	656,693	2,492,839	2,951,376
Corporate	49,709	175,080	49,709	177,881
Total consolidated Revenue	$ 2,478,221	$ 5,070,446	$ 11,198,627	$ 14,071,984

The Company's income and total assets segment are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Income (Loss)				
Water	$ (627,456)	$ 177,446	$ (1,316,195)	$ (283,590)
Ceramics	(735,131)	(531,682)	(2,053,965)	(1,532,455)
Plastics	(510,423)	(365,978)	(1,024,604)	(499,312)
Corporate	(967,516)	(694,016)	(2,945,757)	(3,043,668)
Total consolidated Net Loss	(2,840,526)	(1,414,230)	(7,340,521)	(5,359,025)

	As of	
Total Assets	September 30, 2024	December 31, 2023
Water	$ 8,529,038	$ 9,432,991
Ceramics	12,985,577	14,550,872
Plastics	1,907,108	759,745
Corporate	5,303,621	11,228,239
Total consolidated Assets	$ 28,725,344	$ 35,971,847

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following on September 30, 2024, and December 31, 2023:

	September 30, 2024	December 31, 2023
Trade accounts receivable	$ 2,548,360	$ 3,305,959
Allowance for doubtful accounts	(230,025)	(134,912)
Total accounts receivable, net	$ 2,318,335	$ 3,171,047

The roll-forward of the allowance for doubtful accounts for the periods ended September 30, 2024 and December 31, 2023 is as follows:

	September 30, 2024	December 31, 2023
Allowance for doubtful accounts at the beginning of the period	$ 134,912	$ 59,559
Bad debt expense	93,214	82,066
Receivables written off during the periods	(2,570)	(10,298)
Effect of currency translation	4,469	3,585
Allowance for doubtful accounts at the end of the period	$ 230,025	$ 134,912

NOTE 5 – INVENTORIES

Inventories consisted of the following on September 30, 2024, and December 31, 2023:

	September 30, 2024	December 31, 2023
Furnace parts and supplies	$ 23,950	$ 55,177
Raw materials	3,272,852	3,301,526
Work in process	2,397,553	1,271,458
Finished goods and filtration systems	1,699,003	1,507,113
Reserve for obsolescence	(1,129,745)	(867,458)
Total inventories, net	$ 6,263,613	$ 5,267,816

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 6 – CONTRACT ASSETS AND CONTRACT LIABILITIES

The roll-forward of Contract assets and Contract liabilities for the periods ended September 30, 2024 and December 31, 2023 is as follows:

	September 30, 2024	December 31, 2023
Cost incurred	$ 3,152,907	$ 3,225,728
Unbilled project deliveries	257,706	582,557
VAT	151,028	329,980
Other receivables	17,243	92,619
Prepayments	(1,216,651)	(1,688,427)
Deferred Revenue	(22,524)	(33,360)
	$ 2,339,710	$ 2,509,097
Distributed as follows:		
Contract assets	$ 2,533,287	$ 2,891,744
Contract liabilities	(193,577)	(382,647)
	$ 2,339,710	$ 2,509,097

NOTE 7 – 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 leases for production and office space in Hobro and Copenhagen, Denmark.

The Company has entered into a new lease agreement to relocate its office and warehouse space from Aarhus to Hobro, Denmark. The lease commenced in the current quarter and shall expire on April 30, 2034. Under the terms of the lease, the Company will lease the premises at the monthly rate of approximately $14,500 for the first year, with scheduled annual increases. The lease agreement contains customary events of default, representations, warranties, and covenants. The measurement of the ROU asset and liability associated with this operating lease was $1,260,508.

During the nine months ended September 30, 2024, cash paid for amounts included for the measurement of finance lease liabilities was $ 1,356,795, and the Company recorded finance lease expenses in other income (expenses) of $131,913.

During the nine months ended September 30, 2024, cash paid for amounts included for the measurement of operating lease liabilities was $ 691,687, and the Company recorded operating lease expense of $689,054.

Supplemental balance sheet information related to leases as of September 30, 2024 and December 31, 2023 was as follows:

	September 30, 2024	December 31, 2023
Operating leases:		
Operating lease right-of-use assets	$ 4,914,954	$ 4,055,837
Operating lease liabilities – current	$ 577,628	$ 531,355
Operating lease liabilities – long-term	4,337,326	3,527,082
Total operating lease liabilities	$ 4,914,954	$ 4,058,437
Finance leases:		
Property and equipment, at cost	$ 4,150,732	$ 5,443,287
Accumulated depreciation	(1,149,871)	(877,578)
Property and equipment, net	$ 3,000,861	$ 4,565,709
Finance lease liabilities – current	$ 479,779	$ 590,550
Finance lease liabilities – long-term	1,764,671	2,879,932
Total finance lease liabilities	$ 2,244,450	$ 3,470,482
Weighted average remaining lease term:		
Operating leases	8.3	8.3
Finance leases	3.4	4.3
Weighted average discount rate:		
Operating leases	6.8%	6.7%
Finance leases	5.5%	6.0%

Maturities of lease liabilities at September 30, 2024 were as follows:

	Operating Leases	Finance Leases
2024 (remaining 3 months)	$ 223,837	$ 151,724
2025	889,160	600,486
2026	878,260	563,615
2027	878,260	1,094,959
2028	750,895	77,271
Thereafter	2,779,094	130,899
Total payment under lease agreements	6,399,506	2,618,954
Less imputed interest	(1,484,552)	(374,504)
Total lease liabilities	$ 4,914,954	$ 2,244,450

NOTE 8 – LONG-TERM DEBT

The components of notes payable are as follows:

	September 30, 2024	December 31, 2023
Senior Promissory Notes	$ 6,000,000	$ 6,000,000
Less: unamortized debt discount	(858,370)	(1,311,989)
Senior Promissory Notes payable	$ 5,141,630	$ 4,688,011
Current portion of Senior Promissory Notes payable	-	-
Senior Promissory Notes payable, less current portion	5,141,630	4,688,011
Senior Promissory Notes payable	$ 5,141,630	$ 4,688,011

For the three months ended September 30, 2024 and 2023, the Company recognized interest expense of $ 0 and $0, respectively, and $ 156,988 and $86,447, respectively, on the Senior Promissory Notes related to the amortization of debt issuance costs.

For the nine months ended September 30, 2024 and 2023, the Company recognized interest expense of $ 0 and $0, respectively, and $ 453,619 and $257,765, respectively, on the Senior Promissory Notes related to the amortization of debt issuance costs.

NOTE 9 – AGREEMENTS AND COMMITMENTS

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.

Product Warranties – The Company provides a standard warranty for 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 installation occurred. 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, as of September 30, 2024 and December 31, 2023, were as follows:

	September 30, 2024	December 31, 2023
Balance at January 1	$ 629,100	$ 898,072
Warranty costs charged to cost of goods sold	94,697	115,401
Utilization charges against reserve	(14,020)	(408,234)
Foreign currency effect	10,491	23,861
Balance at the end of the period	$ 720,268	$ 629,100

NOTE 10 – STOCKHOLDERS' EQUITY

Common Stock – The Company has 50,000,000 authorized shares of Common Stock, $ 0.001 par value. As of September 30, 2024 and December 31, 2023, there were 5,848,499 and 5,727,310 shares of Common Stock issued and outstanding, respectively.

Stock Issuances

During the nine months ended September 30, 2024, the Company has made the following issuances of Common Stock:

On January 3, 2024, 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 year ended December 31, 2023.

On January 3, 2024, the Company issued 85,528 shares of Common Stock to settle RSUs. The RSUs were valued at $ 289,672 for services provided by management in 2023. The Company recognized the stock-based compensation of the award over the requisite service period during the year ended December 31, 2023. In connection with the issuance, 29,998 shares of Common Stock, with a total value of $ 104,940, were retired to settle tax withholdings associated with stock-based compensation.

On June 24, 2024, the Company issued 11,932 shares of Common Stock to settle RSUs. The RSUs were valued at $ 36,750 for services provided by the Board of Directors from 2023 to 2024. The Company recognized the stock-based compensation of the award over the requisite service period from 2023 to 2024.

On September 27, 2024, the Company entered into a securities purchase agreement with certain investors, pursuant to which the Company agreed to issue and sell an aggregate of 3,630,129 shares of Common Stock, 1,369,871 pre-funded warrants to purchase shares of Common Stock, and warrants to purchase up to an aggregate of 5,000,000 shares of Common Stock, for gross proceeds of up to $ 10 million. The combined purchase price of one share of Common Stock and one accompanying warrant to purchase one share of Common Stock is $2.00. The combined purchase price of one pre-funded warrant and one accompanying warrant to purchase one share of Common Stock under the purchase agreement is $1.999.

The Company agreed to issue the Common Stock, warrants, and pre-funded warrants in two tranches: (i) a first tranche comprised of 29,227 shares of Common Stock, 555,302 pre-funded warrants and warrants to purchase an aggregate of 584,529 shares of Common Stock (collectively, the “First Tranche Securities”); and (ii) a second tranche comprised of 3,600,902 shares of Common Stock, 814,569 pre-funded warrants, and warrants to purchase an aggregate of 4,415,471 shares of Common Stock (the “Second Tranche Securities”).

On September 27, 2024, in connection with the closing of the first tranche, the Company sold and issued the First Tranche Securities for gross proceeds of approximately $1.2 million. On November 12, 2024, in connection with the closing of the second tranche, the Company sold and issued the Second Tranche Securities for gross proceeds of approximately $8.8 million.

Warrants

On September 27, 2024 (as described above), the Company closed on a securities purchase agreement with certain purchasers, pursuant to which the Company agreed to issue and sell to such purchasers warrants for the purchase of 584,529 shares of Common Stock at an exercise price of $ 2.00 per common share and prefunded warrants for the purchase of 555,302 shares of Common Stock at an exercise price of $ 0.001 per common share.

The following is a summary of the periodic changes in warrants outstanding for the nine months ended September 30, 2024 and 2023:

	2024	2023
Outstanding, December 31	5,021,354	4,490,104
Warrants issued in connection with public offering and private placement	1,139,831	531,250
Exercises and conversions	-	-
Outstanding, September 30	6,161,185	5,021,354

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 stock awards, including RSUs to officers, directors, and consultants of the Company. At September 30, 2024, 52,082 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 stock awards, including RSUs to officers and directors of the Company. At September 30, 2024, 353,471 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 $ 166,617 and $143,195 for the three-month periods ended September 30, 2024 and 2023, respectively. For the nine months periods ended September 30, 2024, and 2023, the stock-based compensation related to share grants was $521,791 and $494,292, respectively. On September 30, 2024, the Company had $ 816,505 of unrecognized compensation cost related to non-vested stock grants.

A summary of the status of the RSUs as of September 30, 2024 and changes during the period are presented below:

	September 30, 2024		
	Number of units	**Weighted Average Grant-Date Fair value**	**Aggregated Intrinsic Value**
Outstanding, December 31, 2023	314,461	$ 3.46	$ -
Granted	311,154	3.20	-
Vested and settled with share issuance	(121,960)	(3.28)	-
Forfeited	(98,102)	(3.54)	-
Outstanding, September 30, 2024	405,553	$ 3.30	$ -

NOTE 11 – LOSS PER SHARE

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

As of September 30, 2024, the Company had 405,553 RSUs, 4,485,310 prefunded warrants, and 1,675,875 warrants, all exercisable for shares of Common Stock.

As of September 30, 2023, the Company had 314,461 RSUs, 3,930,008 prefunded warrants, and 1,091,346 warrants, all exercisable for shares of Common Stock.

NOTE 12 – SIGNIFICANT CUSTOMERS AND CONCENTRATIONS

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Customer A	*%	12%	*%	*%

* Zero or less than 10%

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

	September 30, 2024	December 31, 2023
Customer B	26%	22%
Customer C	*%	13%

* Zero or less than 10%

As of September 30, 2024, approximately 95% of the Company's assets were located in Denmark and 5% were located in the U.S. 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.

NOTE 13 – SUBSEQUENT EVENTS

On November 8, 2024, the Company's stockholders approved the issuance of the second tranche of securities pursuant to the previously announced security purchase agreement entered into on September 27, 2024 with certain investors. On November 12, 2024, the Company completed the closing of the second tranche, in which the Company issued 3,600,902 shares of Common Stock, 814,569 pre-funded warrants, and warrants to purchase an aggregate of 4,415,471 shares of Common Stock, securing additional gross proceeds of approximately $ 8.8 million, bringing the total gross proceeds from the securities purchase agreement, to $10 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this quarterly report. In addition, the following discussion should be read in conjunction with our annual report on Form 10-K filed with the U.S. Securities and Exchange Commission on March 22, 2024 and our Amendment No. 1 to our annual report on Form 10-K filed with the U.S. Securities and Exchange Commission on April 30, 2024, and the financial statements and notes thereto. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

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, with locations in the Copenhagen area and Hobro.

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 tailwinds and sustainability implications. 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 penetrate 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.

Results of Operations

The financial information below is derived from our unaudited condensed consolidated financial statements included elsewhere in this report.

Comparison of the Three Months Ended September 30, 2024 and September 30, 2023

The following table sets forth our revenues, expenses and net loss for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,					
					Period to Period Change	
	2024	As a % of Sales	2023	As a % of Sales	Variance	Percent %
Revenue	$ 2,478,221	100.0%	$ 5,070,446	100.0%	$ (2,592,225)	(51.1)%
Cost of goods sold	2,687,754	108.5	4,121,881	81.3	(1,434,127)	(34.8)
Gross Profit (Loss)	(209,533)	(8.5)	948,565	18.7	(1,158,098)	(122.1)
Operating Expenses						
Selling expenses	610,713	24.6	965,039	19.0	(354,326)	(36.7)
General and administrative expenses	1,491,366	60.2	1,253,779	24.7	237,587	18.9
Research and development expenses	278,361	11.2	428,600	8.5	(150,239)	(35.1)
Total Operating Expenses	2,380,440	96.1	2,647,418	52.2	(266,978)	(10.1)
Loss from Operation	(2,589,973)	(104.5)	(1,698,853)	(33.5)	(891,120)	52.5
Other Income (Expense)						
Interest and other income	24,079	1.0	103,887	2.0	(79,808)	(76.8)
Interest expense	(34,523)	(1.4)	(34,734)	(0.7)	211	(0.6)
Amortization of debt discount	(156,988)	(6.3)	(86,447)	(1.7)	(70,541)	81.6
Gain on currency transactions	(89,086)	(3.6)	287,437	5.7	(376,523)	(131.0)
Gain on disposal of property and equipment	(4,096)	(0.2)	-	-	(4,096)	-
Total Other Income (Expense)	(260,614)	(10.5)	270,143	5.3	(530,757)	(196.5)
Loss Before Income Taxes	(2,850,587)	(115.0)	(1,428,710)	(28.2)	(1,421,877)	99.5
Income tax benefit	(10,061)	(0.4)	(14,480)	(0.3)	4,419	(30.5)
Net Loss	$ (2,840,526)	(114.6)%	$ (1,414,230)	(27.9)%	$ (1,426,296)	100.9%

Revenues

Revenue for the three months ended September 30, 2024 was $2,478,221 compared to $5,070,446 for the same period in 2023, representing a decrease of $2,592,225 or 51.1%. The unfavorable change was attributable to a decrease in deliveries of ceramic membranes, DPFs, liquid filtration systems, and aftermarket sales, partly offset by increased sales of plastics products and progress on an external R&D project to further strengthen our technology base. The decrease in deliveries of liquid filtration systems was primarily attributed to reduced deliveries of pool filtration systems and fewer deliveries of pilot systems for industrial applications. The decline in aftermarket sales was attributable to elevated remediation work and associated deliveries in the same period of 2023. The Company believes that the decrease in sales of ceramic membranes and DPFs reflects temporary market conditions, with customers awaiting potential interest rate cuts.

Gross Profit (Loss)

Gross loss for the three months ended September 30, 2024, was $209,533 (representing a gross loss margin of 8.5%) compared to a gross profit of $948,565 (representing a gross profit margin of 18.7%) for the same period in 2023, marking a decrease of $1,158,098, or 122.1%. This decline was primarily driven by the reduction in revenue and an unfavorable sales mix, which resulted in a lower proportion of high-margin products such as liquid filtration systems and ceramic membranes. This impact was partly offset by lower depreciation expenses. Included in the gross profit was depreciation of $478,902 and $663,938 for the three months ended September 30, 2024, and 2023, respectively.

Expenses

Total operating expenses for the three months ended September 30, 2024 were $2,380,440, representing a decrease of $266,978, or 10.1%, compared to $2,647,418 for the same period in 2023.

Selling expenses for the three months ended September 30, 2024 were $610,713 compared to $965,039 for the same period in 2023, representing a decrease of $354,326, or 36.7%. The decrease in selling expenses is attributable to a decrease in executive officers, as well as reductions in travel costs, investor relations, and expenses related to external sales consultancy services.

General and administrative expenses for the three months ended September 30, 2024 were $1,491,366 compared to $1,253,779 for the same period in 2023, representing an increase of $237,587, or 18.9%. The increase was attributable to the addition of new positions in supply chain and project management, as well as increased legal expenses and insurance costs. Additionally, one-time expenses were incurred for the relocation of our plastics production facility. Included in general and administrative expenses were non-cash compensation of $161,853 and $143,195 for the three months ended September 30, 2024 and 2023, respectively.

Research and development expenses for the three months ended September 30, 2024 were $278,361 compared to $428,600 for the same period in 2023, representing a decrease of $150,239, or 35.1%. The decrease was primarily attributed to a reduction in external costs associated with finalizing ongoing projects in the same period in 2023, as well as a decrease in the average number of employees engaged in research and development activity as the Company streamlined and centralized the R&D function.

Other Income (Expenses)

Other expenses for the three months ended September 30, 2024 were $260,614 compared to other income of $270,143 for the comparable period in 2023, representing a decrease of $530,757, or 196.5%. The decrease was attributable to a loss on currency transactions, reduced interest income as well as increased debt discount amortization due to the extension of the maturity date for the senior promissory notes, with additional warrants issued as consideration for the extension.

Net Loss

As a result of the cumulative effect of the factors described above, we had a net loss for the three months ended September 30, 2024 of $2,840,526 compared to $1,414,230 for the comparable period in 2023, representing an increase in net loss of $1,426,296, or 100.9%.

Comparison of the Nine Months Ended September 30, 2024 and September 30, 2023

The following table sets forth our revenues, expenses and net loss for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,				Period to Period Change	
	2024	As a % of Sales	2023	As a % of Sales	Variance	Percent %
Revenue	$ 11,198,627	100.0%	$ 14,071,984	100.0%	$ (2,873,357)	(20.4)%
Cost of goods sold	10,419,847	93.0	11,569,549	82.2	(1,149,702)	(9.9)
Gross Profit (Loss)	778,780	7.0	2,502,435	17.8	(1,723,655)	(68.9)
Operating Expenses						
Selling expenses	1,983,414	17.7	3,175,699	22.6	(1,192,285)	(37.5)
General and administrative expenses	4,577,413	40.9	3,690,211	26.2	887,202	24.0
Research and development expenses	940,465	8.4	1,131,003	8.0	(190,538)	(16.8)
Total Operating Expenses	7,501,292	67.0	7,996,913	56.8	(495,621)	(6.2)
Loss from Operation	(6,722,512)	(60.0)	(5,494,478)	(39.0)	(1,228,034)	22.4
Other Income (Expense)						
Interest and other income	138,909	1.2	272,105	1.9	(133,196)	(49.0)
Interest expense	(135,532)	(1.2)	(92,633)	(0.7)	(42,899)	46.3
Amortization of debt discount	(453,619)	(4.1)	(257,765)	(1.8)	(195,854)	76.0
Gain (loss) on currency transactions	250,912	2.2	170,653	1.2	80,259	47.0
Loss on disposal of property and equipment	(457,329)	(4.1)	-	-	(457,329)	-
Total Other Income (Expense)	(656,659)	(5.9)	92,360	0.7	(749,019)	(811.0)
Loss Before Income Taxes	(7,379,171)	(65.9)	(5,402,118)	(38.4)	(1,977,053)	36.6
Income Tax Benefit	(38,650)	(0.3)	(43,093)	(0.3)	4,443	(10.3)
Net Loss	$ (7,340,521)	(65.5)%	$ (5,359,025)	(38.1)%	$ (1,981,496)	37.0%

Revenue

Revenue for the nine months ended September 30, 2024 was $11,198,627 compared to $14,071,984 for the same period in 2023, representing a decrease of $2,873,357, or 20.4%. The decline was mainly due to reduced deliveries of liquid filtration systems, plastics products, ceramic membranes and aftermarket sales, partly offset by increased sales of DPFs.

The decrease in deliveries of liquid filtration systems was mainly driven by reduced deliveries of pool filtration systems and marine scrubber systems. The decline in aftermarket sales was primarily due to remediation work executed in the same period in 2023. The reduction in sales of plastic products was largely due to a significant one-time sale recorded in 2023 that did not recur in the current period. The increase in sales of DPFs was primarily driven by the effective execution of strategies designed to capitalize on the increased demand for DPFs.

Gross Profit (Loss)

Gross profit for the nine months ended September 30, 2024 was $778,780 (or gross profit margin of 7%) compared to gross profit of $2,502,435 (or a gross profit margin of 17.8%) for the same period in 2023, representing a decrease of $1,723,655, or 68.9%. This decline in gross profit can be attributed to the decrease in revenue and an unfavorable sales mix, which resulted in a lower proportion of high-margin products such as liquid filtration systems and ceramic membranes. Specifically, the deliveries of containerized oil and gas pilot systems to the Middle East and the U.S. contributed to lower-than-usual margins, reflecting a strategic decision aimed at demonstrating and validating the value proposition associated with our technology and seeding the market for future growth. The decline in gross profit was partly offset by decreased depreciation as well as continued initiatives aimed at optimizing manufacturing processes, which have improved profitability within DPF and ceramic membrane production. Included in the gross profit was depreciation of $1,372,482 and $1,915,515 for the nine months ended September 30, 2024 and 2023, respectively.

Expenses

Total operating expenses for the nine months ended September 30, 2024 were $7,501,292, representing a decrease of $495,621, or 6.2%, compared to $7,996,913 for the same period in 2023.

Selling expenses for the nine months ended September 30, 2024, were $1,983,414, compared to $3,175,699 for the same period in 2023, representing a decrease of $1,192,285, or 37.5%. The decrease in selling expenses is attributable a decrease in executive officers, as well as reductions in bonus payouts, travel costs, marketing expenses, and expenses related to external sales consultancy services.

General and administrative expenses for the nine months ended September 30, 2024, were $4,577,413, compared to $3,690,211 for the same period in 2023, representing an increase of $887,202, or 24.0%. The increase in general and administrative expenses was attributable to newly created positions in supply chain and project management, as well as increased legal expenses, insurance costs, and recruitment costs associated with the resignations of our CFO and VP of Sales. Additionally, one-time expenses were incurred for the relocation of our plastics production facility. Furthermore, the increase is partly attributable to the release of bonus provisions in the comparable period of 2023. Included in general and administrative expenses was non-cash compensation amounting to $521,791 and $494,292 for the nine months ended September 30, 2024, and 2023, respectively.

Research and development expenses for the nine months ended September 30, 2024 were $940,465 compared to $1,131,003 for the same period in 2023, representing a decrease of $190,538, or 16.8%. The change is attributable to more focused R&D efforts with fewer ongoing projects combined with a decrease in the average number of employees engaged in research and development activities, as the Company streamlined and centralized the R&D function, partly offset by one-time exit costs of a loss-making external development project.

Other Income (Expenses)

Other expenses for the nine months ended September 30, 2024 were $656,659 compared to other income of $92,360 for the comparable period in 2023, representing a decrease of $749,019, or 811.0%. The increase in other expenses was attributable to the non-cash loss associated with the disposal of property and equipment, decreased interest income and increased debt discount amortization cost due to the extension of the maturity date for the senior promissory notes, with additional warrants issued as consideration for the extension. The increase in other expenses was offset by a gain on currency transactions due to the EUR/DKK decline against the USD during the period.

Net Loss

As a result of the cumulative effect of the factors described above, we had a net loss for the nine months ended September 30, 2024 of $7,340,521 compared to $5,359,025 for the comparable period in 2023, representing an increase in net loss of $1,981,496, or 37.0%.

Liquidity and Capital Resources

The Company has historically financed operations through offerings of equity or debt instruments, internally generated cash from operations and our available lines of credit. On September 30, 2024, we had cash of $4,535,266 and net working capital of $9,963,511, and on December 31, 2023, we had cash of $10,422,181 and net working capital of $14,590,432. On September 30, 2024, our net working capital had decreased by $4,626,921 compared to December 31, 2023, mainly as a result of a reduction in cash and cash equivalents to fund operating losses.

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. Continued market uncertainty and reduced order intake caused by weakening global macroeconomic conditions or recession could unfavorably impact the Company's ability to generate positive cash flow and thereby significantly reduce its profitability and liquidity position. There is no assurance that the Company will be successful in executing the planned revenue growth, cost reductions, strategy, and profitability improvement measures, thus achieving profitable operations.

We continue to analyze various alternatives, including potentially obtaining debt or equity financings or other arrangements. As further disclosed in Note 10 in the accompanying consolidated financial statements, on September 27, 2024, the Company entered into an agreement with certain investors, pursuant to which the Company agreed to issue and sell Common Stock and warrants for gross proceeds of up to $10 million in two tranches. In connection with the closing of the first tranche, the Company received gross proceeds of approximately $1.2 million. The Company obtained stockholder approval at our stockholders' meeting on November 8, 2024 on the issuance of the securities in the second tranche. On November 12, 2024, the second tranche closed and the Company received gross proceeds of approximately $8.8 million. Our future success depends on our ability to accelerate growth, restore profitability, and raise capital as needed.

As 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, reduce operating costs, forgo future development and other opportunities, or even terminate our operations.

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 the 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

Cash Flows

Nine months ended September 30, 2024 compared to nine months ended September 30, 2023

Cash flows from operating activities for the period ending September 30, 2024 derived from the net loss for the period, adjusted for non-cash items and changes in assets and liabilities. Cash flows used in operating activities for the nine months ended September 30, 2024 were $5,528,442, representing an unfavorable change of $2,554,778 compared to cash flows used in operating activities of $2,973,664 for the nine months ended September 30, 2023. The cash flows used in operating activities for the period consists mainly of the net loss of $7,340,521, adjusted for depreciation and other non-cash-related items of $3,455,950, as well as an increase in inventory of $901,122 and a decrease in accounts payable of $736,726, partly offset by a decrease in accounts receivable of $867,035.

Cash flows used in investing activities were $28,767 for the nine months ended September 30, 2024 as compared to cash flows used in investing activities of $2,261,131 for the nine months ended September 30, 2023, representing an improvement of $2,232,364. The investing activities include general purchases of production equipment to continue optimizing production throughput and the internal production of rental assets, partly offset by proceeds from the disposition of production equipment in our Ballerup facility.

Cash flows used in financing activities were $125,718 for the nine months ended September 30, 2024 compared to cash flows provided by financing activities of $718,327 for the nine months ended September 30, 2023, representing an unfavorable change of $844,045. The finance activities include the repayment of lease agreements in connection with the sales of production equipment in Ballerup as mentioned above, partly offset by the equity raise, generating net proceeds $1,107,385 from the issuance of common stock and prefunded warrants.

Off Balance Sheet Arrangements

As of September 30, 2024, we had no off-balance sheet arrangements. We are not aware of any material transactions that are not disclosed in our consolidated financial statements.

Significant Accounting Policies and Critical Accounting Estimates

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. 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 gross profit;
- the assessment of collectability of Accounts receivable, which impacts operating expenses if and when we record bad debt or adjust the allowance for doubtful accounts;
- the assessment of recoverability of long-lived assets, which impacts gross profit or operating expenses if and when 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 gross profit; and
- the recognition and measurement of loss contingencies, which impact gross profit or operating expenses when we recognize a loss contingency, revise the estimate for a loss contingency, or record an asset impairment.

Recently Enacted Accounting Standards

For a description of accounting changes and recent accounting standards, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements, see “Note 1: Recently Enacted Accounting Standards” in the accompanying financial statements.

ITEM 3. 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 4. 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 Quarterly Report. A material 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 September 30, 2024 were not effective as of the period covered by this Quarterly Report due to material weaknesses in internal controls over financial reporting. For more information on material weaknesses identified by management, please reference our Form 10-K filed on March 22, 2024 for the year ended December 31, 2023 and our Form 10-K/A filed on April 30, 2024 for the year ended December 31, 2023.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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, in 2023 the Company hired additional employees into the finance department, and 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 actions implemented and planned will improve the overall system of internal control over financial reporting and will remediate the identified material weaknesses, these material weaknesses cannot be considered fully remediated until the applicable relevant controls operate for a sufficient period of time.

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 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.

PART II - OTHER INFORMATION

ITEM 1. 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. For a description of contingencies, see "Note 7 – Agreements And Commitments".

ITEM 1A. RISK FACTORS

Not required for a "smaller reporting company."

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

(a) **Item 3.02 Unregistered Sales of Equity Securities**

As previously disclosed, the Company entered into a securities purchase agreement on September 27, 2024 (the "Purchase Agreement") with certain investors, pursuant to which the Company agreed to issue and sell an aggregate of (i) 3,630,129 shares (the "Shares") of Common Stock, 1,369,871 pre-funded warrants to purchase shares of Common Stock (the "Pre-Funded Warrants") and (ii) warrants (the "Warrants") to purchase up to an aggregate of 5,000,000 shares of Common Stock, for gross proceeds of up to $10,000,000 (the "Transaction"). The Company agreed to issue the Shares, Warrants, and Pre-Funded Warrants in two tranches: (i) a first tranche comprised of 29,227 Shares and 555,302 Pre-Funded Warrants and Warrants to purchase an aggregate of 584,529 shares of Common Stock (the "First Tranche"); and a second tranche comprised of 3,600,902 Shares and 814,569 Pre-Funded Warrants and Warrants to purchase an aggregate of 4,415,471 shares of Common Stock (the "Second Tranche"). The closing of the First Tranche occurred on September 27, 2024 and the Company received gross proceeds of approximately $1.2 million. The closing of the Second Tranche was subject to obtaining stockholder approval in accordance with Nasdaq Listing Rule 5635(d) and was satisfied at the annual meeting of stockholders held on held on November 8, 2024. Accordingly, the Second Tranche closing occurred on November 12, 2024 and the Company received gross proceeds of approximately $8.8 million. The Shares, Pre-Funded Warrants and Warrant issued in the Second Tranche closing have not been registered under the Securities Act of 1933, as amended (the "Securities Act") in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act.

(c) *Insider Trading Plans*

During the quarter ended September 30, 2024, no director or Section 16 officer adopted, modified, or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (in each case, as defined in Item 408(a) of Regulation S-K).

ITEM 6. EXHIBITS

3.1	Articles of Incorporation, as amended as of November 13, 2023	Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K as filed with the SEC on March 22, 2024
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 September 27, 2024
4.2	Form of Warrant	Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K as filed with the SEC on September 27, 2024
10.1*	Securities Purchase Agreement, by and among the Company and the investors named therein	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the SEC on September 27, 2024
10.2	Registration Rights Agreement, by and among the Company and the investors named therein	Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K as filed with the SEC on September 27, 2024
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
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

*Schedules and similar attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of such omitted materials to the SEC upon request.

Table of Contents

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LiqTech International, Inc.

Dated: November 14, 2024

/s/ Fei Chen
Fei Chen, Chief Executive Officer
(Principal Executive Officer)

Dated: November 14, 2024

/s/ Phillip Massie Price
Phillip Massie Price, Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302

I, Fei Chen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2024 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: November 14, 2024	By:	*/s/ Fei Chen*
	Name:	Fei Chen
	Title:	President and Chief Executive Officer and Principal Executive Officer

Exhibit 31.2

OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302

I, Phillip Massie Price, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2024 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: November 14, 2024

By:	*/s/ Phillip Massie Price*
Name:	Phillip Massie Price
Title:	Interim 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 Quarterly Report of LiqTech International, Inc. (the " Company") on Form 10-Q for the period ended September 30, 2024 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 her 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: November 14, 2024	By:	*/s/ Fei Chen*
	Name:	Fei Chen
	Title:	President & 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 Quarterly Report of LiqTech International, Inc. (the " Company") on Form 10-Q for the period ended September 30, 2024 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: November 14, 2024	By:	*/s/ Phillip Massie Price*
	Name:	Phillip Massie Price
	Title:	Interim 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.