

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 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 No. 001-31332

LIQUIDMETAL TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

33-0264467

(I.R.S. Employer
Identification No.)

20321 Valencia Circle

Lake Forest, CA 92630

(Address of principal executive offices, zip code)

Registrant's telephone number, including area code: (949) 635-2100

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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Securities registered pursuant to Section 12(b) of the Exchange Act: None

The number of common shares outstanding as of May 17, 2024 was 917,285,149.



LIQUIDMETAL TECHNOLOGIES, INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2024

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q of Liquidmetal Technologies, Inc. contains “forward-looking statements” that may state our management’s plans, future events, objectives, current expectations, estimates, forecasts, assumptions or projections about the company and its business. Any statement in this report that is not a statement of historical fact is a forward-looking statement, and in some cases, words such as “believes,” “estimates,” “projects,” “expects,” “intends,” “may,” “anticipates,” “plans,” “seeks,” and similar words or expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual outcomes and results to differ materially from the anticipated outcomes or results. These statements are not guarantees of future performance, and undue reliance should not be placed on these statements. It is important to note that our actual results could differ materially from what is expressed in our forward-looking statements due to the risk factors described in the section of our Annual Report on Form 10-K for the year ended December 31, 2023 entitled “Risk Factors,” as well as the following risks and uncertainties:

- Our history of operating losses and the uncertainty surrounding our ability to achieve or sustain profitability;
- Our limited history of developing and selling products made from our bulk amorphous alloys;
- Challenges associated with having products manufactured from our alloys and the use of third parties for manufacturing;
- Our limited history of licensing our technology to third parties;
- Lengthy customer adoption cycles and unpredictable customer adoption practices;
- Our ability to identify, develop, and commercialize new product applications for our technology;
- Competition from current suppliers of incumbent materials or producers of competing products;
- Our ability to identify, consummate, and/or integrate strategic partnerships;
- The potential for manufacturing problems or delays;
- Potential difficulties associated with protecting or expanding our intellectual property position; and

We undertake no obligation, other than as required by applicable law, to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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**PART I
FINANCIAL INFORMATION**

Item 1 – Financial Statements

**LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

(\$ in thousands, except par value and share data)

	(Unaudited) March 31, 2024	(Unaudited) December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,398	\$ 8,837
Restricted cash	5	5
Investments in debt securities- short term	12,344	13,292
Trade accounts receivable, net of allowance for doubtful accounts	184	186
Inventories	25	25
Prepaid expenses and other current assets	375	450
Total current assets	<u>22,331</u>	<u>22,795</u>
Investments in debt securities- long term	1,341	1,098
Property and equipment, net	7,590	7,668
Patents and trademarks, net	48	52
Other assets	183	223
Total assets	<u>\$ 31,493</u>	<u>\$ 31,836</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 113	\$ 94
Accrued liabilities	169	244
Deferred revenue	-	6
Total current liabilities	<u>282</u>	<u>344</u>
Other long-term liabilities	902	902
Total liabilities	<u>1,184</u>	<u>1,246</u>
Shareholders' equity:		
Common stock, \$0.001 par value; 1,100,000,000 shares authorized; 917,285,149 shares issued and outstanding	917	917
Warrants	18,179	18,179
Additional paid-in capital	288,151	288,126
Accumulated deficit	(277,057)	(276,743)
Accumulated other comprehensive income	198	190
Non-controlling interest in subsidiary	(79)	(79)
Total shareholders' equity	<u>30,309</u>	<u>30,590</u>
Total liabilities and shareholders' equity	<u>\$ 31,493</u>	<u>\$ 31,836</u>

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in thousands, except share and per share data)
(unaudited)

	(Unaudited)	
	Three Months Ended March 31,	
	2024	2023
Revenue:		
Products	\$ 173	\$ 30
Licensing and royalties	-	-
Total revenue	173	30
Cost of sales	134	23
Gross profit	39	7
Operating expenses:		
Selling, marketing, general and administrative	763	806
Research and development	4	6
	767	812
Operating loss	(728)	(805)
Other income (expense):		
Lease income	171	118
Interest and investment income	243	100
	414	218
Loss from operations	(314)	(587)
Income taxes	-	-
Net loss	(314)	(587)
Net loss attributable to non-controlling interest	-	-
Net loss attributable to Liquidmetal Technologies shareholders	<u>\$ (314)</u>	<u>\$ (587)</u>
Per common share basic and diluted:		
Net loss per common share attributable to Liquidmetal Technologies shareholders, basic	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Net loss per common share attributable to Liquidmetal Technologies shareholders, diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Number of weighted average shares - basic	<u>917,285,149</u>	<u>917,285,149</u>
Number of weighted average shares - diluted	<u>917,285,149</u>	<u>917,285,149</u>

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(\$ in thousands, except share and per share data)
(unaudited)

	Preferred Shares	Common Shares	Common Stock	Warrants part of Additional Paid-in Capital	Additional Paid-in Capital	Accumulated Deficit	Accumulated other comprehensive income	Non-controlling Interest	Total
Balance - December 31, 2023	-	917,285,149	\$ 917	\$ 18,179	\$ 288,126	\$ (276,743)	\$ 190	\$ (79)	\$ 30,590
Stock-based compensation	-	-	-	-	25	-	-	-	25
Net loss	-	-	-	-	-	(314)	-	-	(314)
Other comprehensive loss	-	-	-	-	-	-	8	-	8
Balance - March 31, 2024	-	917,285,149	\$ 917	\$ 18,179	\$ 288,151	\$ (277,057)	\$ 198	\$ (79)	\$ 30,309
Balance - December 31, 2022	-	917,285,149	\$ 917	\$ 18,179	\$ 288,013	\$ (274,696)	\$ (296)	\$ (78)	\$ 32,039
Stock-based compensation	-	-	-	-	34	-	-	-	34
Net loss	-	-	-	-	-	(587)	-	-	(587)
Other comprehensive loss	-	-	-	-	-	-	164	-	164
Balance - March 31, 2023	-	917,285,149	\$ 917	\$ 18,179	\$ 288,047	\$ (275,283)	\$ (132)	\$ (78)	\$ 31,650

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(\$ in thousands, except share and per share data)
(unaudited)

	(Unaudited)	
	Three Months Ended March 31,	
	2024	2023
Net loss	\$ (314)	\$ (587)
Other comprehensive income (loss), net of tax		
Net unrealized gains (losses) on available-for-sale securities	8	164
Other comprehensive income (loss), net of tax	8	164
Comprehensive loss	(306)	(423)
Less: Comprehensive loss attributable to noncontrolling interests	-	-
Comprehensive loss attributable to Liquidmetal Technologies shareholders	\$ (306)	\$ (423)

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(\$ in thousands, except per share data)
(unaudited)

	(Unaudited)	
	Three Months Ended March 31,	
	2024	2023
Operating activities:		
Net loss	\$ (314)	\$ (587)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	82	84
Realized investment gains (loss), net	(198)	-
Unrealized investment gain (loss), net	8	-
Stock-based compensation	25	34
Changes in operating assets and liabilities:		
Trade accounts receivable	2	(8)
Prepaid expenses and other current assets	75	115
Other assets	40	6
Accounts payable and accrued liabilities	(56)	(50)
Deferred revenue	(6)	12
Net cash used in operating activities	(342)	(394)
Investing Activities:		
Purchases of debt securities	(3,045)	(3,673)
Proceeds from sales of debt securities	3,948	8,648
Net cash provided by (used in) investing activities	903	4,975
Net increase (decrease) in cash, cash equivalents, and restricted cash	561	4,581
Cash, cash equivalents, and restricted cash at beginning of period	8,842	2,274
Cash, cash equivalents, and restricted cash at end of period	\$ 9,403	\$ 6,855
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2024 and 2023
(numbers in thousands, except percentages, share and per share data)
(unaudited)

1. Description of Business

Liquidmetal Technologies, Inc. (the “Company”) is a materials technology company that works with manufacturing and commercial partners to develop and commercialize products made from proprietary amorphous alloys. The Company’s family of alloys consists of a variety of bulk alloys and composites that utilize the advantages offered by amorphous alloys technology. The Company works with partners to design, develop, and sell products and custom parts from bulk amorphous alloys for sale in a wide range of industries. The Company also partners with third-party manufacturers and licensees to develop and commercialize Liquidmetal alloy products.

Amorphous alloys are, in general, unique materials that are distinguished by their ability to retain a random atomic structure when they solidify, in contrast to the crystalline atomic structure that forms in other metals and alloys when they solidify. Liquidmetal alloys are proprietary amorphous alloys that possess a combination of performance, processing, and potential cost advantages that the Company believes will make them preferable to other materials in a variety of applications. The amorphous atomic structure of bulk alloys enables them to overcome certain performance limitations caused by inherent weaknesses in crystalline atomic structures, thus facilitating performance and processing characteristics superior in many ways to those of their crystalline counterparts. The Company believes that the alloys and the molding technologies it employs *may* result in components, for many applications, that exhibit: exceptional dimensional control and repeatability that rivals precision machining, excellent corrosion resistance, brilliant surface finish, high strength, high hardness, high elastic limit, alloys that are non-magnetic, and the ability to form complex shapes common to the injection molding of plastics. Interestingly, all of these characteristics are achievable from the molding process, so design engineers often do *not* have to select specific alloys to achieve *one* or more of the characteristics as is the case with crystalline materials. The Company believes these advantages could result in Liquidmetal alloys supplanting high-performance alloys, such as titanium and stainless steel, and other incumbent materials in a wide variety of applications. Moreover, the Company believes these advantages could enable the introduction of entirely new products and applications that are *not* possible or commercially viable with other materials.

The Company’s bulk amorphous alloy technology is a relatively new technology as compared to many other material technologies, such as plastics and widely-used high-performance crystalline alloys. Historically, the successful commercialization of a new material technology has required the persistent improvement and refining of the technology over a sometimes lengthy period of time. Accordingly, the Company believes that its future success will be dependent on its ability to continue expanding and improving its technology platform by, among other things, constantly refining and improving its processes, optimizing its existing amorphous alloy compositions for various applications, and developing and improving new bulk amorphous alloy compositions.

The Company’s revenues are derived from i) selling bulk amorphous alloy custom products and parts for applications which include, but are not limited to, non-consumer electronic devices, medical products, automotive components, and sports and leisure goods; ii) selling tooling and prototype parts such as demonstration parts and test samples for customers with products in development; and iii) product licensing and royalty revenue.

2. Basis of Presentation and Recent Accounting Pronouncements

The accompanying unaudited interim consolidated financial statements as of and for the three months ended March 31, 2024 and 2023 have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. All intercompany balances and transactions have been eliminated in consolidation. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for any future periods or the year ending December 31, 2024. The accompanying unaudited consolidated financial statements should be read in conjunction with the Company’s 2023 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 12, 2024.

Investments in Debt Securities

The Company will invest excess funds to maximize investment yield, while maintaining liquidity and minimizing credit risk. Debt securities are carried at fair value and consist primarily of investments in obligations of the United States Treasury, various U.S. and foreign corporations, and certificates of deposits. The Company classifies its investments in debt securities as available-for-sale with all unrealized gains or losses included as part of other comprehensive income. The Company evaluates its debt securities with unrealized losses on a quarterly basis for potential other-than-temporary impairments in value. As a result of this assessment, the Company did not recognize any other-than-temporary impairment losses considered to be credit related for the three months ended March 31, 2024 and 2023.

Fair Value Measurements

The estimated fair values of financial instruments reported in the consolidated financial statements have been determined using available market information and valuation methodologies, as applicable. The fair value of cash and restricted cash approximate their carrying value due to their short maturities and are classified as Level 1 instruments within the fair value hierarchy.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Entities are required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value based upon the following fair value hierarchy:

- Level 1 — Quoted prices in active markets for identical assets or liabilities;
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of March 31, 2024, the following table represents the Company's fair value hierarchy for items that are required to be measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in debt securities (short-term)	\$ 12,344	\$ 10,262	\$ 2,082	\$ -
Investments in debt securities (long-term)	1,341	447	894	-

As of December 31, 2023, the following table represents the Company's fair value hierarchy for items that are required to be measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in debt securities (short-term)	\$ 13,292	\$ 10,681	\$ 2,611	\$ -
Investments in debt securities (long-term)	1,098	449	649	-

Leases

The Company leases its manufacturing facility under a long-term contract, which is accounted for as an operating lease. The lease provides for a fixed base rent and variable payments comprised of reimbursements for property taxes, insurance, utilities, and common area maintenance. The lease has a term of sixty-two months, exclusive of options to renew. In accordance with *ASC 842, Leases*, lease income, which includes escalating rents over the term of the lease, is recorded on a straight-line basis over the expected lease term. The difference between lease income and payments received is recorded as a rent receivable, which is included as a prepaid expense in the consolidated balance sheets. Amounts paid for broker commissions represent prepaid direct lease costs and will be amortized as an off-set to lease income over the lease term.

Other Recent Pronouncements

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

3. Significant Transactions

Amorphology License Agreement

On March 15, 2024, Liquidmetal Technologies, Inc. (the “Company”) entered into a First Amendment to License Agreement (the “First Amendment”) with Amorphology Inc. (“Amorphology”), which amended a License Agreement, dated November 22, 2019, previously entered into by the Company and Amorphology (the “Original License Agreement,” and together with the First Amendment, the “Amended License Agreement”). The Company has determined that, as a result of the First Amendment, the Amended License Agreement has become a material definitive agreement of the Company.

The Amended License Agreement grants Amorphology a non-exclusive royalty bearing license under all patents, patent applications, and technical information of the Company in existence as of the date of the First Amendment to make, use, offer to sell, sell, export, and import products utilizing Engel injection molding machines in a field of use consisting of the worldwide industry for amorphous metal parts and components, excluding consumer electronic products, jewelry, certain luxury products, and other product categories and territories that are subject to a license grant to third parties. The license bears a running royalty equal to a percentage of Amorphology’s sales of licensed products as well as for sales to customers referred to Amorphology by the Company. The Company may also utilize Amorphology as a third-party contract manufacturer. The Amended License Agreement is for a term of five (5) years, with automatic 1-year extensions unless terminated by either party upon at least 6 months notice prior to the expiration of the then-current term.

Yihao Manufacturing Agreement

On January 12, 2022, the Company entered into a manufacturing agreement (“Manufacturing Agreement”) with Dongguan Yihao Metal Materials Technology Co. Ltd. (“Yihao”) to become the primary contract manufacturer of the Company’s products. Under the Manufacturing Agreement, which has a term of five years, Yihao has agreed to serve as a non-exclusive contract manufacturer for amorphous alloy parts offered and sold by the Company at prices determined on a “cost-plus” basis. Yihao is an affiliate of Dongguan Eontec Co. Ltd. and Professor Lugee Li, our Chairman and largest beneficial owner of the Company’s capital stock.

Corporate Facility Purchase and Lease

On February 16, 2017, the Company purchased a 41,000 square foot facility (the “Facility”) located in Lake Forest, CA, where operations commenced during July 2017. The purchase price for the Facility was \$7,818.

On January 23, 2020, 20321 Valencia, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, entered into a lease agreement (the “Facility Lease”) pursuant to which the Company leased to MatterHackers, Inc., a Delaware corporation (“Tenant”), an approximately 32,534 square foot portion of the Facility. The lease term is for 5 years and 2 months and is scheduled to expire on April 30, 2025. The base rent payable under the Facility Lease is \$32,534 per month initially and is subject to periodic increases up to a maximum of approximately \$54,000 per month. Tenant will pay approximately 79% of common operating expenses. The Facility Lease has other customary provisions, including provisions relating to default and usage restrictions. The Facility Lease grants to Tenant a right to extend the lease for one additional 60-month period at market rental value.

2016 Purchase Agreement

On March 10, 2016, the Company entered into a Securities Purchase Agreement (the “2016 Purchase Agreement”) with Liquidmetal Technology Limited, a Hong Kong company (the “Investor”), which is controlled by the Company’s Chairman, Professor Li. The 2016 Purchase Agreement provided for the purchase by the Investor of a total of 405,000,000 shares of the Company’s common stock for an aggregate purchase price of \$63,400. The transaction occurred in multiple closings, with the Investor having purchased 105,000,000 shares at a purchase price of \$8,400 (or \$0.08 per share) at the initial closing on March 10, 2016 and the remaining 200,000,000 shares at \$0.15 per share and 100,000,000 shares at \$0.25 per share for an aggregate purchase price of \$55,000 on October 26, 2016.

In addition to the shares issuable under the 2016 Purchase Agreement, the Company issued to the Investor a warrant to acquire 10,066,809 shares of common stock (of which the right to exercise 2,609,913 of the warrant shares vested on March 10, 2016 and the right to exercise the remaining 7,456,896 warrant shares vested on October 26, 2016 at an exercise price of \$0.07 per share). The warrant will expire on the tenth anniversary of its issuance date.

The 2016 Purchase Agreement also provided that, with certain limited exceptions, if the Company issues any shares of common stock at any time through the fifth anniversary of the 2016 Purchase Agreement, the Investor will have a preemptive right to subscribe for and to purchase at the same price per share (or at market price, in the case of issuance of shares pursuant to stock options) the number of shares necessary to maintain its ownership percentage of Company-issued shares of common stock.

Eontec License Agreement

On March 10, 2016, in connection with the 2016 Purchase Agreement, the Company and DongGuan Eontec Co., Ltd., a Hong Kong corporation (“Eontec”), entered into a Parallel License Agreement (the “License Agreement”) pursuant to which the Company and Eontec agreed to cross-license their respective technologies. The Company’s Chairman, Professor Li, is also the Chairman of Eontec.

The License Agreement provides for the cross-license of certain patents, technical information, and trademarks between the Company and Eontec. In particular, the Company granted to Eontec a paid-up, royalty-free, perpetual license to the Company’s patents and related technical information to make, have made, use, offer to sell, sell, export, and import products in certain geographic areas outside of North America and Europe. In turn, Eontec granted to the Company a paid-up, royalty-free, perpetual license to Eontec’s patents and related technical information to make, have made, use, offer to sell, sell, export, and import products in certain geographic areas outside of specified countries in Asia. The license granted by the Company to Eontec is exclusive (including to the exclusion of the Company) in the countries of Brunei, Cambodia, China (P.R.C and R.O.C.), East Timor, Indonesia, Japan, Laos, Malaysia, Myanmar, Philippines, Singapore, South Korea, Thailand, and Vietnam. The license granted by Eontec to the Company is exclusive (including to the exclusion of Eontec) in North America and Europe. The cross-licenses are non-exclusive in geographic areas outside of the foregoing exclusive territories.

Eutectix Business Development Agreement

On January 31, 2020, the Company entered into a Business Development Agreement (the “Agreement”) with Eutectix, LLC, a Delaware limited liability company (“Eutectix”), which provides for collaboration, joint development efforts, and the manufacturing of products based on the Company’s proprietary amorphous metal alloys. Under the Agreement, the Company licensed to Eutectix specified equipment owned by the Company, including two injection molding machines, two diecasting machines, and other machines and equipment, all of which will be used to make product for Company customers and Eutectix customers. The licensed machines and equipment represented substantially all of the machinery and equipment then held by the Company. The Company has also licensed to Eutectix various patents and technical information related to the Company’s proprietary technology. Under the Agreement, Eutectix agreed to pay the Company a royalty of six percent (6%) of the net sales price of licensed products sold by Eutectix, and Eutectix will also manufacture for the Company product ordered by the Company. The Agreement has a term of five years, subject to renewal provisions and the ability of either party to terminate earlier upon specified circumstances.

Apple License Transaction

On August 5, 2010, the Company entered into a license transaction with Apple Inc. (“Apple”) pursuant to which (i) the Company contributed substantially all of its intellectual property assets to a newly organized special-purpose, wholly-owned subsidiary, called Crucible Intellectual Property, LLC (“CIP”), (ii) CIP granted to Apple a perpetual, worldwide, exclusive license to commercialize such intellectual property in the field of consumer electronic products, as defined in the license agreement, in exchange for a one-time, upfront license fee, and (iii) CIP granted back to the Company a perpetual, worldwide, fully-paid, exclusive license to commercialize such intellectual property in all other fields of use.

Under the agreements relating to the license transaction with Apple, the Company was obligated to contribute, to CIP, all intellectual property developed through February 2016. The Company is also obligated to maintain certain limited liability company formalities with respect to CIP at all times after the closing of the license transaction.

Liquidmetal Golf Sublicense Agreement

Liquidmetal Golf Inc. (“Liquidmetal Golf” or “LMG”) is a majority-owned subsidiary which has the exclusive right and license to utilize our Liquidmetal alloy technology for purposes of golf equipment applications. This right and license is set forth in an intercompany license agreement dated January 1, 2002 between Liquidmetal Technologies and Liquidmetal Golf. This license agreement provides that Liquidmetal Golf has a perpetual and exclusive license to use Liquidmetal alloy technology for the purpose of manufacturing, marketing, and selling golf club components and other products used in the sport of golf. The Company owns 79% of the outstanding common stock in Liquidmetal Golf.

On January 13, 2022, Liquidmetal Golf entered into a sublicense agreement (“LMG Sublicense Agreement”) with Amorphous Technologies Japan, Inc. (“ATJ”), a newly formed Japanese entity that was established by Twins Corporation, a sporting goods company operating in Japan. Under the agreement, LMG granted ATJ a nonexclusive worldwide sublicense to the Company’s amorphous alloy technology and related trademarks to manufacture and sell golf clubs and golf related products. The LMG Sublicense Agreement has a term of three years and provides for the payment of a running royalty to LMG of 3% of the net sales price of licensed products.

Swatch Group License

In March 2009, the Company entered into a license agreement with Swatch Group, Ltd. (“Swatch”) under which Swatch was granted a non-exclusive license to the Company’s technology to produce and market watches and certain other luxury products. In March 2011, this license agreement was amended to grant Swatch exclusive rights as to watches as against all third parties (including the Company), but non-exclusive as to Apple. The Company will receive royalty payments over the life of the contract on all Liquidmetal products produced and sold by Swatch. The license agreement with Swatch will expire on the expiration date of the last licensed patent.

4. Investments in Debt Securities

The following table sets forth amortized cost fair value, and unrealized gains (losses) of investments in debt securities (short-term and long-term):

	Longest Maturity Date	Amortized Cost		Fair Value	
		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
U.S. government and agency securities	2025	9,508	9,733	9,599	9,838
Corporate bonds	2029	4,111	4,605	4,086	4,552
		13,619	14,338	13,685	14,390

Income from these investments totaled \$243 and \$100 during the three months ended March, 2024 and 2023, respectively. Such amounts are included as a portion of interest and investment income on the Company's consolidated statements of operations.

Based on the Company's review of its debt securities that are individually in an unrealized loss position at March 31, 2024, it was determined that the losses were primarily the result current economic factors, impacting all global debt and equity markets, that are the result of global macro events. The impact of the Company's investment portfolio is considered to be temporary, rather than a deterioration of overall credit quality. As of March 31, 2024, all investments are current on their scheduled interest and dividend payments. The Company does not intend to sell and it is not likely that the Company will be required to sell these securities prior to recovering their amortized cost. As such, the Company does not consider these securities to be other-than-temporarily impaired as of March 31, 2024.

5. Trade Accounts Receivable

Trade accounts receivable were comprised of the following:

	March 31, 2024	December 31, 2023
Trade accounts receivable	\$ 184	\$ 186
Less: Allowance for doubtful accounts	-	-
Trade accounts receivable	\$ 184	\$ 186

6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets were comprised of the following:

	March 31, 2024	December 31, 2023
Prepaid service invoices	\$ 96	\$ 109
Prepaid insurance premiums	146	233
Prepaid lease costs and receivables- short term	21	22
Interest and other receivables	112	86
Total	\$ 375	\$ 450

7. Inventories

Inventories were comprised of the following:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Work in progress	\$ 25	\$ 25
Finished goods	-	-
Total	<u>\$ 25</u>	<u>\$ 25</u>

8. Property and Equipment, net

Property and equipment were comprised of the following:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Land, building, and improvements	\$ 9,610	\$ 9,610
Machinery and equipment	1,304	1,304
Computer equipment	272	272
Office equipment, furnishings, and improvements	51	51
Total	11,237	11,237
Accumulated depreciation	(3,647)	(3,569)
Total property and equipment, net	<u>\$ 7,590</u>	<u>\$ 7,668</u>

Depreciation expense for three months ended March 31, 2024 and 2023 were \$78 and \$78, respectively. Such amounts were included in selling, marketing, general, and administrative expenses within Company's consolidated statements of operations.

9. Patents and Trademarks, net

Patents and trademarks were comprised of the following:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Purchased and licensed patent rights	\$ 566	\$ 566
Internally developed patents	1,686	1,686
Trademarks	148	148
Total intangible assets	2,400	2,400
Accumulated amortization	(2,352)	(2,348)
Total intangible assets, net	<u>\$ 48</u>	<u>\$ 52</u>

Purchased patent rights represent the exclusive right to commercialize the bulk amorphous alloy and other amorphous alloy technology acquired from California Institute of Technology ("Caltech"), through a license agreement with Caltech and other institutions. All fees and other amounts payable by the Company for these rights and licenses have been paid or accrued in full, and no further royalties, license fees, or other amounts will be payable in the future under the license agreement. In addition to the purchased and licensed patents, the Company has internally developed patents. Internally developed patents include legal and registration costs incurred to obtain the respective patents. The Company currently holds various patents and numerous pending patent applications in the United States, as well as numerous foreign counterparts to these patents outside of the United States.

The Company amortizes capitalized patents and trademarks over an average of 10-to-17-year periods. Amortization expense for patents and trademarks was \$4 and \$6 for the three months ended March 31, 2024 and 2023, respectively.

10. Other Assets

Other assets were comprised of the following:

	March 31, 2024	December 31, 2023
Utility deposits	\$ 14	\$ 14
Prepaid lease costs and receivables- long term	169	209
Total	\$ 183	\$ 223

11. Accrued Liabilities

Accrued liabilities were comprised of the following:

	March 31, 2024	December 31, 2023
Accrued payroll, vacation, and bonuses	\$ 117	\$ 138
Accrued audit fees	52	106
Total	\$ 169	\$ 244

12. Other Long-Term Liabilities

Other long-term liabilities was \$902 as of March 31, 2024 and December 31, 2023, and consisted of \$859 of long-term, aged payables to vendors, individuals, and other third parties that have been outstanding for more than 5 years. Also included in the balance is \$43 in tenant deposits under the Facility Lease.

13. Stock Compensation Plans

On June 28, 2012, the Company adopted the 2012 Equity Incentive Plan (“2012 Plan”), with the approval of the shareholders, which provided for the grant of stock options to officers, employees, consultants and directors of the Company and its subsidiaries. The 2012 Plan provides for the granting to employees of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and for the granting to employees and consultants of non-statutory stock options. In addition, the Plan permits the granting of stock appreciation rights, or SARs, with or independently of options, as well as stock bonuses and rights to purchase restricted stock. A total of 30,000,000 shares of the Company’s common stock may be granted under the 2012 Equity Incentive Plan, and all options granted under this plan had exercise prices that were equal to the fair market value on the date of grant. On December 16, 2021, the Company granted option grants under the Company’s 2012 Equity Incentive Plan, as approved to by the Board, for employees up to 1,400,000 shares of the Company’s common stock in total. Under this plan, the Company had outstanding grants of options to purchase 3,073,000 and 2,993,000 shares of the Company’s common stock as of March 31, 2024 and December 31, 2023, respectively.

On January 27, 2015, the Company adopted its 2015 Equity Incentive Plan (“2015 Plan”), which provided for the grant of stock options to officers, employees, consultants and directors of the Company and its subsidiaries. A total of 40,000,000 shares of the Company’s common stock are available for issuance under the 2015 Plan. All options granted under the 2015 Plan had exercise prices that were equal to the fair market value on the dates of grant. Under the 2015 Plan, the Company granted options on July 7, 2021 to purchase 7,500,000 shares of Company common stock to Mr. Chung, options on December 16, 2021 to purchase 600,000 shares of Company’s common stock to directors, and options on March 12, 2024 to purchase 9,250,000 shares of Company’s common stock to employees and director.

FASB ASC 718, Compensation – Stock Compensation, requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Under ASC 718, the Company is required to measure the cost of employee services received in exchange for stock options and similar awards based on the grant-date fair value of the award and recognize this cost in the income statement over the period during which an employee is required to provide service in exchange for the award.

Stock based compensation expense attributable to these plans was \$25 and \$34 for the three months ended March 31, 2024 and 2023, respectively.

Expected volatilities are based on historical volatility expected over the expected life of the options. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted represents the period of time that options granted are expected to be outstanding. Expected forfeiture rates are determined based on historical forfeitures over a five-year period. The risk-free rate used for the period within the expected life of the options is based on U.S. Treasury rates in effect at the time of grant.

14. Facility Lease

Amounts collected under the Facility Lease are comprised of base rents and reimbursements for direct facility expenses (property taxes and insurance), common area maintenance, and utilities. Amounts recorded to lease income are comprised of base rents and direct facility expenses, recorded on a straight-line basis over the lease term. Reimbursements for common area maintenance and utility expense are recorded as reductions to like expenses within sales, general, and administrative costs.

The future minimum rents due to the Company under the Facility Lease are as follows:

<u>Year</u>	<u>Base Rents</u>
2024 (remaining nine months)	\$ 339
2025	153
2026	-
2027	-
Thereafter	-
	<u>\$ 492</u>

15. Loss Per Common Share

Basic earnings per share (“EPS”) is computed by dividing earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding for the periods. Diluted EPS reflects the potential dilution of securities that could share in the earnings.

Options to purchase 26,584,667 shares of common stock at prices ranging from \$0.05 to \$0.38 per share were outstanding at March 31, 2024, but were not included in the computation of diluted EPS for the same period as the inclusion would have been antidilutive, given the Company’s net loss. Options to purchase 26,595,667 shares of common stock at prices ranging from \$0.07 to \$0.38 per share were outstanding as of March 31, 2023, but were not included in the computation of diluted EPS for the same period as the inclusion would have been antidilutive, given the Company’s net loss.

Warrants to purchase 10,066,809 shares of common stock, priced at \$0.07 per share, outstanding at each of March 31, 2024 and March 31, 2023 were not included in the computation of diluted EPS for the same period as the inclusion would have been antidilutive, given the Company’s net loss.

16. Related Party Transactions

On March 10, 2016, the Company entered into the 2016 Purchase Agreement with Liquidmetal Technology Limited, providing for the purchase of 405,000,000 shares of the Company’s common stock for an aggregate purchase price of \$63,400. Liquidmetal Technology Limited was a newly formed company owned by Professor Li. In connection with the 2016 Purchase Agreement and also on March 10, 2016, the Company and Eontec entered into a license agreement pursuant to which the Company and Eontec entered into a cross-license of their respective technologies. Eontec is a publicly held Hong Kong corporation of which Professor Li is the Chairman. Eontec is also an affiliate of Yihao. Yihao is currently the Company’s primary contract manufacturer. As of March 31, 2024 and December 31, 2023, Professor Li is a greater-than 5% beneficial owner of the Company and serves as the Company’s Chairman. Equipment and services procured from Eontec, and their affiliates, were \$115 and \$301 during the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and December 31, 2023, the Company has outstanding payables to Eontec, and their affiliates of \$0 and \$30, respectively.

On May 10, 2022, Mr. Abdi Mahamedi resigned as a director of the Company. In connection with Mr. Mahamedi’s resignation, the Board of Directors of the Company approved an amendment to Mr. Mahamedi’s previously granted options to purchase an aggregate of 1,870,000 shares of Company common stock to provide for the extension of the exercise period of the options through May 10, 2025. Upon Mr. Mahamedi’s resignation as a director, the Company entered into a Consulting Agreement, dated May 10, 2022, with Rosewood LLC pursuant to which Mr. Mahamedi as the owner of Rosewood LLC will assess and present business opportunities for the licensing and sublicensing of the Company’s technology. Mr. Mahamedi will also provide business development services and perform other special projects as requested by the Company. The Consulting Agreement has a term of 5 years, subject to the right of the Company or Mr. Mahamedi to terminate the agreement at any time after December 1, 2022 and subject to certain other early-termination rights. As sole consideration for the Consulting Agreement, the Company granted to Mr. Mahamedi an option to purchase up to 2.0 million shares of Company common stock at an exercise price of the closing market price of the Company’s common stock on May 10, 2022 that will vest 33% on the first anniversary of the grant date and the remainder vesting monthly over the ensuing two years, provided that Mr. Mahamedi continues to be engaged as a consultant on each such vesting date. The options have a term of 5 years.

17. Subsequent Events

The Company follows the guidance in FASB ASC Topic 855, Subsequent Events (“ASC 855”), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. ASC 855 sets forth (i) the period after the balance sheet date during which management of a reporting entity evaluates events or transactions that *may* occur for potential recognition or disclosure in the consolidated financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its consolidated financial statements, and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. Accordingly, the Company did *not* have any subsequent events that require disclosure.

Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

This management’s discussion and analysis should be read in conjunction with the consolidated financial statements and notes included elsewhere in this Quarterly Report on Form 10-Q. All amounts described in this section are in thousands, except percentages, periods of time, and share and per share data.

This management’s discussion and analysis, as well as other sections of this Quarterly Report on Form 10-Q, may contain “forward-looking statements” that involve risks and uncertainties, including statements regarding our plans, future events, objectives, expectations, estimates, forecasts, assumptions, or projections. Any statement that is not a statement of historical fact is a forward-looking statement, and in some cases, words such as “believe,” “estimate,” “project,” “expect,” “intend,” “may,” “anticipate,” “plan,” “seek,” and similar words or expressions identify forward-looking statements. These statements involve risks and uncertainties that could cause actual outcomes and results to differ materially from the anticipated outcomes or results, and undue reliance should not be placed on these statements. These risks and uncertainties include, but are not limited to, the matters discussed in Part II herein, under the heading “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and other risks and uncertainties discussed in other filings made with the Securities and Exchange Commission (including risks described in subsequent reports on Form 10-Q and Form 8-K and other filings). We disclaim any intention or obligation, other than as required by applicable law, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

We are a materials technology company that works with manufacturing and commercial partners to develop and commercialize products made from our proprietary amorphous alloys. Our Liquidmetal® family of alloys consists of a variety of proprietary bulk alloys and composites that utilize the advantages offered by amorphous alloy technology. We work with partners to design, develop, and sell custom products and parts from bulk amorphous alloys for sale in various industries. We also partner with third-party manufacturers and licensees to develop and commercialize Liquidmetal alloy products.

Amorphous alloys are, in general, unique materials that are distinguished by their ability to retain a random atomic structure when they solidify, in contrast to the crystalline atomic structure that forms in other metals and alloys when they solidify. Liquidmetal alloys are proprietary amorphous alloys that possess a combination of performance, processing, and potential cost advantages that we believe will make them preferable to other materials in a variety of applications. The amorphous atomic structure of bulk alloys enables them to overcome certain performance limitations caused by inherent weaknesses in crystalline atomic structures, thus facilitating performance and processing characteristics superior in many ways to those of their crystalline counterparts. We believe the alloys and the molding technologies we employ can result in components for many applications that exhibit exceptional dimensional control and repeatability that rivals precision machining, excellent corrosion resistance, brilliant surface finish, high strength, high hardness, high elastic limit, alloys that are non-magnetic, and the ability to form complex shapes common to the injection molding of plastics. All of these characteristics are achievable from the molding process, so design engineers often do not have to select specific alloys to achieve one or more of the characteristics as is the case with crystalline materials. We believe these advantages could result in Liquidmetal alloys supplanting high-performance alloys, such as titanium and stainless steel, and other incumbent materials in a wide variety of applications. Moreover, we believe these advantages could enable the introduction of entirely new products and applications that are not possible or commercially viable with other materials.

Our bulk amorphous alloy technology is a relatively new technology as compared to many other material technologies, such as plastics and widely-used high-performance crystalline alloys. Historically, the successful commercialization of a new material technology has required the persistent improvement and refining of the technology over a sometimes lengthy period of time. Accordingly, we believe that our Company’s future success will be dependent on our ability to continue expanding and improving our technology platform by, among other things, constantly refining and improving our processes, optimizing our existing amorphous alloy compositions for various applications, and developing and improving new bulk amorphous alloy compositions.

Our revenues are derived from i) selling our bulk amorphous alloy custom products and parts for applications which include, but are not limited to, non-consumer electronic devices, medical products, automotive components, and sports and leisure goods; ii) selling tooling and prototype parts such as demonstration parts and test samples for customers with products in development; and iii) product licensing and royalty revenue.

Our cost of sales consists primarily of the costs of manufacturing, which include raw alloy and direct labor costs. Selling, general, and administrative expenses currently consist primarily of salaries and related benefits, travel, consulting and professional fees, depreciation and amortization, insurance, office and administrative expenses, and other expenses related to our operations.

Research and development expenses represent salaries, related benefits expenses, consulting and contract services, expenses incurred for the design and testing of new processing methods, expenses for the development of sample and prototype products, and other expenses related to the research and development of Liquidmetal bulk alloys. Costs associated with research and development activities are expensed as incurred. We plan to enhance our competitive position by improving our existing technologies and developing advances in amorphous alloy technologies. We believe that our research and development efforts will focus on the discovery of new alloy compositions, the development of improved processing technology, and the identification of new applications for our alloys.

SIGNIFICANT TRANSACTIONS

Amorphology License Agreement

On March 15, 2024, Liquidmetal Technologies, Inc. (the “Company”) entered into a First Amendment to License Agreement (the “First Amendment”) with Amorphology Inc. (“Amorphology”), which amended a License Agreement, dated November 22, 2019, previously entered into by the Company and Amorphology (the “Original License Agreement,” and together with the First Amendment, the “Amended License Agreement”). The Company has determined that, as a result of the First Amendment, the Amended License Agreement has become a material definitive agreement of the Company. The following is a description of the material terms and conditions of the Amended License Agreement:

The Amended License Agreement grants Amorphology a non-exclusive royalty bearing license under all patents, patent applications, and technical information of the Company in existence as of the date of the First Amendment to make, use, offer to sell, sell, export, and import products utilizing Engel injection molding machines in a field of use consisting of the worldwide industry for amorphous metal parts and components, excluding consumer electronic products, jewelry, certain luxury products, and other product categories and territories that are subject to a license grant to third parties. The license bears a running royalty equal to a percentage of Amorphology’s sales of licensed products as well as for sales to customers referred to Amorphology by the Company. The Company may also utilize Amorphology as a third-party contract manufacturer. The Amended License Agreement is for a term of five (5) years, with automatic 1-year extensions unless terminated by either party upon at least 6 months notice prior to the expiration of the then-current term.

Yihao Manufacturing Agreement

On January 12, 2022, Liquidmetal Technologies entered into a manufacturing agreement (“Manufacturing Agreement”) with Dongguan Yihao Metal Materials Technology Co. Ltd. (“Yihao”) to become the primary outsourced manufacturer of the Company’s products. Under the Manufacturing Agreement, which has a term of five years, Yihao has agreed to serve as a non-exclusive contract manufacturer for amorphous alloy parts offered and sold by the Company at prices determined on a “cost-plus” basis. Yihao is an affiliate of Dongguan Eontec Co. Ltd. and Professor Lugee Li, our Chairman and largest beneficial owner of the Company’s capital stock.

Liquidmetal Golf License

On January 13, 2022, our Liquidmetal Golf subsidiary entered into a sublicense agreement (“LMG Sublicense Agreement”) with Amorphous Technologies Japan, Inc. (“ATJ”), a newly formed Japanese entity that was established by Twins Corporation, a sporting goods company operating in Japan. Under the agreement, LMG granted ATJ a nonexclusive worldwide sublicense to the Company’s amorphous alloy technology and related trademarks to manufacture and sell golf clubs and golf related products. The LMG Sublicense Agreement has a term of three years and provides for the payment of a running royalty to LMG of 3% of the net sales price of licensed products.

Corporate Facility Purchase and Lease

On February 16, 2017, we purchased a 41,000 square foot facility (the “Facility”) located in Lake Forest, CA, where operations commenced during July 2017. The purchase price for the Facility was \$7,818.

On January 23, 2020, 20321 Valencia, LLC, a Delaware limited liability company and our wholly owned subsidiary, entered into a lease agreement (the “Facility Lease”) pursuant to which we leased to MatterHackers, Inc., a Delaware corporation (“Tenant”), an approximately 32,534 square foot portion of the Facility. The lease term is for 5 years and 2 months and is scheduled to expire on April 30, 2025. The base rent payable under the Facility Lease is \$32,534 per month initially and is subject to periodic increases up to a maximum of approximately \$54,000 per month. Tenant will pay approximately 79% of common operating expenses. The Facility Lease has other customary provisions, including provisions relating to default and usage restrictions. The Facility Lease grants to Tenant a right to extend the lease for one additional 60-month period at market rental value.

2016 Purchase Agreement

On March 10, 2016, we entered into a Securities Purchase Agreement (the “2016 Purchase Agreement”) with Liquidmetal Technology Limited, a Hong Kong company (the “Investor”), which is controlled by our Chairman, Professor Lugee Li (“Professor Li”). The 2016 Purchase Agreement provided for the purchase by the Investor of a total of 405,000,000 shares of our common stock for an aggregate purchase price of \$63,400. The transaction occurred in multiple closings, with the Investor having purchased 105,000,000 shares at a purchase price of \$8,400 (or \$0.08 per share) at the initial closing on March 10, 2016, and the remaining 200,000,000 shares at \$0.15 per share and 100,000,000 shares at \$0.25 per share for an aggregate purchase price of \$55,000 on October 26, 2016.

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In addition to the shares issuable under the 2016 Purchase Agreement, we issued to the Investor a warrant to acquire 10,066,809 shares of common stock (of which the right to exercise 2,609,913 of the warrant shares vested on March 10, 2016 and the right to exercise the remaining 7,456,896 warrant shares vested on October 26, 2016, all at an exercise price of \$0.07 per share). The warrant will expire on the tenth anniversary of its issuance date.

The 2016 Purchase Agreement also provided that, with certain limited exceptions, if we issue any shares of common stock at any time through the fifth anniversary of the 2016 Purchase Agreement, the Investor will have a preemptive right to subscribe for and to purchase at the same price per share (or at market price, in the case of issuance of shares pursuant to stock options) the number of shares necessary to maintain its ownership percentage of our issued shares of common stock.

Eontec License Agreement

On March 10, 2016, in connection with the 2016 Purchase Agreement, we entered into a Parallel License Agreement (the “License Agreement”) with DongGuan Eontec Co., Ltd., a Hong Kong corporation (“Eontec”) pursuant to which we each entered into a cross-license of our respective technologies. Our Chairman, Professor Li, is also the Chairman of Eontec.

The License Agreement provides for the cross-license of certain patents, technical information, and trademarks between us and Eontec. In particular, we granted to Eontec a paid-up, royalty-free, perpetual license to our patents and related technical information to make, have made, use, offer to sell, sell, export, and import products in certain geographic areas outside of North America and Europe. In turn, Eontec granted to us a paid-up, royalty-free, perpetual license to Eontec’s patents and related technical information to make, have made, use, offer to sell, sell, export, and import products in certain geographic areas outside of specified countries in Asia. The license granted by us to Eontec is exclusive (including to the exclusion of us) in the countries of Brunei, Cambodia, China (P.R.C and R.O.C.), East Timor, Indonesia, Japan, Laos, Malaysia, Myanmar, Philippines, Singapore, South Korea, Thailand, and Vietnam. The license granted by Eontec to us is exclusive (including to the exclusion of Eontec) in North America and Europe. The cross-licenses are non-exclusive in geographic areas outside of the foregoing exclusive territories.

Eutectix Business Development Agreement

On January 31, 2020, the Company entered into a Business Development Agreement (the “Agreement”) with Eutectix LLC, a Delaware limited liability company (“Eutectix”), which provides for collaboration, joint development efforts, and the manufacturing of products based on the Company’s proprietary amorphous metal alloys. Under the Agreement, the Company has licensed to Eutectix specified equipment owned by the Company, including two injection molding machines, two diecasting machines, and other machines and equipment, all of which will be used to make product for Company customers and Eutectix customers. The licensed machines and equipment represent substantially all of the machinery and equipment then held by the Company. The Company has also licensed to Eutectix various patents and technical information related to the Company’s proprietary technology. Under the Agreement, Eutectix will pay the Company a royalty of six percent (6%) of the net sales price of licensed products sold by Eutectix, and Eutectix will also manufacture for the Company product ordered by the Company. The Agreement has a term of five years, subject to renewal provisions and the ability of either party to terminate earlier upon specified circumstances.

Apple License Transaction

On August 5, 2010, we entered into a license transaction with Apple pursuant to which (i) we contributed substantially all of our intellectual property assets to a newly organized special-purpose, wholly-owned subsidiary, Crucible Intellectual Property, LLC (“CIP”), (ii) CIP granted to Apple a perpetual, worldwide, fully-paid, exclusive license to commercialize such intellectual property in the field of consumer electronic products, as defined in the license agreement, in exchange for a license fee, and (iii) CIP granted back to us a perpetual, worldwide, fully-paid, exclusive license to commercialize such intellectual property in all other fields of use.

Under the agreements relating to the license transaction with Apple, we were obligated to contribute to CIP all intellectual property that we developed through February 2016. We are also obligated to maintain certain limited liability company formalities with respect to CIP at all times after the closing of the license transaction.

Swatch Group License

In March 2009, we entered into a license agreement with Swatch Group, Ltd. (“Swatch”) under which Swatch was granted a non-exclusive license to our technology to produce and market watches and certain other luxury products. In March 2011, this license agreement was amended to grant Swatch exclusive rights as to watches, but non-exclusive as to Apple. We will receive royalty payments over the life of the contract on all Liquidmetal products produced and sold by Swatch. The license agreement with Swatch will expire on the expiration date of the last licensed patent.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions.

We believe that the following accounting policies are the most critical to our consolidated financial statements since these policies require significant judgment or involve complex estimates that are important to the portrayal of our financial condition and operating results:

- Revenue recognition
- Impairment of long-lived assets and definite-lived intangibles
- Deferred tax assets
- Share based compensation

Our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”) contains further discussions on our critical accounting policies and estimates.

Results of OperationsComparison of the three months ended March 31, 2024 and 2023

	Three Months Ended March 31,				Changes	
	2024		2023		Amount	% of Change
	Amount	% of Revenue	Amount	% of Revenue		
Revenue:						
Products	\$ 173	100.0%	\$ 30	100.0%	\$ 143	476.7%
Licensing and royalties	-	0.0%	-	0.0%	-	0.0%
Total revenue	173	100.0%	30	100.0%	143	476.7%
Cost of sales	134	77.5%	23	76.7%	111	482.6%
Gross profit	39	22.5%	7	23.3%	32	457.1%
Operating expenses:						
Selling, marketing, general and administrative	763	441.0%	806	2686.7%	(43)	-5.3%
Research and development	4	2.3%	6	20.0%	(2)	-33.3%
	767	96.3%	812	2706.7%	(45)	-5.5%
Operating loss	(728)	-420.8%	(805)	-2683.3%	77	-9.6%
Other income (expense):						
Lease income	171	98.8%	118	393.3%	53	44.9%
Interest and investment income	243	140.5%	100	333.3%	143	143.0%
	414	239.3%	218	726.7%	196	89.9%
Loss from operations	(314)	-181.5%	(587)	-1956.7%	273	-46.5%
Income taxes	-	0.0%	-	0.0%	-	0.0%
Net loss	(314)	-181.5%	(587)	-1956.7%	273	-46.5%
Net loss attributable to non-controlling interest	-	0.0%	-	0.0%	-	0.0%
Net loss attributable to Liquidmetal Technologies shareholders	<u>\$ (314)</u>	<u>-181.5%</u>	<u>\$ (587)</u>	<u>-1956.7%</u>	<u>\$ 273</u>	<u>-46.5%</u>

Revenue – Total revenue increased by \$143 to \$173 for the three months ended March 31, 2024 from \$30 for the three months ended March 31, 2023. The increase was attributable to increase in product shipments primarily related to the launch of health monitoring rings utilizing our technology.

Cost of Sales – Cost of sales was \$134, or 77.5% of total revenue, for the three months ended March 31, 2024, as compared to \$23, or 76.7% of total revenue, for the three months ended March 31, 2023. The increase in our cost of sales was primarily driven by lower product revenues during Q1 2023 compared to Q1 2024. Once we are able to sustain and increase shipments of routine, commercial products and parts through our contract manufacturers, we expect our cost of sales percentages to decrease, stabilize, and be more predictable.

Gross Profit – Our gross profit increased by \$32 from \$7 for the three months ended March 31, 2023 to \$39 for the three months ended March 31, 2024. Our gross margin percentage decreased slightly from Q1 2023 to Q1 2024. Our gross profit percentages have fluctuated and may continue to fluctuate based on production volumes and quoted production prices per unit and may not be representative of our future business. If we are able to sustain and increase shipments of routine, commercial products and parts through future orders to third party contract manufacturers, we expect our gross profit percentages to stabilize, increase, and be more predictable.

Selling, marketing, general, and administrative expenses – Selling, marketing, general, and administrative expenses decreased by \$43 to \$763, or 441.0% of revenue, for the three months ended March 31, 2024 from \$806, or 2686.7% of revenue, for the three months ended March 31, 2023. The decrease in expenses was primarily attributable to decrease in trade show and investment relations expenses in Q1 2024 compared to Q1 2023.

Research and development expenses – Research and development expenses decreased by \$2 to \$4, or 2.3% of revenue, for the three months ended March 31, 2024, from \$6, or 20.0% of revenue, for the three months ended March 31, 2023. The decrease in expense was mainly due to reductions in employee compensation and associated development initiatives from headcount reductions. Going forward, we will continue to perform research and development of new Liquidmetal alloys and related processing capabilities, albeit on a reduced basis.

We continue to invest in our technology infrastructure to expedite the adoption of our technology, but we have experienced long sales lead times for customer adoption of our technology. Until that time when we can either (i) increase our revenues with shipments of routine, commercial products and parts through third party contract manufacturers or (ii) obtain significant licensing revenues, we expect to continue to have operating losses for the foreseeable future.

Interest and Investment Income – Interest and investment income relates to interest earned from our cash deposits and investments in debt securities for the respective periods. Interest and investment income was \$243 and \$100 for the three months ended March 31, 2024 and 2023, respectively. The increase was primarily due to higher overall yields on debt securities as a result of an increase in overall interest rate increases by the government in Q1 2024 compared to Q1 2023.

Lease income – Lease income relates to straight-line rental income received under the Facility Lease. Such amounts were \$171 and \$118 for the three months ended March 31, 2024 and 2023, respectively.

Liquidity and Capital Resources

Cash used in operating activities

Cash used in operating activities totaled \$342 and \$394 for the three months ended March 31, 2024 and 2023, respectively. The cash was primarily used to fund operating expenses related to our business and product development efforts.

Cash provided by (used in) investing activities

Cash provided by investing activities totaled \$903 and \$4,975 for the three months ended March 31, 2024 and 2023, respectively. Investing inflows primarily consist of proceeds from the sale of debt securities. Investing outflows primarily consist of purchases of debt securities.

Financing arrangements and outlook

We have a relatively limited history of selling bulk amorphous alloy products and components on a mass-production scale. Furthermore, the ability of future contract manufacturers to produce our products in desired quantities and at commercially reasonable prices is uncertain and is dependent on a variety of factors that are outside of our control, including the nature and design of the component, the customer's specifications, and required delivery timelines. These factors have previously required that we engage in equity sales under various stock purchase agreements to support its operations and strategic initiatives.

However, as of March 31, 2024, we had \$9,403 in cash and restricted cash, as well as \$13,685 in investments in debt securities. We view this total of \$23,088 as readily available sources of liquidity in the event needed to advance our existing strategy, and/or pursue an alternative strategy. As such, we anticipate that our current capital resources, when considering expected losses from operations, will be sufficient to fund our operations for the foreseeable future.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

None.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer (our Principal Executive Officer and Principal Financial Officer), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of March 31, 2024. Based on their evaluation, our Chief Executive Officer has concluded that our disclosure controls and procedures were effective as of March 31, 2024.

Changes in Internal Control over Financial Reporting.

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II
OTHER INFORMATION**

Item 1 – Legal Proceedings

None.

Item 1A – Risk Factors

For a detailed discussion of the risk factors that should be understood by any investor contemplating an investment in our stock, please refer to Part I, Item 1A “Risk Factors” in the 2023 Annual Report. There have been no material changes from the risk factors previously disclosed in Part I, Item 1A “Risk Factors” in the 2023 Annual Report.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

During the period covered by this Quarterly Report on Form 10-Q, we did not issue or sell any unregistered equity securities.

Item 3 – Defaults Upon Senior Securities

None.

Item 4 – Mine Safety Disclosures

None.

Item 5 – Other Information

None.

Item 6 – Exhibits

The following documents are filed as exhibits to this Report:

Exhibit Number	Description of Document
10.1	Change of Control Agreement – Tony Chung
10.2	Change of Control Agreement - Isaac Bresnick
31.1	Certification of Principal Executive Officer and Principal Financial Officer, Tony Chung, as required by Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Principal Financial Officer, Tony Chung, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	The following financial statements from Liquidmetal Technologies, Inc.’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (unaudited), formatted in Inline XBRL: (i) Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, (ii) Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023, (iii) Consolidated Statements of Stockholders’ Equity for the three months ended March 31, 2024 and 2023, (iv) Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2024 and 2023, (v) Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2023, and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements 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.

LIQUIDMETAL TECHNOLOGIES, INC.
(Registrant)

Date: May 20, 2024

/s/ Tony Chung
Tony Chung
Chief Executive Officer
(Principal Executive Officer and Principal
Financial Officer)

LIQUIDMETAL TECHNOLOGIES, INC.
20321 Valencia Circle
Lake Forest, California 92630

March 12, 2024

Vincent Carrubba
20321 Valencia Circle
Lake Forest, CA 92630

Re: Change of Control Agreement

Dear Mr. Chung,

WHEREAS the Board of Directors (the "Board") of Liquidmetal Technologies, Inc. (the "Company") has determined that it is in the best interest of the Company and its stockholders for the Company to agree to provide benefits to those executives, including yourself, who are responsible for the policy-making functions of the Company and the overall viability of the Company's business, in the event that such executives should leave the employ of the Company under the circumstances described below;

WHEREAS, the Company recognizes that circumstances may arise in which a potential change in control of the Company arises, through proposed acquisition or otherwise, thereby causing a potential conflict of interest between the Company's needs for you to remain focused on the Company's business and for the necessary continuity in management prior to and following a change in control, and your reasonable personal concerns regarding future employment with the Company and economic protection in the event of loss of employment as a consequence of a change in control; and

WHEREAS the Board believes it important, should the Company receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own employment situation and in addition to your regular duties, to assess and advise the Board whether such proposals would be in the best interest of the Company and its stockholders and to take such other action regarding such proposals as the Board might determine to be appropriate; and

WHEREAS the Board also wishes to demonstrate to executives of the Company that the Company is concerned with welfare of its executives and intends to see that loyal executives are treated fairly.

NOW, THEREFORE, to assure the Company that it will have your continued dedication and the availability of your advice and counsel notwithstanding the possibility or occurrence of a change of control of the Company, and to induce you to remain in the employ of the Company, and for other good and valuable consideration, the Company hereby agrees with you as follows in this Change of Control Agreement (this "Agreement"):

1. Severance Benefits. In the event that: (i) a Change of Control is consummated, (ii) your employment with the Company is thereafter terminated by the Company for any reason other than for Cause or you terminate your employment with the Company for Good Reason, and (iii) such termination occurs on or before the first (1st) anniversary of the date on which the Change of Control is consummated (a “Qualified Termination”), then the Company will pay you a lump sum in cash equal to twelve (12) months of your current annual base salary at the date of such termination (the “Severance Payment”). The Severance Payment shall be paid to you, net any applicable tax or other legally required withholdings, within three (3) business days after the effective date of your termination of employment.
2. Definitions. Certain words or phrases that are initially capitalized or within quotation marks shall have the meanings provided in this Section 2 and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:
 - 2.1 “Cause” shall mean (i) your commission of fraud, embezzlement, or other similar dishonesty or unlawful conduct with respect to Company or your employment, (ii) committing, pleading guilty, nolo contendere or no contest (or their equivalent) to, entering into a pretrial intervention or diversion program regarding, or conviction of, a felony or any crime or act involving moral turpitude, fraud, dishonesty, or misrepresentation, (iii) committing any act which could reasonably adversely affect or impact to a material degree the interests of the Company or in some manner materially injure the reputation, business, or business relationships of the Company, (iv) your failure or inability to adequately perform your duties for, or responsibilities to, the Company after notice from the Board or the Chief Executive Officer setting forth in reasonable detail the nature of such failure, which failure shall not have been remedied by you within ten (10) days of receiving such notice, or (v) any material breach by you of your Employee Obligation Agreement, as defined below. Any act, or failure to act, that is within authority given pursuant to a resolution duly adopted by the Board or based on the advice of counsel of the Company shall not provide a basis for termination for Cause hereunder.
 - 2.2 “Change of Control” shall be deemed to take place if hereafter (i) any person, entity, or “group” (as described in Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934, as amended), other than an affiliate or subsidiary of the Company or an employee benefit plan established or maintained by the Company, a subsidiary of the Company, or any of their respective affiliates, acquires more than 50.0% of the combined voting power of the Company’s then outstanding securities; or (ii) the consummation of (A) a merger or consolidation of the Company with or into another corporation unless, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own more than 50.0% of the aggregate voting power of the Company or the successor entity of such transaction, or (B) a sale or disposition of all or substantially all of the Company’s assets.

- 2.3 “Good Reason” means (i) the failure of the Company to pay your salary at no less than the rate in effect immediately prior to the Change of Control, (ii) the assignment of you to a position, responsibilities, authority level, or duties of a materially lesser status or degree of responsibility than your position, responsibilities, authority level, or duties immediately prior to your Change of Control, and (iii) (your transfer to a work site more than twenty-five mile distant from your work site immediately prior to the Change of Control, in each case without your consent.
- 2.4 “Person” means an individual, a corporation, an association, a partnership, an estate, a trust or other entity or organization (including a “group” as defined in Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended), other than the Company or any of its subsidiaries or affiliates.
3. Assignment. Neither the Company nor you may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without your consent in the event that the Company shall hereafter effect a reorganization, or consolidate with, or merge into any Person or transfer all or substantially all of its property or assets to any Person, but only to such Person. This Agreement shall inure to the benefit of and be binding upon the Company, its successors (including without limitation any transferee of all or substantially all of its property or assets) and permitted assigns.
- In the event of any merger, consolidation or sale of assets as described above, references to the Company in this Agreement shall, unless the context suggests otherwise, be deemed to mean the entity resulting from such merger or consolidation or the acquirer of such assets of the Company.
4. Notices. Any and all notices, requests, demands, acceptances, appointments and other communications provided for by this Agreement shall be in writing and shall be effective when actually delivered in person, sent by telecopy or similar teletransmission with confirmation of transmission or, if mailed, five (5) days after having been deposited in the United States mail, postage prepaid, registered or certified, and addressed to you at your last known address on the books of the Company or, in the case of the Company, addressed to its principal place of business, attention of Chief Executive Officer, or to such other address as either party may specify by notice to the other actually received.
5. At-Will Employment. By signing this Agreement, you acknowledge and agree that nothing in this Agreement shall be construed as creating any obligation by the Company or any subsidiary or affiliate thereof to employ you for a specified term or to continue you employment. Unless otherwise specifically set forth in another written agreement between you and the Company, your employment with the Company, is solely on an “at-will” basis, and therefore your employment may be terminated by the Company at any time and for any reason.

6. Compliance with Employee Obligation Agreement. By signing this Agreement, you agree and acknowledge that the Employee Obligation Agreement, executed in 2023 or before as applicable, that you previously entered into with the Company (the “Employee Obligation Agreement”) shall at all times remain in full force and effect in accordance with the terms thereof, and nothing set forth in this Agreement shall modify, waive, or alter any provision of such agreement.
7. Acceleration of Option Vesting. Immediately upon a Change in Control and notwithstanding anything in any Option Award Agreement to the contrary, all stock options subject to any Option Award Agreement shall, to the extent not then already vested and excluding any options that have on such date already expired or been terminated, automatically and immediately vest upon the Change of Control and shall thereafter be exercisable in accordance with the terms and provisions of the applicable Option Award Agreement. The term “Option Award Agreement” means any agreement in effect prior to the date of this Agreement whereunder you have been granted options to purchase shares of common stock of the Company, and the provisions set forth in the preceding sentence shall constitute an amendment to each Option Award Agreement held by you.
8. Termination in Connection With a Change in Control. (i) In the event that a Change in Control (as defined below) occurs and Employee terminates his own employment with the Company by delivering written notice of termination to the Company within thirty (30) days after such Change in Control (an “Employee Termination Notice”), then Employee shall be entitled to lump-sum severance compensation in an amount equal to one year of Employee’s then-current base salary (the “Change in Control Compensation”). The Change in Control Compensation shall be payable on the last pay day of the month in which the Change in Control occurs, but no earlier than fifteen (15) days after Employee delivers the Employee Termination Notice to the Company. In addition to the Change in Control Compensation, the Employee shall, to the extent permitted by any applicable benefit plan, continue to receive, from the date of termination through the first anniversary of such date of termination, all employee health and welfare benefits that Employee would have received during such period in the absence of such termination. Employee agrees and acknowledges, however, that Employee will forfeit the right to receive Change in Control Compensation and benefits during such period immediately upon the Employee’s breach of any covenant set forth in Section 6 of this Agreement. In addition, all unvested shares subject to any equity award shall immediately vest upon the effective date of termination of Employee’s employment as set forth in the Employee Termination Notice. In addition, the period of time during which Employee shall be entitled to exercise any equity award that is an option shall be extended to the earlier of (a) the second anniversary of such effective date of termination or (b) the date on which such option would otherwise expire and terminate in accordance with the terms of such option (without giving effect to any expiration or termination that is based upon the date of any termination of employment). In addition,

9. Compliance with 409A. This Agreement is intended to conform in all respects to the requirements under Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”). Accordingly, this Agreement shall be interpreted, construed, administered and applied in a manner as shall meet and comply with the requirements of Section 409A, and the Board may amend this Agreement in its discretion and without your consent to the minimum extent necessary so as to comply with any such requirement. Any reference in this Agreement to Section 409A, or any subsection thereof, shall be deemed to mean and include, to the extent then applicable and then in force and effect (but not to the extent overruled, limited or superseded), published rulings, notices and similar announcements issued by the Internal Revenue Service under or interpreting Section 409A and regulations (proposed, temporary or final) issued by the United States Secretary of the Treasury under or interpreting Section 409A.
10. Miscellaneous. The headings and captions in this Agreement are for convenience of reference only and in no way define or describe the scope of content of any provision of this Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior agreements and understandings, written or oral, with respect to the subject matter hereof. This Agreement may not be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by you and such officer as may be specifically designated by the Board. The validity, interpretation, construction and performance of this Agreement shall be governed by the domestic substantive laws of the State of California without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

If you are in agreement with the foregoing, please so indicate by signing and returning to the Company the original of this Agreement, whereupon this Agreement shall constitute a binding agreement between you and the Company.

The second copy is for your records.

Very truly yours,

LIQUIDMETAL TECHNOLOGIES , INC.

By: /s/ Vincent Carrubba

Name: Vincent Carrubba

Title: Director

ACCEPTED AND AGREED:

Signature: /s/ Tony Chung

Name: Tony Chung

Dated: April 3, 2024

LIQUIDMETAL TECHNOLOGIES, INC.
20321 Valencia Circle
Lake Forest, California 92630

March 12, 2024

Vincent Carrubba
20321 Valencia Circle
Lake Forest, CA 92630

Re: Change of Control Agreement

Dear Mr. Bresnick,

WHEREAS the Board of Directors (the "Board") of Liquidmetal Technologies, Inc. (the "Company") has determined that it is in the best interest of the Company and its stockholders for the Company to agree to provide benefits to those executives, including yourself, who are responsible for the policy-making functions of the Company and the overall viability of the Company's business, in the event that such executives should leave the employ of the Company under the circumstances described below;

WHEREAS, the Company recognizes that circumstances may arise in which a potential change in control of the Company arises, through proposed acquisition or otherwise, thereby causing a potential conflict of interest between the Company's needs for you to remain focused on the Company's business and for the necessary continuity in management prior to and following a change in control, and your reasonable personal concerns regarding future employment with the Company and economic protection in the event of loss of employment as a consequence of a change in control; and

WHEREAS the Board believes it important, should the Company receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own employment situation and in addition to your regular duties, to assess and advise the Board whether such proposals would be in the best interest of the Company and its stockholders and to take such other action regarding such proposals as the Board might determine to be appropriate; and

WHEREAS the Board also wishes to demonstrate to executives of the Company that the Company is concerned with welfare of its executives and intends to see that loyal executives are treated fairly.

NOW, THEREFORE, to assure the Company that it will have your continued dedication and the availability of your advice and counsel notwithstanding the possibility or occurrence of a change of control of the Company, and to induce you to remain in the employ of the Company, and for other good and valuable consideration, the Company hereby agrees with you as follows in this Change of Control Agreement (this "Agreement"):

1. Severance Benefits. In the event that: (i) a Change of Control is consummated, (ii) your employment with the Company is thereafter terminated by the Company for any reason other than for Cause or you terminate your employment with the Company for Good Reason, and (iii) such termination occurs on or before the first (1st) anniversary of the date on which the Change of Control is consumed (a “Qualified Termination”), then the Company will pay you a lump sum in cash equal to twelve (12) months of your current annual base salary at the date of such termination (the “Severance Payment”). The Severance Payment shall be paid to you, net any applicable tax or other legally required withholdings, within three (3) business days after the effective date of your termination of employment.
2. Definitions. Certain words or phrases that are initially capitalized or within quotation marks shall have the meanings provided in this Section 2 and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:
 - 2.1 “Cause” shall mean (i) your commission of fraud, embezzlement, or other similar dishonesty or unlawful conduct with respect to Company or your employment, (ii) committing, pleading guilty, nolo contendere or no contest (or their equivalent) to, entering into a pretrial intervention or diversion program regarding, or conviction of, a felony or any crime or act involving moral turpitude, fraud, dishonesty, or misrepresentation, (iii) committing any act which could reasonably adversely affect or impact to a material degree the interests of the Company or in some manner materially injure the reputation, business, or business relationships of the Company, (iv) your failure or inability to adequately perform your duties for, or responsibilities to, the Company after notice from the Board or the Chief Executive Officer setting forth in reasonable detail the nature of such failure, which failure shall not have been remedied by you within ten (10) days of receiving such notice, or (v) any material breach by you of your Employee Obligation Agreement, as defined below. Any act, or failure to act, that is within authority given pursuant to a resolution duly adopted by the Board or based on the advice of counsel of the Company shall not provide a basis for termination for Cause hereunder.
 - 2.2 “Change of Control” shall be deemed to take place if hereafter (i) any person, entity, or “group” (as described in Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934, as amended), other than an affiliate or subsidiary of the Company or an employee benefit plan established or maintained by the Company, a subsidiary of the Company, or any of their respective affiliates, acquires more than 50.0% of the combined voting power of the Company’s then outstanding securities; or (ii) the consummation of (A) a merger or consolidation of the Company with or into another corporation unless, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own more than 50.0% of the aggregate voting power of the Company or the successor entity of such transaction, or (B) a sale or disposition of all or substantially all of the Company’s assets.

- 2.3 “Good Reason” means (i) the failure of the Company to pay your salary at no less than the rate in effect immediately prior to the Change of Control, (ii) the assignment of you to a position, responsibilities, authority level, or duties of a materially lesser status or degree of responsibility than your position, responsibilities, authority level, or duties immediately prior to your Change of Control, and (iii) (your transfer to a work site more than twenty-five mile distant from your work site immediately prior to the Change of Control, in each case without your consent.
- 2.4 “Person” means an individual, a corporation, an association, a partnership, an estate, a trust or other entity or organization (including a “group” as defined in Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended), other than the Company or any of its subsidiaries or affiliates.
3. Assignment. Neither the Company nor you may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without your consent in the event that the Company shall hereafter effect a reorganization, or consolidate with, or merge into any Person or transfer all or substantially all of its property or assets to any Person, but only to such Person. This Agreement shall inure to the benefit of and be binding upon the Company, its successors (including without limitation any transferee of all or substantially all of its property or assets) and permitted assigns.
- In the event of any merger, consolidation or sale of assets as described above, references to the Company in this Agreement shall, unless the context suggests otherwise, be deemed to mean the entity resulting from such merger or consolidation or the acquirer of such assets of the Company.
4. Notices. Any and all notices, requests, demands, acceptances, appointments and other communications provided for by this Agreement shall be in writing and shall be effective when actually delivered in person, sent by telecopy or similar teletransmission with confirmation of transmission or, if mailed, five (5) days after having been deposited in the United States mail, postage prepaid, registered or certified, and addressed to you at your last known address on the books of the Company or, in the case of the Company, addressed to its principal place of business, attention of Chief Executive Officer, or to such other address as either party may specify by notice to the other actually received.
5. At-Will Employment. By signing this Agreement, you acknowledge and agree that nothing in this Agreement shall be construed as creating any obligation by the Company or any subsidiary or affiliate thereof to employ you for a specified term or to continue you employment. Unless otherwise specifically set forth in another written agreement between you and the Company, your employment with the Company, is solely on an “at-will” basis, and therefore your employment may be terminated by the Company at any time and for any reason.

6. Compliance with Employee Obligation Agreement. By signing this Agreement, you agree and acknowledge that the Employee Obligation Agreement, executed in 2023 or before as applicable, that you previously entered into with the Company (the “Employee Obligation Agreement”) shall at all times remain in full force and effect in accordance with the terms thereof, and nothing set forth in this Agreement shall modify, waive, or alter any provision of such agreement.
7. Acceleration of Option Vesting. Immediately upon a Change in Control and notwithstanding anything in any Option Award Agreement to the contrary, all stock options subject to any Option Award Agreement shall, to the extent not then already vested and excluding any options that have on such date already expired or been terminated, automatically and immediately vest upon the Change of Control and shall thereafter be exercisable in accordance with the terms and provisions of the applicable Option Award Agreement. The term “Option Award Agreement” means any agreement in effect prior to the date of this Agreement whereunder you have been granted options to purchase shares of common stock of the Company, and the provisions set forth in the preceding sentence shall constitute an amendment to each Option Award Agreement held by you.
8. Termination in Connection With a Change in Control. (i) In the event that a Change in Control (as defined below) occurs and Employee terminates his own employment with the Company by delivering written notice of termination to the Company within thirty (30) days after such Change in Control (an “Employee Termination Notice”), then Employee shall be entitled to lump-sum severance compensation in an amount equal to one year of Employee’s then-current base salary (the “Change in Control Compensation”). The Change in Control Compensation shall be payable on the last pay day of the month in which the Change in Control occurs, but no earlier than fifteen (15) days after Employee delivers the Employee Termination Notice to the Company. In addition to the Change in Control Compensation, the Employee shall, to the extent permitted by any applicable benefit plan, continue to receive, from the date of termination through the first anniversary of such date of termination, all employee health and welfare benefits that Employee would have received during such period in the absence of such termination. Employee agrees and acknowledges, however, that Employee will forfeit the right to receive Change in Control Compensation and benefits during such period immediately upon the Employee’s breach of any covenant set forth in Section 6 of this Agreement. In addition, all unvested shares subject to any equity award shall immediately vest upon the effective date of termination of Employee’s employment as set forth in the Employee Termination Notice. In addition, the period of time during which Employee shall be entitled to exercise any equity award that is an option shall be extended to the earlier of (a) the second anniversary of such effective date of termination or (b) the date on which such option would otherwise expire and terminate in accordance with the terms of such option (without giving effect to any expiration or termination that is based upon the date of any termination of employment). In addition,

9. Compliance with 409A. This Agreement is intended to conform in all respects to the requirements under Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”). Accordingly, this Agreement shall be interpreted, construed, administered and applied in a manner as shall meet and comply with the requirements of Section 409A, and the Board may amend this Agreement in its discretion and without your consent to the minimum extent necessary so as to comply with any such requirement. Any reference in this Agreement to Section 409A, or any subsection thereof, shall be deemed to mean and include, to the extent then applicable and then in force and effect (but not to the extent overruled, limited or superseded), published rulings, notices and similar announcements issued by the Internal Revenue Service under or interpreting Section 409A and regulations (proposed, temporary or final) issued by the United States Secretary of the Treasury under or interpreting Section 409A.
10. Miscellaneous. The headings and captions in this Agreement are for convenience of reference only and in no way define or describe the scope of content of any provision of this Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior agreements and understandings, written or oral, with respect to the subject matter hereof. This Agreement may not be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by you and such officer as may be specifically designated by the Board. The validity, interpretation, construction and performance of this Agreement shall be governed by the domestic substantive laws of the State of California without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

If you are in agreement with the foregoing, please so indicate by signing and returning to the Company the original of this Agreement, whereupon this Agreement shall constitute a binding agreement between you and the Company.

The second copy is for your records.

Very truly yours,

LIQUIDMETAL TECHNOLOGIES , INC.

By: /s/ Vincent Carrubba

Name: Vincent Carrubba

Title: Director

ACCEPTED AND AGREED:

Signature: /s/ Isaac Bresnick

Name: Isaac Bresnick

Dated: April 3, 2024

CERTIFICATIONS

I, Tony Chung, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liquidmetal Technologies, 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 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 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: May 20, 2024 /s/ Tony Chung
Tony Chung
Chief Executive Officer
(Principal Executive Officer and Principal
Financial Officer)

**WRITTEN STATEMENT
PURSUANT TO 18 U.S.C. 1350**

Solely for the purposes of complying with 18 U.S.C. 1350, I, the undersigned Chief Executive Officer and Principal Financial Officer of Liquidmetal Technologies, Inc. (the "Company") hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tony Chung

Tony Chung, Chief Executive Officer and Principal Financial Officer

May 20, 2024