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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 September 30, 2024

OR

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

For the transition period from to

Commission File No. 001-31332

LIQUIDMETAL TECHNOLOGIES, INC.
(Exact name of Registrant as specified in its charter**)**

Delaware	**33-0264467**
(State or other jurisdiction of incorporation or organization)	(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 October 30, 2024 was 917,285,149.

LIQUIDMETAL TECHNOLOGIES, INC.
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 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; and
- Potential difficulties associated with protecting or expanding our intellectual property position.

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
UNAUDITED CONSOLIDATED BALANCE SHEETS
($ in thousands, except par value and share data)

	(Unaudited) September 30, 2024	(Unaudited) December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,890	$ 8,837
Restricted cash	5	5
Investments in debt securities- short term	11,696	13,292
Trade accounts receivable, net of allowance for doubtful accounts	67	186
Inventories	21	25
Prepaid expenses and other current assets	597	450
Total current assets	17,276	22,795
Investments in debt securities- long term	6,368	1,098
Property and equipment, net	7,435	7,668
Patents and trademarks, net	39	52
Other assets	14	223
Total assets	$ 31,132	$ 31,836
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 228	$ 94
Accrued liabilities	166	244
Deferred revenue	-	6
Other current liabilities	902	902
Total current liabilities	1,296	1,246
Total liabilities	1,296	1,246
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	288,231	288,126
Accumulated deficit	(277,757)	(276,743)
Accumulated other comprehensive income	346	190
Non-controlling interest in subsidiary	(80)	(79)
Total shareholders' equity	29,836	30,590
Total liabilities and shareholders' equity	$ 31,132	$ 31,836

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

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

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue:				
Products	$ 316	$ 108	$ 731	$ 205
Licensing and royalties	-	19	-	19
Total revenue	316	127	731	224
Cost of sales	239	89	560	164
Gross profit	77	38	171	60
Operating expenses:				
Selling, marketing, general and administrative	903	746	2,524	2,504
Research and development	6	5	15	16
	909	751	2,539	2,520
Operating loss	(832)	(713)	(2,368)	(2,460)
Other income (expense):				
Lease income	89	89	267	296
Other income	45	-	311	-
Interest and investment income	258	157	775	400
	392	246	1,353	696
Loss from operations	(440)	(467)	(1,015)	(1,764)
Income taxes	-	-	-	-
Net loss	(440)	(467)	(1,015)	(1,764)
Net loss attributable to non-controlling interest	-	1	1	1
Net loss attributable to Liquidmetal Technologies shareholders	$ (440)	$ (466)	$ (1,014)	$ (1,763)
Per common share basic and diluted:				
Net loss per common share attributable to Liquidmetal Technologies shareholders, basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Number of weighted average shares - basic and diluted	917,285,149	917,285,149	917,285,149	917,285,149

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

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

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net loss	$ (440)	$ (467)	$ (1,015)	$ (1,764)
Other comprehensive income (loss), net of tax				
Net unrealized gains (losses) on available-for-sale securities	161	118	156	355
Other comprehensive income (loss), net of tax	161	118	156	355
Comprehensive loss	(279)	(349)	(859)	(1,409)
Less: Comprehensive loss attributable to noncontrolling interests	-	1	1	1
Comprehensive loss attributable to Liquidmetal Technologies shareholders	**$ (279)**	**$ (348)**	**$ (858)**	**$ (1,408)**

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
($ in thousands, except 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	-	-	-	-	105	-	-	-	105
Net loss	-	-	-	-	-	(1,014)	-	(1)	(1,015)
Other comprehensive loss	-	-	-	-	-	-	156	-	156
Balance - September 30, 2024 (unaudited)	**-**	**917,285,149**	**$ 917**	**$ 18,179**	**$ 288,231**	**$ (277,757)**	**$ 346**	**$ (80)**	**$ 29,836**
Balance - December 31, 2022	**-**	**917,285,149**	**$ 917**	**$ 18,179**	**$ 288,013**	**$ (274,696)**	**$ (296)**	**$ (78)**	**$ 32,039**
Stock-based compensation	-	-	-	-	89	-	-	-	89
Net loss	-	-	-	-	-	(1,763)	-	(1)	(1,764)
Other comprehensive loss	-	-	-	-	-	-	355	-	355
Balance - September 30, 2023 (unaudited)	**-**	**917,285,149**	**$ 917**	**$ 18,179**	**$ 288,102**	**$ (276,459)**	**$ 59**	**$ (79)**	**$ 30,719**

	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 - June 30, 2024	**-**	**917,285,149**	**$ 917**	**$ 18,179**	**$ 288,189**	**$ (277,317)**	**$ 185**	**$ (79)**	**$ 30,074**
Stock-based compensation	-	-	-	-	42	-	-	-	42
Net loss	-	-	-	-	-	(440)	-	(1)	(441)
Other comprehensive loss	-	-	-	-	-	-	161	-	161
Balance - September 30, 2024 (unaudited)	**-**	**917,285,149**	**$ 917**	**$ 18,179**	**$ 288,231**	**$ (277,757)**	**$ 346**	**$ (80)**	**$ 29,836**
Balance - June 30, 2023	**-**	**917,285,149**	**$ 917**	**$ 18,179**	**$ 288,085**	**$ (275,993)**	**$ (59)**	**$ (78)**	**$ 31,051**
Stock-based compensation	-	-	-	-	17	-	-	-	17
Net loss	-	-	-	-	-	(466)	-	(1)	(467)
Other comprehensive loss	-	-	-	-	-	-	118	-	118
Balance - September 30, 2023 (unaudited)	**-**	**917,285,149**	**$ 917**	**$ 18,179**	**$ 288,102**	**$ (276,459)**	**$ 59**	**$ (79)**	**$ 30,719**

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

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

	Nine Months Ended September 30,	
	2024	**2023**
Operating activities:		
Net loss	$ (1,014)	$ (1,763)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	246	168
Realized investment gains (loss), net	138	-
Unrealized investment gain (loss), net	156	-
Stock-based compensation	105	72
Changes in operating assets and liabilities:		
Trade accounts receivable	119	(50)
Inventories	4	-
Prepaid expenses and other current assets	(147)	255
Other assets and liabilities	209	45
Accounts payable and accrued liabilities	55	40
Deferred revenue	(6)	33
Net cash used in operating activities	**(135)**	**(1,200)**
Investing Activities:		
Purchases of debt securities	(15,032)	(5,170)
Proceeds from sales of debt securities	11,220	13,584
Net cash provided by (used in) investing activities	**(3,812)**	**8,414**
Net increase (decrease) in cash, cash equivalents, and restricted cash	(3,947)	7,214
Cash, cash equivalents, and restricted cash at beginning of period	8,842	2,274
Cash, cash equivalents, and restricted cash at end of period	**$ 4,895**	**$ 9,488**
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	**$ -**	**$ -**
Income taxes	**$ -**	**$ -**

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine and Three Months Ended September 30, 2024 and 2024
(numbers in thousands, except percentages, share and per share data)

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 and nine months ended September 30, 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 and nine months ended September 30, 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 and nine months ended September 30, 2024 and 2023.

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 and nine months ended September 30, 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 September 30, 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:

	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investments in debt securities (short-term)	$ 11,696	$ 11,148	$ 548	$ -
Investments in debt securities (long-term)	6,368	4,529	1,839	-

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:

	Fair Value	**Level 1**	**Level 2**	**Level 3**
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 expresses. 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):

		Amortized Cost		Fair Value	
	Longest Maturity Date	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
U.S. government and agency securities	2028	14,888	9,733	15,133	9,838
Corporate bonds	2030	2,890	4,605	2,931	4,552
		17,778	14,338	18,064	14,390

Income from these investments totaled $258 and $775 during the three and nine months ended September 30, 2024, respectively, and $157 and $400 during the three and nine months ended September 30, 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 September 30, 2024, it was determined that the losses were primarily the result of 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 September 30, 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 September 30, 2024.

5. Trade Accounts Receivable

Trade accounts receivable consisted of the following:

	September 30, 2024	December 31, 2023
Trade accounts receivable	$ 67	$ 186
Less: Allowance for doubtful accounts	-	-
Total trade accounts receivable, net	$ 67	**$ 186**

6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	September 30, 2024	December 31, 2023
Prepaid service invoices	$ 61	$ 109
Prepaid insurance premiums	286	233
Prepaid lease costs and receivables- short term	111	22
Interest and other receivables	139	86
Total	**$ 597**	**$ 450**

7. Inventories

Inventories consisted of the following:

	September 30, 2024	December 31, 2023
Work in progress	$ -	$ 25
Finished goods	21	-
Total	**$ 21**	**$ 25**

8. Property and Equipment, net

Property and equipment consist of the following:

	September 30, 2024	December 31, 2023
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	(3,802)	(3,569)
Total property and equipment, net	**$ 7,435**	**$ 7,668**

Depreciation expense for three and nine months ended September 30, 2024 was $78 and $233, respectively. Depreciation expense for three and nine months ended September 30, 2023 was $78 and $234, respectively. Such amounts were included in selling, marketing, general, and administrative expenses within the Company's consolidated statements of operations.

9. Patents and Trademarks, net

Patents and trademarks consisted of the following:

	September 30, 2024	December 31, 2023
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	(2,361)	(2,348)
Total intangible assets, net	$ 39	**$ 52**

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 $13 for the three and nine months ended September 30, 2024, respectively, and $4 and $16 for the three and nine months ended September 30, 2023, respectively.

10. Other Assets

Other assets consisted of the following:

	September 30, 2024		December 31, 2023	
Utility deposits	$	14	$	14
Prepaid lease costs and receivables- long term		-		209
Total	**$**	**14**	**$**	**223**

11. Accrued Liabilities

Accrued liabilities consisted of the following:

	September 30, 2024		December 31, 2023	
Accrued payroll, vacation, and bonuses	$	119	$	138
Accrued audit fees		47		106
Total	$	166	$	244

12. Other Current Liabilities

Other current liabilities consisted of the following:

	September 30, 2024		December 31, 2023	
Aged payables to vendors, individuals, and other third parties	$	859	$	859
Tenant deposits		43		43
Total	$	902	$	902

Aged payables to vendors, individuals, and other third parties consisted of payables that have been outstanding for more than 5 years.

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 September 30, 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 $42 and $105 for the three and nine months ended September 30, 2024, respectively, and $17 and $89 for the three and nine months ended September 30, 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 expenses 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:

Year		Base Rents
2024 (remaining three months)	$	113
2025		153
2026		-
2027		-
Thereafter		-
	$	266

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 September 30, 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 19,101,167 shares of common stock at prices ranging from $0.07 to $0.38 per share were outstanding as of September 30, 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 September 30, 2024 and September 30, 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.

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 September 30, 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 $143 and $258 during the three and nine months ended September 30, 2024, respectively, and $43 and $78 during the three and nine months ended September 30, 2023, respectively. As of September 30, 2024 and December 31, 2023, the Company has outstanding payables to Eontec, and their affiliates of $96 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 expresses. 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.

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 Operations

Comparison of the three months ended September 30, 2024 and 2023

	(Unaudited) Three Months Ended September 30,					
	2024		2023		Changes	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Change
Revenue:						
Products	$ 316	100.0%	$ 108	85.0%	$ 208	192.6%
Licensing and royalties	-	0.0%	19	15.0%	(19)	0.0%
Total revenue	316	100.0%	127	100.0%	189	148.8%
Cost of sales	239	75.6%	89	70.1%	150	168.5%
Gross profit	77	24.4%	38	29.9%	39	102.6%
Operating expenses:						
Selling, marketing, general and administrative	903	285.8%	746	587.4%	157	21.0%
Research and development	6	1.9%	5	3.9%	1	20.0%
	909	287.7%	751	591.3%	158	21.0%
Operating loss	(832)	-263.3%	(713)	-561.4%	(119)	16.7%
Other income (expense):						
Lease income	89	28.2%	89	70.1%	-	0.0%
Other income	45	14.2%	-	0.0%	45	n/a
Interest and investment income	258	81.6%	157	123.6%	101	64.3%
	392	124.1%	246	193.7%	146	59.3%
Loss from operations	(440)	-139.2%	(467)	-367.7%	27	-5.8%
Income taxes	-	0.0%	-	0.0%	-	0.0%
Net loss	(440)	-139.2%	(467)	-367.7%	27	-5.8%
Net loss attributable to non-controlling interest	-	0.0%	1	0.8%	(1)	0.0%
Net loss attributable to Liquidmetal Technologies shareholders	$ (440)	-139.2%	$ (466)	-366.9%	$ 26	-5.6%

Revenue – Total revenue increased to $316 for the three months ended September 30, 2024 from $127 for the three months ended September 30, 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 $239, or 75.6% of total revenue, for the three months ended September 30, 2024, as compared to $89, or 70.1% of total revenue, for the three months ended September 30, 2023. The increase in our cost of sales was primarily driven by lower product revenues during Q3 2023 compared to Q3 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 $39 from $38 for the three months ended September 30, 2023 to $77 for the three months ended September 30, 2024. Our gross margin percentage decreased slightly from Q3 2023 to Q3 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 – Selling, marketing, general, and administrative expenses increased by $157 to $903, or 285.8% of revenue, for the three months ended September 30, 2024 from $746, or 587.4% of revenue, for the three months ended September 30, 2023. The increase in expenses was primarily attributable to an increase in operating expenses year over year.

Research and development – Research and development expenses stayed similar in Q3 2024 compared to Q3 2023. 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 $258 and $157 for the three months ended September 30, 2024 and 2023, respectively. The increase was primarily due to higher overall yields on debt securities as a result of interest rate increases by the government in Q3 2024 compared to Q3 2023.

Lease income – Lease income relates to straight-line rental income received under the Facility Lease. Such amounts were $89 and $89 for the three months ended September 30, 2024 and 2023, respectively.

Other income – Other income relates to employee retention tax credits for the three months ended September 30, 2024. We did not have any in the prior year in the same period.

Comparison of the nine months ended September 30, 2024 and 2023

	(Unaudited) Nine Months Ended September 30,					
	2024		2023		Changes	
	Amount	**% of Revenue**	**Amount**	**% of Revenue**	**Amount**	**% of Change**
Revenue:						
Products	$ 731	100.0%	$ 205	91.5%	$ 526	256.6%
Licensing and royalties	-	0.0%	19	8.5%	(19)	0.0%
Total revenue	731	100.0%	224	100.0%	507	226.3%
Cost of sales	560	76.6%	164	73.2%	396	241.5%
Gross profit	171	23.4%	60	26.8%	111	185.0%
Operating expenses:						
Selling, marketing, general and administrative	2,524	345.3%	2,504	1117.9%	20	0.8%
Research and development	15	2.1%	16	7.1%	(1)	-6.3%
	2,539	347.3%	2,520	1125.0%	19	0.8%
Operating loss	(2,368)	-323.9%	(2,460)	-1098.2%	92	-3.7%
Other income (expense):						
Lease income	267	36.5%	296	132.1%	(29)	-9.8%
Other income	311	42.5%	-	0.0%	311	n/a
Interest and investment income	775	106.0%	400	178.6%	375	93.8%
	1,353	185.1%	696	310.7%	657	94.4%
Loss from operations	(1,015)	-138.9%	(1,764)	-787.5%	749	-42.5%
Income taxes	-	0.0%	-	0.0%	-	0.0%
Net loss	(1,015)	-138.9%	(1,764)	-787.5%	749	-42.5%
Net loss attributable to non-controlling interest	1	0.1%	1	0.4%	-	0.0%
Net loss attributable to Liquidmetal Technologies shareholders	$ (1,014)	-138.7%	$ (1,763)	-787.1%	$ 749	-42.5%

Revenue – Total revenue increased to $731 for the nine months ended September 30, 2024 from $224 for the nine months ended September 30, 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 $560, or 76.6% of total revenue, for the nine months ended September 30, 2024, as compared to $164, or 73.2% of total revenue, for the nine months ended September 30, 2023. The increase in our cost of sales was primarily driven by lower product revenues during nine months ended September 30, 2023 compared to nine months ended September 30, 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 $111 from $60 for the nine months ended September 30, 2023 to $171 for the nine months ended September 30, 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 – Selling, marketing, general, and administrative expenses increased by $20 to $2,524, or 345.3% of revenue, for the nine months ended September 30, 2024 from $2,504, or 1117.9% of revenue, for the nine months ended September 30, 2023. The increase in expenses was primarily attributable to increase in operating expenses during the nine months ended September 30, 2024 compared to the same comparative period in the prior year.

Research and development – Research and development expenses stayed similar during the nine months ended September 30, 2024 compared to the same period in the prior year. 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 $775 and $400 for the nine months ended September 30, 2024 and 2023, respectively. The increase was primarily due to higher overall yields on debt securities as a result of higher overall interest rates by the government during the nine months ended September 30, 2024 compared to same comparative period in the prior year.

Lease income – Lease income relates to straight-line rental income received under the Facility Lease. Such amounts were $267 and $296 for the nine months ended September 30, 2024 and 2023, respectively.

Other income – Other income relates to collections from previously written off accounts receivables that were deemed uncollectable and employee retention tax credits for the nine months ended September 30, 2024. We did not have any in the prior year in the same period.

Liquidity and Capital Resources

Cash used in operating activities

Cash used in operating activities totaled $619 135 and $1,200 for the nine months ended September 30, 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 (used in) investing activities totaled ($3,812) and $8,414, for the nine months ended September 30, 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.

Cash provided by financing activities

The Company did not have any financing activities during the nine months ended September 30, 2024 and 2023.

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 September 30, 2024, we had $4,895 in cash and restricted cash, as well as $18,064 in investments in debt securities. We view this total of $22,959 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 September 30, 2024. Based on their evaluation, our Chief Executive Officer has concluded that our disclosure controls and procedures were effective as of September 30, 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 September 30, 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
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 September 30, 2024 (unaudited), formatted in Inline XBRL: (i) Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, (ii) Consolidated Statements of Operations for the three and nine months ended September 30, 2024 and 2023, (iii) Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2024 and 2023, (iv) Consolidated Statements of Comprehensive Loss for the three and nine months ended September 30, 2024 and 2023, (v) Consolidated Statements of Cash Flows for the three and nine months ended September 30, 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: October 30, 2024

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

Exhibit 31.1

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: October 30, 2024

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

Exhibit 32.1

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 September 30, 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
October 30, 2024