

November 20, 2019



## Taronis Technologies Reports Q3 Earnings Company Reports Revenues of \$5.3 Million, 103% Increase vs. Third Quarter 2018

PHOENIX, AZ, Nov. 20, 2019 (GLOBE NEWSWIRE) -- **Taronis Technologies, Inc.**, ("**Taronis**" or "**the Company**") (**NASDAQ: TRNX**), a leading renewable fuel producer serving the global industrial gas markets, today announced third quarter 2019 results of operation. Revenues generated in the third quarter were \$5.3 million, representing a 103% increase over the third quarter of 2018. The increase was primarily due to added scale through acquisitions made in the first quarter of 2019.

Organic revenue growth was most pronounced in the San Diego, CA, and Tyler, TX markets, where some of the Company's retail locations are 70-80% higher since acquisition in 2018. This strong growth was partly offset in some markets by the national shortage of helium during the period. This shortage has begun to abate, and the Company expects to see steady sales improvements as it competes to win back longtime legacy clients that were forced to move their accounts elsewhere during the helium shortage.

Gross income generated during the quarter was \$2.4 million, with a 46% gross margin. Management expects to see further improvement in gross margins in the fourth quarter, with the benefit of the Clearwater, FL fill plant in operation for a full quarter. This is expected to add approximately 1.5% to gross margins in the fourth quarter. The Company forecasts gross margins to further improve throughout 2020 as the Company's US retail business is scheduled to complete a series of upgrades to its industrial gas facilities. Management also expects to see margins benefit through increased MagneGas sales in Texas and the West Coast.

Operating expenses were \$9.7 million during the quarter. Of this amount, cash expenses excluding depreciation, amortization, and stock compensation were \$6.7 million. The Company experienced an increase in expenses on several fronts. First, the cost to regain compliance with Nasdaq, including consulting, legal, and other services was significant. Second, the Company retained multiple consultants and legal counsel to facilitate international business development, primarily in Europe and the META (Middle East, Turkey and Africa) regions. The Company invested in increased staffing, primarily in the fields of engineering, technical, sales and marketing, and administrative personnel required to support the pending Turkish contract, which is expected to commence in the fourth quarter of 2019.

EBITDA for the quarter was negative \$4.2 million, of which more than half was accounted for by the onetime or otherwise non-recurring items discussed above. Management expects Taronis Technologies' burn rate to improve to neutral or become positive in early first quarter 2020. This is based on our internal outlook for the Water Pilot, which is beginning to scale and generate meaningful revenue during the fourth quarter. The Company also forecasts to see significant free cash flows from royalties due from Taronis Fuels. For example, the initial five 300KW Venturi plasma arc gas unit purchase under the Turkish contract would generate just over \$1.3 million in royalties and EBITDA to Taronis Technologies with no changes in staffing, overhead or capital expenditures by Taronis Technologies. This free cash flow would be primarily devoted to further technology innovation for water decontamination, possible M&A opportunities and other corporate activities that are intended to benefit shareholders.

"This was a very productive quarter for our team," commented Scott Mahoney, CEO of Taronis. "We had spent almost 18 months working toward a landmark contract with Turkey, which we executed in July. This \$165 million contract is projected to be highly profitable, and we anticipate the entire contract could be expedited, pulling revenues and EBITDA into 2020 for our benefit. We also made significant progress in launching our first Europe location, located in Amsterdam, which we announced at the end of the quarter. We also made significant progress in multiple markets in the Middle East, and we began to unlock a compelling opportunity with partners in Latin America. Our international expansion during the period was a clear success."

"Domestically, we executed well in a very competitive market. All our integration is behind us, and we have been expanding our sales force in every market we serve to drive revenue growth. We are coming out of our seasonally slow period, and we believe the fourth quarter will start to see some of the major new client additions delivered in the third quarter start to affect top line growth for several quarters to come."

“On the MagneGas front, we have ramped up our marketing efforts, and have started to win major new clients both through the conversion of existing acetylene clients and outright new clients to adopt MagneGas as their metal cutting fuel product of choice. For example, in California, we brought on one of the largest demolition companies in the state as a new client, and they are using MagneGas to on two major projects. We converted another leading salvage company to use MagneGas in San Diego, and they now one of our largest MagneGas clients in California.”

“In Texas, we experienced similar success. In fact, one of our largest acetylene clients, which is a subcontractor for one of the largest global construction and earth moving equipment manufactures converted to MagneGas during the quarter. We estimate that their annual demand for our product could exceed all of our combined demand in Florida in 2018. We made a concentrated wager that expanding into these new markets was the correct decision. Based on the pace and scale of new MagneGas business we are starting to see, we made the correct decision.”

“Lastly, we took a major leap in company history during the quarter. We brought our first plasma arc gasification unit outside of Florida online in late September. This is expected to play a key role in supporting accelerated MagneGas sales in 2020 and beyond. We intend to establish similar production capabilities in multiple locations in California in 2020. With these expanded capabilities, we anticipate that MagneGas sales will potentially contribute to revenues and EBITDA generation in 2020,” concluded Mr. Mahoney.

### **About Taronis Technologies, Inc.**

Taronis Technologies, Inc. (TRNX) owns a patented plasma arc technology that enables two primary end use applications for fuel generation and water decontamination.

The Company’s fuel technology enables a wide use of hydrocarbon feedstocks to be readily converted to fossil fuel substitutes. The Company is developing a wide range of end market uses for these fuels, including replacement products for propane, compressed natural gas and liquid natural gas. The Company currently markets a proprietary metal cutting fuel that is highly competitive with acetylene. The Company distributes its proprietary metal cutting fuel through independent distributors in the US and through its wholly owned distributors doing business as “MagneGas Welding Supply”. The Company operates 22 locations across California, Texas, Louisiana, and Florida.

The Company’s technology can also be implemented for the decontamination of waste water, including sterilizing water, eradicating all pathogens. The technology is being tested to determine if it can completely eliminate pharmaceutical contaminants such as antibiotics, hormones and other soluble drugs suspended in contaminated water. Lastly, the technology process is capable of reducing or eliminating other contaminants, such as harmful metals, as well as nitrogen, phosphorus, and potassium levels that trigger toxic algae blooms. The technology has prospective commercial applications in the agricultural, pharmaceutical, and municipal waste markets. For more information on Taronis, please visit the Company’s website at <http://www.TaronisTech.com>.

Taronis also owns a controlling interest in Water Pilot, LLC. The WATER PILOT<sup>®</sup> System immediately reduces water consumption and provides you with live remote consumption monitoring for long term leak protection and water asset management. An integral, client based alarm and notification system that reports to any mobile device. Water Pilot may be appropriate for a wide range of businesses or properties with a water meter. For more information, please visit our website at [www.gowaterpilot.com/](http://www.gowaterpilot.com/)

### **FORWARD-LOOKING STATEMENTS**

This press release contains forward-looking statements as defined within Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events, including our ability to raise capital, or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

For a discussion of these risks and uncertainties, please see our filings with the Securities and Exchange Commission. Our public filings with the SEC are available from commercial document retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

**News Release**

Investor Contacts:  
Michael Khorassani  
IR@TaronisTech.com



Source: Taronis Technologies, Inc.