

Annual Report

Cover Page

Name of issuer:

LiquidPiston, Inc.

Legal status of issuer:

Form: Corporation

Jurisdiction of Incorporation/Organization: DE

Date of organization: 6/21/2004

Physical address of issuer:

1292a Blue Hill Ave.
Bloomfield CT 06002

Website of issuer:

<http://liquidpiston.com>

Name of intermediary through which the offering will be conducted:

Wefunder Portal LLC

CIK number of intermediary:

0001670254

SEC file number of intermediary:

007-00033

CRD number, if applicable, of intermediary:

285503

Current number of employees:

32

	Most recent fiscal year-end:	Prior fiscal year-end:
Total Assets:	\$15,749,285.00	\$12,092,860.00
Cash & Cash Equivalents:	\$13,748,306.00	\$8,015,115.00
Accounts Receivable:	\$0.00	\$70,000.00
Accounts Payable:	\$2,081,987.00	\$953,282.00
Long-term Debt:	\$147,791.00	\$151,205.00
Revenue/Profit:	\$6,682,426.00	\$2,604,033.00
Cost of Goods Sold:	\$3,500,040.00	\$1,606,633.00
Total Profit:	\$19,680.59	(\$1,822.29)
Net Income:	\$1,327,909.00	(\$1,818,378.00)

Select the jurisdictions in which the issuer intends to offer the securities:

AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, WA, WI, WV, WY, BS, GU, PR, VI, IV

Offering Statement

Respond to each question in each paragraph of this part. Set forth each question and any notes, but not any instructions thereto, in their entirety. If disclosure in response to any question is responsive to one or more other questions, it is not necessary to repeat the disclosure. If a question or series of questions is inapplicable or the response is qualitative elsewhere in the form, either state that it is inapplicable, include a cross-reference to the response or disclosure, or omit the question or series of questions.

Be very careful and precise in answering all questions. Give full and complete answers so that they are not as confusing under these circumstances involved. Do not discuss any future performance or other anticipated event unless you have a reasonable basis to believe that it will actually occur within the foreseeable future. If any answer requiring significant information is materially inaccurate, incomplete or misleading, the Company, its management and principal shareholders may be liable to investors based on that information.

THE COMPANY

1. Name of issuer:

LiquidPiston, Inc.

3. Has the issuer or any of its predecessors previously failed to comply with the ongoing reporting requirements of Rule 209 of Regulation Crowdfunding?

☐ Yes ☒ No

Reason for failure to comply:

<p>Delayed filing </p>

DIRECTORS OF THE COMPANY

4. Provide the following information about each director (and any persons occupying a similar status or performing a similar function) of the issuer:

Director	Principal Occupation	Main Employer	Year Joined as Director
Per Suneby	Managing Director	Suneby Associates	2016
Alexander Shkolnik	CEO	Liquid Piston	2007
Nikolay Shkolnik	CTO	Liquid Piston	2007

For three years of business experience, refer to [Appendix D: Director & Officer Work History](#).

OFFICERS OF THE COMPANY

5. Provide the following information about each officer (and any persons occupying a similar status or performing a similar function) of the issuer:

Officer	Positions Held	Year Joined
Alexander Shkolnik	CEO	2007
Alexander Shkolnik	President	2007
Alexander Shkolnik	Secretary	2007
Nikolay Shkolnik	CTO	2007
Nikolay Shkolnik	VP of Research and Development	2007

For three years of business experience, refer to [Appendix D: Director & Officer Work History](#).

INSTRUCTION TO QUESTION 5: For purposes of this Question 5, the term officer means a president, vice president, secretary, treasurer or principal financial officer, controller or principal accounting officer, and any person who regularly performs similar functions.

PRINCIPAL SECURITY HOLDERS

6. Provide the name and ownership level of each person, as of the most recent practicable date, who is the beneficial owner of 10 percent or more of the issuer's outstanding voting securities, calculated on the basis of voting power:

Name of Holder	Number and Class of Securities Now Held	% of Voting Power Based on Offering
Alexander Shkolnik	493254.0 Common Stock	85.75

INSTRUCTION TO QUESTION 6: The above information must be provided as of a date that is no more than 120 days prior to the date of filing of this offering statement.

In calculating total voting power, provide all information for which the person directly or indirectly has or shares the voting power, which includes the power to vote or to direct the voting of other securities. If the person has the right to acquire voting power of such securities within 60 days, including through the exercise of any option, warrant or right to conversion of a security or other instrument, or if securities are held by a member of the family through arrangements or agreements, or otherwise in a manner that would allow a person to direct or cause the voting of the securities or share in that direction or exercise, ... as, for example, is the case if they should be treated as being "beneficially owned." You should include an explanation of these circumstances in a footnote to the "Number and Class of Securities Now Held." Do not calculate outstanding voting rights securities, unless all outstanding options or warrants and all outstanding convertible securities are owned.

BUSINESS AND ANTICIPATED BUSINESS PLAN

7. Describe in detail the business of the issuer and the anticipated business plan of the issuer:

For a description of our business and our business plan, please refer to the attached [Appendix A: Business Description & Plan](#).

INSTRUCTION TO QUESTION 7: Reference to a particular person's business profile as an example is not an endorsement of that person's business plan. The reference will include all of the information used in the person's business plan. All references will be removed.

Name	Alexander and Nikolay Shkolinik
Amount invested	\$0.00
Transaction type	Other

Issue date	01/13/16
Relationship	Alexander is cofounder/CEO of LPI, Nikolay is cofounder/CTO of LPI
<p><i>On January 13, 2016, the company entered into a reverse merger with LiquidPiston Holdings, Inc., with LiquidPiston, Inc., as the surviving entity. LiquidPiston Holdings was owned by Alexander and Nikolay Shkolnik. Pre-merger debt holders were repaid a portion of debt. All remaining debt was converted to stock. All pre-merger equity was cancelled as a result of the merger. Total repayment of debt and payment to stock holders by LiquidPiston Holdings Inc. was \$366,666.</i></p>	
<p>In November 2015, \$2.25 million of the Company's secured convertible promissory notes, plus interest, were called by senior lenders.</p>	
<p>The Company had no means to repay the loans—the Company's outstanding liabilities were far in excess of assets. The Company was financially insolvent and in need of an immediate cash infusion to avoid dissolution. Without such infusion, immediate foreclosure was threatened by lenders, and the Company lacked sufficient capital to continue to meet operating needs.</p>	
<p>On December 1, 2015, the company Management purchased all equity and convertible note holding from Adams Capital Management.</p>	
<p>In December 2015, the company Management approached the Company and lenders with a term sheet relating to a Management Buyout / Merger in order to grant the Company the cash infusion necessary to continue operations, satisfy lenders and provide return to its stockholders. This was the only offer received by the Company. The term sheet was subsequently negotiated on behalf of the Company by an independent director, who was able to negotiate such terms with the Company's senior lenders as to avoid foreclosure and to increase the consideration offered by Management.</p>	
<p>On December 14, 2015, the Board unanimously approved the term sheet relating to the Merger, which was subsequently enacted on January 13, 2016. On that date, LiquidPiston, Inc. merged with LiquidPiston Holdings, Inc. The Holdings Company was setup and owned by Company Management. As part of the merger, LiquidPiston Inc. paid back a portion of the Notes outstanding, as partial repayment to the note lenders, and the balance of the notes were converted into Series D preferred stock. All preferred shares in the company were then converted into Common Stock, and as consideration for the merger, LiquidPiston Holdings, Inc., paid an additional sum that was distributed amongst all shareholders. Subsequently, as part of the Merger, all equity, convertible notes, and stock options in LiquidPiston, Inc. were cancelled. LiquidPiston, Inc. was the surviving entity in the merger. Nikolay Shkolnik and Alexander Shkolnik each owned 50% of the surviving entity.</p>	
<p><i>RESTRICTIONS TO DISCLOSURE: Do not use information to induce the issuer to enter into any financial transaction, arrangement or relationship (including any indebtedness or purchase of securities), or any series of similar transactions, arrangements or relationships.</i></p>	
<p><i>Revised earnings for purposes of paragraph 17 shall be determined as follows: (a) the issuer shall identify, prior to the date of filing of this offering, securities and using the same criteria as specified in Question 16, Question 17 and Question 18;</i></p>	
<p><i>The term "member of our family" includes any child, stepchild, grandchild, parent, step-parent, grandparent, spouse or common-law spouse, sibling, and certain other persons, including any dependent child, grandchild or spouse or common-law spouse, and includes relevant relationships. The term "control" includes, among other things, the power to elect or remove a majority of the members of the board of directors.</i></p>	
<p><i>Complete the signing of a valid form of consent to any transaction without regard to the amount of the payment or fee involved in the transaction. Where it is not practicable to state the approximate amount of the fee, state the approximate amount involved in the transaction.</i></p>	

FINANCIAL CONDITION OF THE ISSUER

27. Does the issuer have an operating history?

☒ Yes
☐ No

28. Describe the financial condition of the issuer, including, to the extent material, liquidity, capital resources and historical results of operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this offering. Some of the information contained in this discussion and analysis, including information regarding the strategy and plans for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Engines are dirty, and physics tells us we can do better! We've developed an optimized thermodynamic cycle and built a fundamentally new combustion engine with the goal of it being cleaner, cheaper, quieter, and smaller. Compared to piston engines, our "X" engine has the potential to be 45-10x smaller and lighter than a Diesel, and up to 2x more efficient than a gasoline engine. An electric vehicle using LiquidPiston combined with a small battery pack could have a lower CO2 footprint compared to plug-in electric vehicles.

Milestones

LiquidPiston, Inc. was incorporated in the State of Delaware in June 2004.

Since then, we have:

- 79 patents
- Developed X-Engine technology that has 2 primary moving parts and is up to 10x smaller and lighter versus a comparably powered piston diesel engine
- 18 contracts signed totaling over \$30M (4 commercial R&D contracts and 14 DoD contracts)

Historical Results of Operations

- **Revenue & Gross Margin:** For the period ended December 31, 2022, the Company had revenues of \$6,632,425 compared to the year ended December 31, 2021, when the Company had revenues of \$2,604,033. Our gross margin was 50.62% in fiscal year 2022, compared to 38.75% in 2021.
- **Assets:** As of December 31, 2022, the Company had total assets of \$15,719,285, including \$1,246,506 in cash. As of December 31, 2021, the Company had \$12,092,860 in total assets, including \$8,019,119 in cash.
- **Net Income:** The Company has had net income of \$1,327,939 and net losses of \$1,618,278 for the fiscal years ended December 31, 2022 and December 31, 2021, respectively.
- **Liabilities:** The Company's liabilities totaled \$2,229,778 for the fiscal year ended December 31, 2022 and \$1,084,447 for the fiscal year ended December 31, 2021.

Related Party Transaction

Refer to Question 26 of this Form C for disclosure of all related party transactions.

Liquidity & Capital Resources

To-date, the company has been financed with \$24,561,819 in equity and \$2,206,000 in convertibles.

We plan to use the proceeds as set forth in this Form C under "Use of Funds".

We will likely require additional financing in excess of the proceeds from the Offering in order to perform operations over the lifetime of the Company. We are currently raising capital under a Regulation A offering, see invest.liquidpiston.com and our offering circular. Except as otherwise described in this Form C, we do not have additional sources of capital other than the proceeds from the offering. Because of the complexities and uncertainties in establishing a new business strategy, it is not possible to adequately project whether the proceeds of this offering will be sufficient to enable us to implement our strategy. This complexity and uncertainty will be increased if less than the maximum amount of securities offered in this offering is sold. The Company intends to raise additional capital in the future from investors. Although capital may be available for early-stage companies, there is no guarantee that the Company will receive any investments from investors.

Runway & Short/Mid Term Expenses

LiquidPiston, Inc. cash in hand is \$14,388,462.82, as of March 2023. Over the last three months, revenues have averaged \$699,477.26/month, cost of goods sold has averaged \$300,482.79/month, and operational expenses have averaged \$735,449.17/month, for an average burn rate of \$336,454.08 per month. Our intent is to be profitable in 6 months.

From January 1st thru March 31, 2023, we raised \$2,570,701.65 in our current Reg A raise.

Revenues and costs are both expected to be about \$700,000 per month, as the company executes on its government contracts. The Company will also be making capital investments in the facility.

The Company incurred losses from operations and has had negative cash flows from operating activities since its inception through December 31, 2021. In 2022, the Company made a \$368,397 profit from operations due to DOD-R&D contracts, and a net income of \$1327,909 including interest, R&D forgiveness, and federal employee retention credits. The Company's current operating plan indicates that new research and development non-consulting contracts will be essential in funding the completion of its ongoing research and development activities. Management expects the results of operations operate near breakeven for the next several years.

The Company has government research and development contracts that it is executing on. The Company also has an ongoing Regulation A offering (invest.liquidpiston.com).

All projections in the above narrative are forward-looking and not guaranteed.

INSTRUCTIONS TO QUESTION 20: The discussion may cover more than the above financial statement as provided, for issuers with no prior operating history, the discussion should focus on financial resources and operational, liquidity and other challenges. For issuers with an operating history, the discussion should focus on working capital needs and cash flows as representative of what issuers should expect in the year. The issuer may be permitted to discuss and any other sources or pending sources of capital. Issuers may, but are not required to, discuss a full after liquidity needs, meaning those funds available from additional funds to resources to the viability of the business, and how quickly the issuer anticipates using its available cash. Describe the other available sources of capital in the business, such as loans or credit or regular contribution by shareholders. References to the issuer in this Question 20 and these instructions refer to the issuer and its predecessors, if any.

FINANCIAL INFORMATION

20. Include financial statements covering the two most recently completed fiscal years or the period(s) since inception, if shorter:

Refer to [Appendix C: Financial Statements](#)

I, Alexander Shkolnik, certify that:

- (1) the financial statements of LiquidPiston, Inc. included in this Form are true and complete in all material respects; and
- (2) the financial information of LiquidPiston, Inc. included in this Form reflects accurately the information reported on the tax return for LiquidPiston, Inc. filed for the most recently completed fiscal year.

Alexander Shkolnik
CEO

OTHER MATERIAL INFORMATION

3. In addition to the information expressly required to be included in this Form, include:

- (1) any other material information presented to investors; and
- (2) such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

All information presented to investors hosted on [Wefunder.com](#) is available in [Appendix A: Business Description & Plan](#).

INSTRUCTIONS TO QUESTION 3: If information is provided in response to a question, include all other items not able to be referred to text or publicly domain format, the issuer should include:

- (1) a description of the material content of such information;
- (2) a description of the format in which such disclosure is provided; and
- (3) an overview of the issuer or other entity or other document or document format, a summary of such description of such document.

ONGOING REPORTING

39. The issuer will file a report electronically with the Securities & Exchange Commission annually and post the report on its website, no later than:

120 days after the end of each fiscal year covered by the report.

46. Unless posted, the annual report may be found on the issuer's website at:

<https://www.liquidpiston.com/investor-relations>

The issuer must continue to comply with the ongoing reporting requirements until:

- 1. the issuer is required to file reports under Exchange Act Sections 13(a) or 15(d);
- 2. the issuer has filed at least one annual report and has fewer than 300 holders of record;
- 3. the issuer has filed at least three annual reports and has total assets that do not exceed \$10 million;
- 4. the issuer or another party purchases or repurchases all of the securities issued pursuant to Section 4(a)(6), including any payment in full of debt securities or any complete redemption of redeemable securities, or the issuer liquidates or dissolves in accordance with state law.

APPENDICES

[Appendix A: Business Description & Plan](#)

[Appendix C: Financial Statements](#)

[Financials 1](#)

[Appendix D: Director & Officer Work History](#)

[Alexander Shkolnik](#)
[Nikolay Shkolnik](#)
[Per Suneby](#)

[Appendix E: Supporting Documents](#)

[Add new Form C attachments \(public only\)](#)

Signatures

Intentional misstatements or omissions of facts constitute federal criminal violations. See 18 U.S.C. 1001.

The following documents will be filed with the SEC:

[Cover Page XML](#)

[Offering Statement \(this page\)](#)

[Appendix A: Business Description & Plan](#)

[Appendix B: Investor Contracts](#)

[LiquidPiston Convertible Note](#)

[LiquidPiston Early Bird](#)

[Appendix C: Financial Statements](#)

[Financials 1](#)

[Appendix D: Director & Officer Work History](#)

[Alexander Shkolnik](#)

[Nikolay Shkolnik](#)

[Per Suneby](#)

[Appendix E: Supporting Documents](#)

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (3227.100 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing an Annual Report and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

LiquidPiston, Inc.

By

Alexander Shkolnik

CEO

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Annual Report and Transfer Agent Agreement has been signed by the following persons in the capacities and on the dates indicated.

Per Simeby

Director
4/27/2023

Nikolay Shkolnik

CTO
4/27/2023

Alexander Shkolnik

CEO
4/27/2023