

BioLargo

**Healthcare &
Industrial services**
17 December 2020

Firing on all cylinders

BioLargo reported \$666,000 in total Q320 sales (+24.7% y-o-y), a new record, a \$1.9m operating loss (flat year-on-year) and a \$2.39m net loss (from \$3.89m in Q319). It had \$356,000 in Q320 sales from ONM Environmental, down 10% from Q319, but the division recovered significantly since the start of the pandemic (up 19% from Q120). Sequentially, companywide revenue growth was up 56% over Q220, a strong bounce back from COVID-19 disruptions, and total sales are up 15% for 9M20 to \$1.52m. BioLargo also announced that BioLargo Water is ready for commercial operations and we expect to see an increased sales effort.

Clyraguard looking good, more products coming

Q320 was first full quarter of sales for Clyraguard, as the company progresses its staged rollout and the onboarding of new distributors. Clyra Medical (the partially held subsidiary that markets the product) reported sales of \$124,000 for the period. The product has been available on Amazon since only mid-October, so we expect sales to continue to grow as this and other channels open up. The company's marketing efforts are in full force, as feature articles on it have appeared in Rolling Stone, Men's Journal and Reader's Digest. BioLargo stated that Clyra will be rolling out additional products with one launch soon and another in mid- to late 2021.

Cannabis program gains traction

ONM's main market has historically been waste management, but the company has been exploring the potential of the cannabis market with its partner Cannabusters. This collaboration is beginning to bear fruit with the announcement that the collaboration has resulted in 12 equipment installations for ONM, and three more contracted in Q420.

New programs at BLEST

BioLargo's engineering segment BLEST continues to make strides in terms of both new business and new products. The segment was recently retained by a major chemical company to help refit the regenerative thermal oxidizers (RTOs) at a large US plant, a contract expected to bring in over \$500,000 before the end of 2021. Additionally, the engineers at BLEST have developed a new technology aimed at reclaiming valuable minerals from industrial waste. We expect it to undergo a similar development cycle as AOS or AEC, and are hopeful to see it in a pilot program soon.

Historical financials

Year end	Revenue (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)
12/16	0.3	(8.1)	(0.09)	0.0	N/A	N/A
12/17	0.5	(9.5)	(0.10)	0.0	N/A	N/A
12/18	1.4	(10.7)	(0.09)	0.0	N/A	N/A
12/19	1.9	(11.4)	(0.08)	0.0	N/A	N/A

Source: BioLargo

Price **\$0.122**
Market cap **\$27m**

Share price graph



Share details

Code	BLGO
Listing	OTC MKTS
Shares in issue	222.4m
Net debt at 30 September 2020 (excluding \$0.5m in SBA program loans)	\$1.3m

Business description

BioLargo is an environmental solutions provider that markets CupriDyne for industrial odor control. It is also developing the AOS and the AEC as low-cost water purification solutions and has a full-service environmental engineering team. It has a minority stake in Clyra Medical, a wound care company with an iodine-based irrigation solution, SkinDisc, a cell therapy for wounds, and the company's new PPE disinfectant Clyraguard.

Bull

- Diversified portfolio of products.
- Unique technology with broad applications.
- Launching a new medical product, Clyraguard Personal Protection Spray.

Bear

- Potential dilution from future capital needs.
- Sales ramp has been slow.
- Regulatory and development risk for Clyra, AOS and AEC.

Analyst

Nathaniel Calloway +1 646 653 7036

healthcare@edisongroup.com

[Edison profile page](#)

**BioLargo is a research client
of Edison Investment
Research Limited**

General disclaimer and copyright

This report has been commissioned by BioLargo and prepared and issued by Edison, in consideration of a fee payable by BioLargo. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2020 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.