

BioLargo

Record revenue and segment progress

BioLargo reported combined annual revenue growth of 93% across all business units in Q319 to \$0.53m. Both Odor-No-More and BioLargo Engineering Science and Technology (BLEST) divisions are expected to generate positive cash flow by YE19 or H120. Of note, a memorandum of understanding (MOU) was signed, possibly opening access to a new market, and positive results from BLEST's PFAS-removal device was reported. Additionally, 510(k) market clearance was granted for the Clyra Wound Irrigation Solution.

CupriDyne Clean continues to gain traction

An MOU was recently signed between BioLargo, BKT Company (and its US subsidiary Tomorrow Water) and the City of Daegu, South Korea, representing a strategic alliance that could open access to a new market as the initial focus is to find clients in South Korea's wastewater treatment industry to use CupriDyne Clean. Meanwhile, the five-year 'white-label' distribution agreement with Cannabusters continues to penetrate the emerging, high-growth North American cannabis industry, which [we expect to grow to over \\$35bn in 2024](#).

AEC and AOS products make headway

BLEST's Aqueous Electrostatic Concentrator (AEC) device exhibited over 99% removal of polyfluoroalkyl substances (PFAS) in water and could be a viable solution to PFAS water contamination with projected electrical costs below 30 cents per 1,000 gallons. Next steps include Phase II funding from the EPA to finish the product design and start marketing. BioLargo Water's Advanced Oxidation System (AOS) successfully completed a pre-commercial pilot study on a poultry farm, demonstrating statistically significant disinfection performance. Subsequently, the client requested BioLargo submit a proposal to entail the first-ever, full-scale commercial trial for the AOS. Also, the MOU signed for CupriDyne Clean included the potential introduction of AOS into South Korea's wastewater treatment industry which could open access to a new market.

Clyra receives 510(k) market clearance

In September 2019, Clyra Wound Irrigation Solution received [510\(k\) clearance from the FDA](#) and the company claims biofilm efficacy in addition to its sufficient antiseptic benefit with limited associated irritation, which is otherwise normally caused by providone iodine-based formulations. Following this milestone, the company is free to market and distribute the product while management intends to expand the label into follow-on indications and spin-off the Clyra subsidiary as an independent, wound-care business.

Consensus estimates

Year end	Revenue (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)
12/15	0.1	(5.1)	(0.06)	0.0	N/A	N/A
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

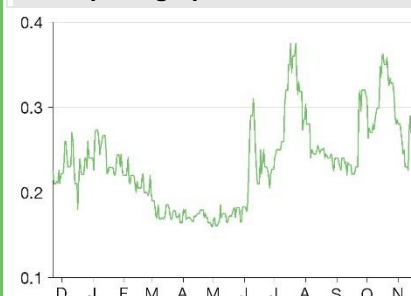
Source: BioLargo reports

Healthcare & industrial services

25 November 2019

Price **\$0.25**
Market cap **\$40m**

Share price graph



Share details

Code	BLGO
Listing	OTCQB
Shares in issue	157.4m
Net debt (\$m) at 30 September 2019	5.07

Business description

BioLargo has a number of subsidiaries and products focused on using iodine chemistry. CupriDyne is a product that is currently on the market for industrial odor control. The firm is also developing the AOS as a low-cost water purification device. The Clyra Medical subsidiary is a wound care company with an iodine-based irrigation solution and SkinDisc, a cell therapy for wounds. Finally, the company has a full-service environmental engineering team.

Bull

- Diversified portfolio of products.
- Unique technology with broad applications.
- CupriDyne is gaining market share.

Bear

- Additional capital needed.
- Sales ramp has been slow.
- Regulatory and development risk for Clyra and AOS.

Analysts

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