

# BioLargo

**Healthcare & industrial services**
**20 November 2018**

## Moving on multiple fronts

BioLargo made progress on multiple fronts during Q3 and subsequently toward becoming a fully fledged, diversified technology company. First, it announced that Clyra had received feedback from the FDA regarding the data necessary to complete the 510(k) application process, which should be finished in the next six months. Second, the company broke revenue records in October with BioLargo Engineering, Science & Technologies (BLEST) having its first break-even month. Finally, progress continues toward the 2019 launch of the AOS with the independent validation of the system's capacity to eliminate micropollutants.

## Already over the \$1m sales hurdle for 2018

The company announced shortly after its earnings release in November 2018 that it had surpassed \$1m in revenue for the year to date, in line with previous guidance. Revenue reported for Q3 was slightly down sequentially (\$277,026 from \$326,738), although this likely represents some lumpiness, as October subsequently broke records: the highest single month revenue for Odor-No-More revenue (\$133,000), and BLEST (\$89,000). Additionally, the company noted that BLEST revenue exceeded costs for the first time. The company noted that it plans to hire additional salespeople to support continued growth in 2019.

## 510(k) process moving forward for Clyra

The company provided an update on the regulatory process for its wound care product developed by Clyra. It previously initiated a 510(k) application with the FDA in June, which should allow for an expedited path to market. The most recent update confirmed that the FDA has asked for feedback on labelling and systemic toxicity to advance the process. The latter will require an animal study, which the company will engage a third party to perform. It believes that the process should be completed in the following six months.

## AOS evaluated for elimination of micropollutants

In preparation for the planned 2019 launch, the Advanced Oxidation System (AOS) was evaluated by a third party for its capacity to eliminate a series of micropollutants from a water stream. Micropollutants are chemicals that might be present in small quantities but have an outsized impact on the environment. These include biologically active molecules such as drugs or potent toxins. These molecules can pose problems for traditional water purification systems. The study was successful and will culminate in the publication of a scientific paper on the system, at which time we expect to report additional details.

### Historic financials

| Year end | Revenue (\$m) | PBT (\$m) | EPS (\$) | DPS (\$) | P/E (x) | Yield (%) |
|----------|---------------|-----------|----------|----------|---------|-----------|
| 12/14    | 0.1           | (3.7)     | (0.05)   | 0.0      | N/A     | N/A       |
| 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       |

Source: Company filings

**Price** **\$0.22**  
**Market cap** **\$29m**

### Share price graph



### Share details

|  |        |
|--|--------|
| Code                                   | BLGO   |
| Listing                                | OTCQB  |
| Shares in issue                        | 132.3m |
| Net debt (\$m) as at 30 September 2018 | 1.3    |

### 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 subsidiary Clyra Medical is a wound care company with an iodine-based irrigation solution and SkinDisc, a cell therapy for wounds. It is developing the AOS as a low-cost water purification device. Finally, the company has a full service environmental engineering team.

### Bull

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

### Bear

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

### Analysts

|                    |                 |
|--------------------|-----------------|
| Nathaniel Calloway | +1 646 653 7036 |
| Maxim Jacobs       | +1 646 653 7027 |

[healthcare@edisongroup.com](mailto:healthcare@edisongroup.com)

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