

# BioLargo

**Healthcare & industrial services**
**2 April 2020**

## A record-setting year

BioLargo reported record revenue of \$1.86m for 2019, a 36% increase over 2018 and a record single quarter revenue of over \$560,000 for Q4. Odor-no-More (ONM) had its best year to date with \$1.46m in revenue (\$832,000 gross profit). However, ONM fell short of its goal of breaking even for the year with a loss of \$337,000 (albeit improved from the 2018 \$433,000 loss) due to increased headcount for future growth. The company noted that in 2020 it will focus on increasing sales through improved distribution and strategic alliances and will keep its headcount constant. This will be supported by a new \$10m equity facility from Lincoln Park.

## COVID-19: Some plans on hold, but new opportunities

Although BioLargo is continuing operations during the COVID-19 pandemic, the disease has affected some of its development plans. A series of contracts for BLEST to develop air pollution control systems for a potato grower have been put on hold until after the pandemic subsides. However, there are avenues for the company to assist and it is developing a formulation of Clyra's wound care product for hand sanitization in response to a call to action from the Canadian government, with potential applications in other products such as masks. We also expect limited revenue disruption as ONM is a supplier for essential services.

## ONM enters Korean joint venture

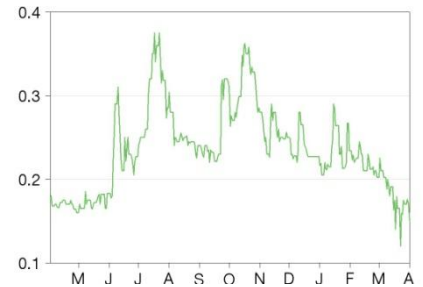
BioLargo signed a memorandum of understanding in Q319 with Korean water treatment company BKT to explore CupriDyne Clean in the city of Daegu. This collaboration has expanded into a joint venture, announced in March 2020, in which the joint venture will manufacture and BKT will distribute CupriDyne Clean-based products for the Korean market. BioLargo hopes to leverage this venture to expand into other Asian markets. The company stated this program is moving forward and would not be delayed over COVID-19 concerns. BKT invested \$150,000 in the venture and BioLargo \$100,000. BKT also purchased \$350,000 of BioLargo stock. There is also potential for collaboration with the company's BioLargo Water unit.

## BLEST PFAS program advances

BLEST is developing a low-cost solution to remove PFAS (perfluoroalkyl substances), a class of highly resistant contamination, from drinking water. The company previously received a Phase I grant from the EPA and has developed a new technology called the Aqueous Electrostatic Concentrator that can remove over 99% of PFAS contaminants. The company has applied for a Phase II EPA grant to support building a pilot in a commercial or industrial setting.

**Price** **\$0.15**  
**Market cap** **\$26m**

### Share price graph



### Share details

Code	BLGO
Listing	OTCQB
Shares in issue	172.3m
Net debt (\$m) at 31 December 2019	4.10

### Business description

BioLargo is an environmental solutions provider that markets CupriDyne for industrial odor control. It is also developing the AOS as a low-cost water purification device 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 and SkinDisc, a cell therapy for wounds.

### 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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### 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 reports

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