

BIOLARGO, INC.
Form S-1/A
January 28, 2019

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As filed with the Securities and Exchange Commission on January 28, 2019

Registration No. 333-228213

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Amendment No. 1

to

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

BIOLARGO, INC.

(Exact name of registrant as specified in its charter)

| | | |
|--|--|--------------------------------------|
| Delaware | 2800 | 65-0159115 |
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification No.) |

BioLargo, Inc.
14921 Chestnut Street

Westminster, CA 92683

(949) 643-9540

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of the registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Smaller reporting company:

Large accelerated filer: Accelerated filer: Non-accelerated filer:

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act.

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| Title of Each Class of Securities to be Registered | Proposed Maximum Aggregate Offering Price⁽¹⁾ | Amount of Registration Fee⁽²⁾ |
|---|--|---|
| Units consisting of: ⁽³⁾ | | |
| (i) Shares of common stock, par value \$0.00067 | | |
| (ii) Series C Warrants to purchase shares of common stock ⁽⁴⁾ | | |
| Pre-funded Units consisting of: | | |
| (i) Pre-funded warrants to purchase shares of common stock ⁽⁴⁾ | | |
| (ii) Series C Warrants to purchase shares of common stock ⁽⁴⁾ | | |
| (iii) Common stock issuable upon exercise of Pre-funded Warrants | | |
| Common stock issuable upon exercise of Series C Warrants | | |
| Underwriter Warrants to purchase shares of common stock ⁽⁴⁾⁽⁵⁾ | | |
| Common stock issuable upon exercise of Underwriter Warrants | | |
| Total | \$7,500,000 | \$909.00⁽⁶⁾ |

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended. Includes the price of additional shares of common stock and/or warrants to purchase shares of common stock that the underwriter has the option to purchase to cover over-allotments, if any. See "Underwriting."

(2) Pursuant to Rule 416, the securities being registered hereunder include such indeterminate number of additional securities as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions. The proposed maximum aggregate offering price of the Units proposed to be sold in the offering will be reduced on a dollar-for-dollar basis based on the aggregate offering price of any Pre-funded Units offered and sold in the offering, and the proposed maximum aggregate offering price of the Pre-funded Units to be sold in the offering

(3) will be reduced on a dollar-for-dollar basis based on the aggregate offering price of any Units sold in the offering. Accordingly, the proposed maximum aggregate offering price of the Units and the Pre-funded Units (including the shares of common stock issuable upon exercise of the Pre-funded Warrants included in the Pre-funded Units), if any, is \$.

(4) No separate fee is required pursuant to Rule 457(g) of the Securities Act.

(5) Represents warrants to purchase a number of shares of common stock equal to 10% of the number of shares of Common Stock (including the shares of common stock issuable upon exercise of the Pre-funded Warrants) being offered at an exercise price equal to 125% of the public offering price per Unit.

(6) Registration fee was paid previously.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Dated: January 28, 2019

PRELIMINARY PROSPECTUS (Subject to Completion)

Units (each consisting of one share of common stock and one Series C Warrant to purchase one share of common stock)

and

Pre-funded Units (each consisting of one Pre-Funded Warrant to purchase one share of common stock and one Series C Warrant to purchase one share of common stock)

and

Shares of Common Stock Underlying the Series C Warrants

and

Shares of Common Stock Underlying the Pre-Funded Warrants

This prospectus relates to the offer and sale of Units, with each Unit consisting of (i) one share of common stock, par value \$0.00067, and (ii) a Series C Warrant to purchase one share of common stock. The warrants will have an

exercise price of \$ per share of common stock (which may be adjusted as set forth in this prospectus), will be exercisable immediately, and will expire five years from the date of issuance. The Units will not be issued or certificated. The shares of common stock and warrants part of a Unit are immediately separable and will be issued separately, but will be purchased together in this offering.

We are also offering to those purchasers, if any, whose purchase of Units in this offering would result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% (or at the election of the purchaser, 9.99%) of our outstanding share of common stock immediately following the consummation of this offering, the opportunity to purchase, if they so choose, Pre-funded Units, in lieu of the Units that would otherwise result in ownership in excess of 4.99% (or at the election of the purchaser, 9.99%) of our outstanding shares of common stock, with each Pre-funded Unit consisting of (i) one pre-funded warrant to purchase one share of common stock, and (ii) one Series C Warrant. The purchase price of each Pre-funded Unit will equal the price per unit being sold to the public in this offering, minus \$0.01, and the exercise price of each Pre-funded Warrant included in the Pre-funded Unit will be \$0.01 per share of common stock. The Pre-funded Warrants will be immediately exercisable and may be exercised at any time until exercised in full. The Series C Warrant contained in the Pre-funded Units will have an exercise price of \$ share of common stock (which may be adjusted as set forth in this prospectus), will be exercisable immediately, and will expire five years from the date of issuance. The Pre-funded Units will not be issued or certificated. The Pre-funded Warrants and the Series C Warrant part of a Pre-funded Unit are immediately separable and will be issued separately, but will be purchased together in this offering. There can be no assurance that we will sell any of the Pre-funded Units being offered.

For each Pre-funded Unit we sell, the number of Units we are offering will be decreased on a one-for-one basis. Because we will issue a Series C Warrant as part of each Unit or Pre-funded Unit, the number of Series C Warrant sold in this offering will not change as a result of a change in the mix of the Units and Pre-funded Units sold.

The shares of common stock issuable from time to time upon exercise of the Series C Warrant and the pre-funded warrants are also being offered by this prospectus. We refer to the shares of common stock, the Series C Warrants, the pre-funded warrants, and the underlying shares being offered hereby, collectively, as the “securities”. See “Description of the Offered Securities” for more information.

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Our shares of common stock are quoted on the OTC Markets “OTCQB” marketplace (formerly known as the “OTC Bulletin Board”, and referred to in this prospectus as the “OTC Markets”) under the trading symbol “BLGO.” On 2018, the last reported sale price of our shares of common stock on the OTC Markets was \$ per share (after giving effect to the reverse share split as further described below). There is currently no market for the Series C Warrant offered in this offering. We have assumed a public offering price of per Unit, the last reported sale price for our shares of common stock as reported on the OTC Markets on , 2018 (after giving effect to the reverse stock split as further described below), and \$ per Pre-funded Unit. The actual offering price per Unit or Pre-funded Unit, as the case may be, will be negotiated between us and the underwriter based on the trading of our shares of common stock prior to the offering, among other things, and may be at a discount to the current market price. Therefore, the assumed public offering price used throughout this prospectus may not be indicative of the final offering price.

We have applied to list our shares of common stock and the Series C Warrants on the Nasdaq Capital Market under the symbols “BLGO” and “BLGOW,” respectively. There can be no assurance that Nasdaq will approve the listing of either of the shares or the warrants. We do not intend to apply for listing of the Pre-funded Warrants on any securities exchange or other nationally recognized trading system. There is no established public trading market for the Pre-funded Warrants, and we do not expect a market to develop. Without an active trading market, the liquidity of the Pre-funded Warrants will be limited.

The securities offered in this prospectus involve a high degree of risk. You should consider the risk factors beginning on page 5 before purchasing our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

| | Per Unit | Per Pre-Funded Unit | Total |
|---|----------|---------------------|-------|
| Public offering price | | | |
| Underwriting discounts and commissions ⁽¹⁾ | | | |
| Proceeds to us (before expenses) | | | |

We have also agreed to pay the underwriter a management fee equal to 1% of the gross proceeds raised in this offering, a non-accountable expense allowance of \$50,000 and reimbursement for legal fees and expenses in the amount of up to \$100,000 and to issue the underwriter or its designees warrants to purchase a number of shares of common stock equal to 10% of the aggregate number of shares of common stock sold in this offering (including the number of shares of common stock issuable upon exercise of the Pre-funded Warrants), at an exercise price of \$ per share, which represents 125% of the public offering price per Unit. For a description of the additional

compensation to be received by the underwriter, see “Underwriting” beginning on page 21 for additional information regarding the underwriter compensation.

The offering is being underwritten on a firm commitment basis. The underwriter has an option exercisable within 45 days from the date of this prospectus to purchase up to additional shares of common stock and/or Series C Warrants to purchase up to an additional shares of common stock from us at the public offering price, less the underwriting discounts and commissions. If the underwriter exercises this option in full, the total underwriting discounts and commissions payable by us will be \$, and the total proceeds to us, before expenses, will be \$, excluding potential proceeds from the exercise of the Series C Warrants included in such option.

Delivery of the securities offered hereby is expected to be made on or about , 2018

H.C. WAINWRIGHT & CO.

The date of this prospectus is

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Neither we nor the underwriter has authorized anyone to provide information different from that contained in this prospectus, any amendment or supplement to this prospectus or in any free writing prospectus, if any, prepared by us or on our behalf. When you make a decision about whether to invest in our securities, you should not rely upon any information other than the information in this prospectus and any free writing prospectus, if any, prepared by us or on our behalf. Neither the delivery of this prospectus nor the sale of our securities means that information contained in this prospectus is correct after the date of this prospectus. This prospectus is not an offer to sell or solicitation of an offer to buy these securities in any circumstances under which the offer or solicitation is unlawful.

Market data and certain industry data and forecasts used throughout this prospectus were obtained from sources we believe to be reliable, including market research databases, publicly available information, reports of governmental agencies, and industry publications and surveys. We have relied on certain data from third-party sources, including internal surveys, industry forecasts, and market research, which we believe to be reliable based on our management's knowledge of the industry. While we are not aware of any misstatements regarding the industry data presented in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" and elsewhere in this prospectus.

For investors outside of the United States: Neither we nor the underwriter has done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Unless otherwise specified, the information in this prospectus is set forth as of January 28, 2019, and we anticipate that changes in our affairs will occur after such date. We have not authorized any person to give any information or to make any representations, other than as contained in this prospectus, in connection with the offer contained in this prospectus. If any person gives you any information or makes representations in connection with this offer, do not rely on it as information we have authorized. This prospectus is not an offer to sell our common stock in any state or other jurisdiction to any person to whom it is unlawful to make such offer.

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PROSPECTUS SUMMARY

The following summary highlights selected information from this prospectus and may not contain all the information that is important to you. You should read this entire prospectus, including the section titled “Risk Factors,” and our financial statements and the notes included herein, before deciding to invest in our securities. When we refer in this prospectus to “BioLargo,” the “company,” “our company,” “we,” “us” and “our,” we mean BioLargo, Inc., a Delaware corporation, and its wholly owned subsidiaries, BioLargo Life Technologies, Inc., a California corporation, Odor-No-More, Inc., a California corporation, BioLargo Water USA, Inc., a California corporation (and its subsidiary, BioLargo Water, Inc., a Canadian corporation), BioLargo Maritime Solutions, Inc., a California corporation, BioLargo Development Corp., a California corporation, BioLargo Engineering, Science & Technologies, LLC, Tennessee limited liability company, and its partially owned subsidiary Clyra Medical Technologies, Inc., a California corporation. This prospectus contains forward-looking statements and information relating to BioLargo. See “Cautionary Note Regarding Forward Looking Statements” on page 26.

Company Overview

We are an innovation company driven by our mission to “make life better” by developing breakthrough platform technologies, nurturing and building businesses around the intellectual property, while providing capital and support along the journey from “cradle” to “maturity”. We currently have two segments generating operational revenue: (i) Odor-No-More, selling odor and volatile organic compound (“VOC”) control products and services, and (ii) BioLargo Engineering, Science & Technologies, LLC (“BLEST”), providing professional engineering services to third party clients as well as working on our product development projects. We have a research and development facility in Canada, and consolidate our financials with our partially owned subsidiary, Clyra Medical Technologies, Inc., a company focused on commercializing our technologies in the medical field.

Reverse Stock Split

At the special meeting of stockholders held on September 26, 2018, our stockholders approved a proposal authorizing our board of directors to effect a reverse stock split of our shares of common stock in a ratio from 1:4 to 1:40. This proposal is part our plan to uplist our stock to trade on a nationally listed stock exchange, such as the Nasdaq Capital Market, secure capital to grow our business through the instant offering, and to continue building our company to expand on our current commercial success. The reverse stock split is necessary to enable the Company to meet the \$4.00 minimum bid requirement for listing on the Nasdaq Capital Markets. Our board will determine the actual stock split ratio immediately prior to this offering and issuance of the final prospectus, and will consider the current stock price and Nasdaq’s requirement to determine the ratio. The effects of the stock split are reflected throughout this prospectus including in the number of Units and Pre-funded Units offered as set forth on the cover page and elsewhere, the price per Unit and per Pre-Funded Units, the number of outstanding shares of our common stock and the number of warrants and options to purchase shares of common stock and the exercise price thereof.

Risk Factors

Investing in our securities involves risks. You should carefully consider the risks described in “Risk Factors” section beginning on page 5 before making a decision to invest in our securities. If any of these risks actually occur, our business, financial condition or results of operations would likely be materially adversely affected. In each case, the trading price of our securities would likely decline, and you may lose all or part of your investment. The following is a summary of some of the principal risks we face:

Our auditors have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain further financing.

We will need additional funding. If we are unable to raise capital, we will be forced to reduce or eliminate our operations, and may be in default of existing debt obligations.

We have a limited operating history and have never generated any significant revenues, a history of operating losses, and expect to incur additional losses in the future.

The commercial success of our CupriDyne Clean products and services, or any future product, depends upon the degree of market acceptance by large and well-established companies in the waste handling and water treatment industries.

We depend on the success of a limited portfolio of products for our revenue, which could impair our ability to achieve profitability.

Corporate Information

BioLargo, Inc. is a Delaware corporation. Our principal executive offices are located at 14921 Chestnut Street, Westminster, California 92683. Our telephone number is (949) 643-9540.

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THE OFFERING

Units offered by us We are offering Units. Each Unit will consist of (i) one share of common stock, par value \$0.00067, and (ii) a Series C Warrant to purchase one share of common stock. The Units will not be issued or certificated. The shares of common stock and warrants part of a Unit are immediately separable and will be issued separately, but will be purchased together in this offering.

Pre-funded Units offered by us This prospectus also relates to the offering of shares of common stock issuable upon the exercise of the Series C Warrants that are part of the Units.

Pre-funded Units offered by us We are also offering to those purchasers, if any, whose purchase of Units in this offering would result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% (or at the election of the purchaser, 9.99%) of our outstanding shares of common stock immediately following the consummation of this offering, the opportunity to purchase, if they so choose, Pre-funded Units, in lieu of the Units that would otherwise result in ownership in excess of 4.99% (or 9.99%, as applicable) of our outstanding shares of common stock.

Each Pre-funded Unit will consist of (i) a pre-funded warrant to purchase one share of common stock, and (ii) and one Series C Warrant to purchase one share of common stock. For each Pre-Funded Unit purchased by investors, the number of Units offered for sale will be reduced on a one-for-one basis.

The purchase price of each Pre-funded Unit will equal the price per Unit being sold to the public in this offering, minus \$0.01, and the exercise price of each Pre-funded Warrant included in the Pre-funded Unit will be \$0.01 per share.

The Pre-funded Warrants will be immediately exercisable and may be exercised at any time until exercised in full. The Series C Warrants contained in the Pre-funded Units will have an exercise price of \$ per share of common stock (which may be adjusted as set forth in this prospectus) and will be exercisable immediately and will expire five years from the date of issuance.

The Pre-funded Units will not be issued or certificated and the Pre-funded Warrants and the Series C Warrants part of such unit are immediately separable and will be issued separately in this

offering.

This prospectus also relates to the offering of shares of common stock issuable upon exercise of the Pre-funded Warrants and the Series C Warrants part of the Pre-funded Units.

The Series C
Warrants

Each Series C Warrant will have an exercise price of \$ per share of common stock, will be immediately exercisable and will expire five years from the date of issuance. To better understand the terms of the Series C Warrants, you should carefully read the “Description of the Offered Securities” section of this prospectus. You should also read the form of Warrant Agent Agreement, which will be filed as an exhibit to the registration statement that includes this prospectus.

Pre-Funded
Warrants

Each Pre-funded Warrant will be immediately exercisable and may be exercised at any time exercisable until exercised in full. To better understand the terms of the Pre-funded Warrants, you should carefully read the “Description of the Offered Securities” section of this prospectus. You should also read the form of Pre-funded Warrant, which will be filed as an exhibit to the registration statement that includes this prospectus.

Over-allotment
Option

The underwriter has the option to purchase up to additional shares of common stock, and/or warrants to purchase shares of common stock solely to cover over-allotments, if any, at the price to the public less the underwriting discounts and commissions. The over-allotment option may be used to purchase shares of common stock, or warrants, or any combination thereof, as determined by the underwriter, but such purchases cannot exceed an aggregate of 15% of the number of shares of common stock (including the number of shares of common stock issuable upon exercise of the pre-funded warrants) and warrants sold in the primary offering. The over-allotment option is exercisable for 45 days from the date of this prospectus.

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Total shares of common stock outstanding immediately before this offering 141,389,533

Total shares of common stock outstanding immediately after this offering shares of common stock, assuming no sale of Pre-funded Units.

Offering Price The assumed offering price is \$ per Unit and \$ per Pre-funded Unit. The actual offering price per each Unit and \$ Pre-funded Unit will be negotiated between us and the underwriter based on the trading of our common stock prior to the offering, among other things, and may be at a discount to the current market price.

Use of proceeds We currently intend to use the net proceeds from the sale of our securities for general corporate purposes, including marketing, production and research and development related purposes, and to pay off existing debt obligations. However, we have no present binding commitments or agreements to enter into any acquisitions. See “Use of Proceeds” for additional information.

Risk factors Before deciding to invest in our securities, you should carefully consider the risks related to our business, the offering and our securities. See “Risk Factors” on page 5 herein for a discussion of factors you should carefully consider before investing in our securities.

Dividend Policy We have never declared or paid any cash dividends to our shareholders, and we currently do not expect to declare or pay any cash dividends in the foreseeable future. See “Dividend Policy.”

Listing Our shares of common stock are quoted on the OTC Markets under the symbol “BLGO”. We have applied to list our common stock and the Series C Warrants on the Nasdaq Capital Market under the symbols “BLGO” and “BLGOW”. There can be no assurance that Nasdaq will approve the listing of our common stock or the Series C Warrants. We do not intend to apply for listing of the Pre-funded Warrants on any securities exchange or other nationally recognized trading system. There is no established public trading market for the Pre-funded Warrants, and we do not expect a market to develop. Without an active trading market, the liquidity of the Pre-funded Warrants will be limited.

The number of shares of common stock to be outstanding immediately after the offering as shown above is based on 141,389,533 shares of common stock outstanding as of January 11, 2019 and assumes no sale of Pre-funded Units. This number does not include, as of such date:

29,474,968 shares of common stock issuable upon the exercise of outstanding options of at a weighted average exercise price of \$0.44 per share;

26,872,430 shares of common stock issuable upon the exercise of warrants at a weighted average exercise price of \$0.42 per share;

2,362,533 shares of common stock issuable upon the conversion of promissory notes that are convertible at the option of the holder at any time, or our option upon their maturity dates, which range from June 20, 2019 to June 15, 2021;

Approximately 6,000,000 shares of common stock issuable upon the conversion of two promissory notes that mature April 15, 2019, and October 7, 2019, convertible by the holder at any time at a conversion rate equal to 80% and 65%, respectively, of the low closing bid price over the 25 trading days prior to conversion;

shares of common stock issuable upon the exercise of the Series C Warrants to be issued to investors in this offering;
and

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shares of common stock issuable upon the exercise of warrants issued to the underwriter in connection with this offering.

Unless otherwise stated, all information in this prospectus (i) assumes no exercise of the outstanding options and warrants and the offered warrants into shares of common stock as described above, (ii) assumes no exercise of the underwriter's option to purchase additional securities, and (iii) assumes no sale of Pre-funded Units.

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RISK FACTORS

An investment in our common stock is highly speculative, involves a high degree of risk and should be made only by investors who can afford a complete loss. You should carefully consider the following risk factors, together with the other information in this prospectus, including our financial statements and the related notes, before you decide to buy our common stock. If any of the following risks actually occurs, then our business, financial condition or results of operations could be materially adversely affected, the trading of our common stock could decline, and you may lose all or part of your investment therein.

Risks Related to an Investment in Our Securities and this Offering

Our management team will have immediate and broad discretion over the use of the net proceeds from this offering and may not use them effectively.

We currently intend to use the net proceeds of this offering for general corporate purposes, including marketing, production, and research and development related purposes, and to pay off existing debt obligations. See “Use of Proceeds.” However, our management will have broad discretion in the application of the net proceeds. Our shareholders may not agree with the manner in which our management chooses to allocate the net proceeds from this offering. The failure by our management to apply these funds effectively could have a material adverse effect on our business, financial condition and results of operation. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income. The decisions made by our management may not result in positive returns on your investment and you will not have an opportunity to evaluate the economic, financial or other information upon which our management bases its decisions.

We may need additional capital in the future. If additional capital is not available, we may not be able to continue to operate our business pursuant to our business plan or we may have to discontinue our operations entirely.

Even if this offering is fully subscribed, we may require additional capital in the future. We have incurred losses in each year since our inception. If we continue to use cash at our historical rates of use, and our operations do not become profitable, we will need additional financing, which we may seek through a combination of private and public equity offerings, debt financings and collaborations and strategic and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest will be diluted, and the terms of any such offerings may include liquidation or other preferences that may adversely affect the then existing shareholders rights. Debt financing, if available, would result in increased fixed payment obligations and may

involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring debt or making capital expenditures. If we raise additional funds through collaboration, strategic alliance or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams or product candidates, or grant licenses on terms that are not favorable to us.

You will experience immediate dilution in book value of any shares of common stock you purchase.

Because the price per Unit being offered is substantially higher than our net tangible book value per share, you will suffer substantial dilution in the net tangible book value of any shares of common stock you purchase in this offering. Therefore, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of our as adjusted net tangible book value. To the extent outstanding options, warrants or offered warrants are exercised, you will incur further dilution. See “Dilution” on page 17 for a more detailed discussion of the dilution you will incur in connection with this offering.

Shares of common stock and warrants representing a substantial percentage of our outstanding shares may be sold in this offering, which could cause the price of our common stock to decline.

Pursuant to this offering, we may sell _____ shares of common stock (assuming no sale of Pre-funded Units), or approximately _____%, of our outstanding common stock as of _____, 2018. A 100,000 Unit increase (decrease) in the number of Units offered by us would increase (decrease) the percentage of shares outstanding after this offering by approximately 3%. In addition, the investors in this offering will be issued Series C Warrants to purchase up to _____ shares of common stock, and the underwriter will receive warrants to purchase up to _____ shares of common stock. This sale and any future sales of a substantial number of shares of common stock in the public market, or the perception that such sales may occur, could materially adversely affect the price of our common stock. We cannot predict the effect, if any, that market sales of those shares of common stock or the availability of those shares of common stock for sale will have on the market price of our common stock.

Raising additional capital by issuing securities may cause dilution to existing shareholders.

We may seek additional capital through a combination of private and public equity offerings, debt financings and collaborations and strategic and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest will be diluted, and the terms of any such offerings may include liquidation or other preferences that may adversely affect the then existing shareholders rights. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring debt or making capital expenditures. If we raise additional funds through collaboration, strategic alliance or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams or product candidates, or grant licenses on terms that are not favorable to us.

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We do not know whether a market for our securities will be sustained or what the trading price of our securities will be and as a result it may be difficult for you to sell our securities held by you.

Our common stock is quoted on the OTC Markets OTCQB, and an active trading market for the common stock may not be sustained. It may be difficult for you to sell your shares of common stock without depressing the market price for the common stock. As a result of these and other factors, you may not be able to sell your shares of common stock. Further, an inactive market may also impair our ability to raise capital by selling shares of common stock and may impair our ability to enter into strategic partnerships or acquire companies or products by using our common stock as consideration.

On , 2018, we effected a reverse share split of our common stock at a ratio of :1. The reverse stock split was made in order to fulfil the listing requirements of Nasdaq and make our common stock more attractive to a broader range of investors, including professional investors, institutional investors and the general investing public. We believe that the increased price resulting from the reverse share split may generate additional interest and trading in our shares of common stock. There can be no assurance that the reverse share spit will result in an increase in the price of our shares of common stock, make our shares of common stock more attractive, or generate additional interest and trading in our shares of common stock. The market price of our shares of common stock will also be based on our performance and other factors, some of which are unrelated to the number of shares of common stock outstanding. These factors includ