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Encouraging Recent Developments At OxySure Systems

Mar. 3, 2014 5:30 PM ET
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On Monday, March 3, 2014, OxySure Systems, Inc ([OTCQB:OXYS](#)) provided shareholders with a brief shareholder update and "[State of the Union](#)" announcement. One important piece of information released by the company was the year-end cash position, which stood at roughly \$657,000. This is up nicely from the less than \$5,000 on the balance sheet as of September 30, 2013. The lack of cash on the balance sheet has always been a major concern in our conversations with investors, so we are pleased to see the improvement in the balance sheet at year-end 2013.

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But we alert investors to the fact that these balance sheet improvements did not stop at the end of the year. In January 2014, the company announced two significant transactions that combined, significantly improved the balance sheet and liquidity even further. On January 2, 2014, the company announced the closing of a [\\$750,000 private placement](#) with accredited institutional investors through a Series B preferred stock placement. The conversion price is \$1.20 per share. A few weeks later, the company announced the [removal of nearly \\$1 million](#) of claimed indebtedness from the balance sheet by converting notes and other indebtedness to restricted common stock at conversion prices ranging from \$1.50 per share to \$.76 per share.

With an improved liquidity and less debt, we believe OxySure now has enough cash to fund operations into the third quarter 2014. We remind investors that we sat down for a face-to-face meeting with the company's CEO, Julian Ross, in January 2014 in San Francisco.

On the operational side, management told us that sales in the fourth quarter were impacted by the government shutdown and lack of appropriations on the omnibus funding bill. The slowdown in military orders in the fourth quarter is a shame because the company was doing so well in this regard earlier in the year. For example, total revenues of \$545,820 in the third quarter 2013 were up 428% year-over-year and about half of that total came from the military. Without a budget appropriations bill in the fourth quarter - which by the way [finally just passed](#) on January 17, 2014 - it is possible that we see a 50% sequential drop in revenues in the fourth quarter 2014. That being said, business with the U.S. military was going strong prior to the government funding shutdown, so we expect a snap-back in revenues by the start of the second quarter 2014.

OxySure is doing some really neat stuff with the military, including [working with the Navy](#) on an emergency escape breathing device (EEBD) and with the SEAL team on providing oxygen for [high-altitude](#) HALO / HAHO jumps. The company is also working on a device for Navy and Air Force pilot's ejection seats. OxySure is branching out beyond just first-aid devices like the [Model 615](#), and we do not think investors have come to grips with the potential for smaller, more compact devices for battlefield use being developed right now by the company.

Beyond the military aspect of the business, management tells us they are continuing to make progress on the distribution front, particularly outside the U.S. We remind investors that the company provided an update on [EU CE Mark](#) in September 2013. We are anticipating a response from the EU on CE Mark in the next few months. Quite interestingly, we note the shareholder update from March 3, 2014 noted the potential for signing "strategic

relationships that will accelerate our progress and add shareholder value..." in 2014. We remind investors that in December 2013, the company expanded its distribution [footprint into Chile](#), and [Hong Kong and Macau](#).

We remain big fans of the OxySure story and are excited to see what steps the company takes in 2014 to continue the [impressive growth](#) seen in 2013.

Growth Summary, 3-5 Years



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