



BIOLASE, Inc.

Q4 inline and solid 2024 guidance. We remain positive on execution and long-term growth potential. Lowering P/T to \$4.

COMPANY UPDATE

Rating: BUY

Ticker: BIOL

Price: \$0.19

Target: \$4.00
(from \$15)

Q4 inline: BIOLASE recently (on March 21) reported its Q4 2023 (ending December) results. Total revenue was \$13.5 million (-4% y-o-y), compared with our and consensus estimates of \$13.1 – 13.6 million. Pro forma EPS was \$(0.94), compared with our estimates of \$(0.90) and consensus of \$(2.34). Q4 revenue guidance was for \$13 - 14 million.

Q4 decline: Revenue was down (-4% y-o-y) due to a weaker macro environment causing delays in sales.

U.S. consumable sales strength: In 2023, U.S. laser sales were -10% (y-o-y) but U.S. consumable sales were +31% (y-o-y). In 2023, International laser sales was +6% (y-o-y) and consumable were -3% (y-o-y).

Solid 2024 guidance: Management provided initial 2024 guidance for revenue of \$52 – 53 million (+6 – 8%). It also expects to achieve positive adjusted EBITDA for the full year of 2024.

Q1 guidance: Q1 revenue guidance is to “exceed” \$10.0 million.

More layoffs: In January 2024, BIOLASE initiated cost cuts reducing its U.S. workforce by ~15%, resulting in projected annualized cost savings of ~\$2.5 million. This is on top of layoffs of ~20% in June 2023.

Adjusting estimates: We are adjusting our 2024 estimates for revenue to \$51 million, from \$53 million, and for EPS to \$(0.00) from \$(1.15).

Large market opportunities: The company estimates that with every one percentage point increase in market adoption of laser technology in the U.S. alone, BIOLASE will generate an additional \$50 million in revenue (based on current BIOLASE market share of 60%).

Marketing opportunities: BIOLASE continues to make progress in expanding to Dental Services Organizations (DSOs). In addition, the company is expanding its various marketing programs especially to dental specialists (periodontist, endodontist, and hygienist).

We remain positive: We believe BIOLASE is progressing (even if slow and lumpy at times) in its return to growth and profitability. We expect solid improvement in 2024 (+4%) after a modest 2023 (+1%) and strong 2022 (+24%) which should drive momentum. BIOLASE has a solid line of innovative products, and should benefit from growth in the dental market, consistent sales execution, and new sales opportunities.

Balance sheet: The company has \$7 million in cash and \$14 million in debt. In the current Q1, the company raised ~\$7 million in stock (\$0.44/share). We believe it has enough cash through 2025.

Valuation positive: Maintaining our BUY, but lowering our 12-month price target to \$4 from \$15 which is based on an NPV analysis. We believe that BIOLASE represents a compelling investment story as the company continues to ramp up product sales. We believe the large market potentials presents a high reward for the high risks.

Company Description

Based in Foothill Ranch, CA, BIOLASE is a medical device company that markets laser systems (Waterlase and diode dental laser systems) for dentistry and medicine in the U.S. and internationally.

United States
Healthcare

March 31, 2024

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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.13 –47.00
Shares Outstanding (million):	33
Market cap (\$million):	\$6
EV (\$million):	\$13
Debt (\$million):	\$14
Cash (\$million):	\$7
Avg. Daily Trading Vol. (\$million):	\$2
Float (million shares):	32
Short Interest (million shares):	0.3
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	10E	11E	10E	
Q2 Jun	14E	16E	15E	
Q3 Sep	12E		13E	
Q4 Dec	15E	14E	16E	
Total	51E	53E	54E	
EV/Revs	0.3x		0.2x	

Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	(0.15)E	(0.92)E	(0.05)E	
Q2 Jun	(0.01)E	(0.50)E	0.01E	
Q3 Sep	(0.01)E	(0.29)E	(0.01)E	
Q4 Dec	<u>0.08E</u>	<u>0.53E</u>	<u>0.08E</u>	
Total	0.00E	(1.15)E	0.03E	
P/E	N/A		6x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 12.

Exhibit 1: BIOLASE Company Background and Highlights

BIOLASE at a Glance

Robust Product Line

For general dentists and specialists

Large IP Portfolio

- 241 active and 21 pending patents as of Dec 31, 2023
- \$37.5M in value¹

47.7K+ Laser Systems Sold

In 80 countries to date²

Broad Range of Applications

Dental lasers perform a broad range of cosmetic, restorative and surgical applications



Large Market Opportunity


- Only about 8%* of U.S. Dental Practices incorporate all tissue lasers
- Every additional 1% = \$50M* in new revenue

Experienced Management Team

Transitioned the company from R&D focus to commercialization

BIOLASE's Spectrum of Laser Systems & Consumables

241 Active + 21 Pending Patents

ALL TISSUE LASER SOLUTIONS	SOFT TISSUE LASER SOLUTIONS	TIPS & ACCESSORIES
<p>Waterlase iPlus®</p> <ul style="list-style-type: none"> • Our best selling All-Tissue dental laser— 80+ FDA cleared indications • Replaces scalpel for minimally invasive, minimally bleeding microsurgery for soft tissues • Replaces drill with substantial reduced need for anesthesia for teeth & bone 	<p>Epic X®</p> <ul style="list-style-type: none"> • Surgery, fast tooth whitening and pain therapy in one device • Ultra portable for multiple-operator use  <p>Epic Hygiene™</p> <ul style="list-style-type: none"> • Designed by hygienists, for hygienists • FDA cleared for laser bacterial reduction ("LBR") 	

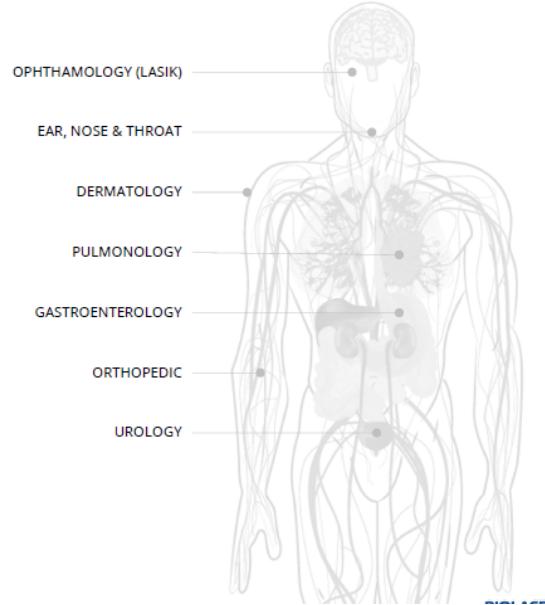
Source: Company report.

Exhibit 2: Market Opportunity

Lasers are Widely Used in Medicine

With Only **8%*** Penetration, Laser Dentistry Offers a Significant Growth Opportunity for Lasers in Medicine

- ✓ Minimally invasive
- ✓ Less bleeding/trauma
- ✓ Faster healing
- ✓ Enhanced precision
- ✓ More patient-friendly experience



*BIOLASE estimate

BIOLASE Opportunity

Targeted Growth Strategy to Further Penetrate the U.S. Market

<p>DSOs (Corporate Dentistry) 1,300 DSOs (approx. 9,000 U.S. offices) If only 10% of DSOs adopted our lasers it would = \$54M in revenue</p>	<p>PEDIATRICS ~7K Pediatric Dentists If an additional 5% of Ped Dentists adopted our lasers it would = \$20M in revenue</p>	<p>Current U.S. All Tissue Laser Market Penetration</p> <p>< 8%</p> <p>Every 1% increase in adoption in the U.S. = \$50M+ in revenue for BIOLASE</p>
<p>PERIODONTICS (Gum Disease) ~5K Periodontists If an additional 20% of Perios adopted our lasers it would = \$50M in revenue</p>	<p>HYGIENE 200K Hygienists (35% Market Adoption) If an additional 5% of Hygienists adopted our lasers it would = \$70M in revenue</p>	
<p>ENDODONTICS (Root Canals) ~5K Endodontists If an additional 10% of Endos adopted our lasers it would = \$50M in revenue</p>	<p>GENERAL PRACTICE ~150K GPs If an additional 5% of GPs adopted our lasers it would = \$225M in revenue</p>	

Source: Company report

Exhibit 3: Waterlase Marketing Programs

Executing Our Growth Strategy Focused on Education & Training

Waterlase Trial Program (WTP) for General Practitioners

10
planned events for 2024

8-12
dentist participants at each event

45%
close rate for the twelve months ended December 31, 2023

\$3-4M
revenue opportunity annually

Increased messaging, marketing, education & training efforts are bearing fruit

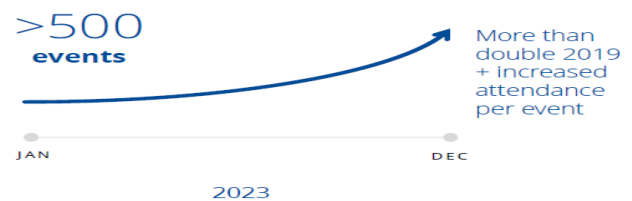
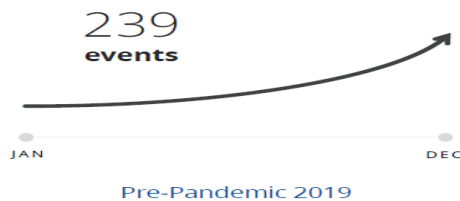
~80%
of U.S. Waterlase sales in 2022 and 2023 generated from new customers

~40%
coming from dental specialists in 2022 and 2023

Specialist Academies Expand Awareness



Increased Marketing & Sales Efforts Biggest Improvement in the Company Over the Past Couple of Years



BIOLASE Partnership Program (BPP)



First 6 Months = Customer Revenue
Enables customers to generate revenue without any cash outflow for first 6 months



Immediate Cash in Hand
Puts money in the customer's pocket now



BIOLASE = Compelling Reason to See Their Dentist
As offices open, it is critical to get patients to come back right away







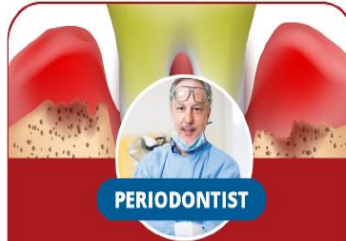

In-office Training

- No travel, no need to spend time away from the office, staff can participate
- Facilitates true integration throughout the office
- Includes ongoing personal coaching

Source: Company report.

Exhibit 4: Waterlase Markets

Minimally invasive perio protocols for the Complete Office.

Gingivitis / Early Periodontitis	Moderate Periodontitis/Implantitis	Severe Periodontitis/Implantitis
 <p>HYGIENIST</p> <ul style="list-style-type: none"> Effectively manage non-surgical Periodontitis Proven clinical protocols, including <i>Pocket Therapy</i> and <i>Perio Debridement</i> Step-by-step training & guidebooks for easy integration <p>GROW REVENUE +\$15 - \$40K per year</p> <p>Epic Hygiene </p>	 <p>DENTIST</p> <ul style="list-style-type: none"> Easily manage moderate Periodontitis & Implantitis Minimally Invasive, Patient-Friendly protocols Excellent clinical results & patient-reported outcomes <p>GROW REVENUE +\$32 - \$64K per year</p> <p>Waterlase Dentistry </p>	 <p>PERIODONTIST</p> <p>Manage Severe, Difficult and Complex Cases</p> <p>Refer Out</p> <p>Waterlase Dentistry </p>
FDA Clearance 12/19 LBR Clearance 03/20	WME 50% Closure	McGuire Release 7/2020



A Significant Growth Opportunity

60M People in the U.S. Alone Have Gum Disease & Increased Health Risk Due to the Connection Between Oral and Systemic Health

Under-diagnosed, Under-Treated, Under-managed

Peri-Implantitis

Less Frequent Dentist Visits

<p>85% OF AMERICAN ADULTS SUFFER FROM GUM DISEASE</p> <p>47% Have periodontitis THAT'S 64.7 Million Adults 35 years and older</p> <p>8% Early Periodontitis 30% Moderate Periodontitis 8% Severe Periodontitis</p> 	<p>3.0 M+ implants placed in the U.S. in 2019 with a 6% increase each year</p> <p>500,000+ implants per year in USA need attention for peri-implantitis and that number continues to grow</p> <p>Over 1/3 of patients experience peri-implantitis over 3.5-year period (Clin Oral Impl Res. 2019)</p> <p>Waterlase lasers are highly effective, safe solution to preserving sick implants</p>	<p>> 60% of the U.S. population avoids going to the dentist because of "dental anxiety or fear"</p> <p>(DentaVox survey of 18,000 people 1/14)</p> 
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Source: Company report.

Exhibit 5: Q4 2023 Financial Results Highlights and Guidance (as of March 21, 2024)

2023 Full-Year Highlights

- Achieved revenue growth despite industry headwinds and a challenging interest rate environment throughout 2023.
- Key performance metrics demonstrate continued growth and momentum, including:
 - Record consumable sales, including the introduction of recurring revenue subscriptions.
 - Increased adoption of its industry-leading laser systems.
 - Increased sales conversion rate of 45% due to the continued success of its Waterlase Trial Program.
- Achieved cost savings goals and improved quality from in-house manufacturing of critical components.

2024 First Quarter and Full Year Financial Guidance

- BIOLASE anticipates first-quarter net revenue to exceed \$10.0 million, representing relatively flat revenue compared to the year-ago quarter.
- BIOLASE expects 2024 full-year net revenue to increase between 6% and 8% year over year to between \$52 million and \$53 million. This reflects the continued adoption of lasers and consumables by the dental community, including general dentists, dental specialists, dental hygienists, and group practice entities (DSOs), offset by the challenging business environment.
- BIOLASE also expects to achieve positive adjusted EBITDA results for the full year of 2024 (adjusted EBITDA is defined as net loss before interest, taxes, depreciation and amortization, patent litigation settlements, stock-based and other non-cash compensation, and the change in allowance for doubtful accounts).

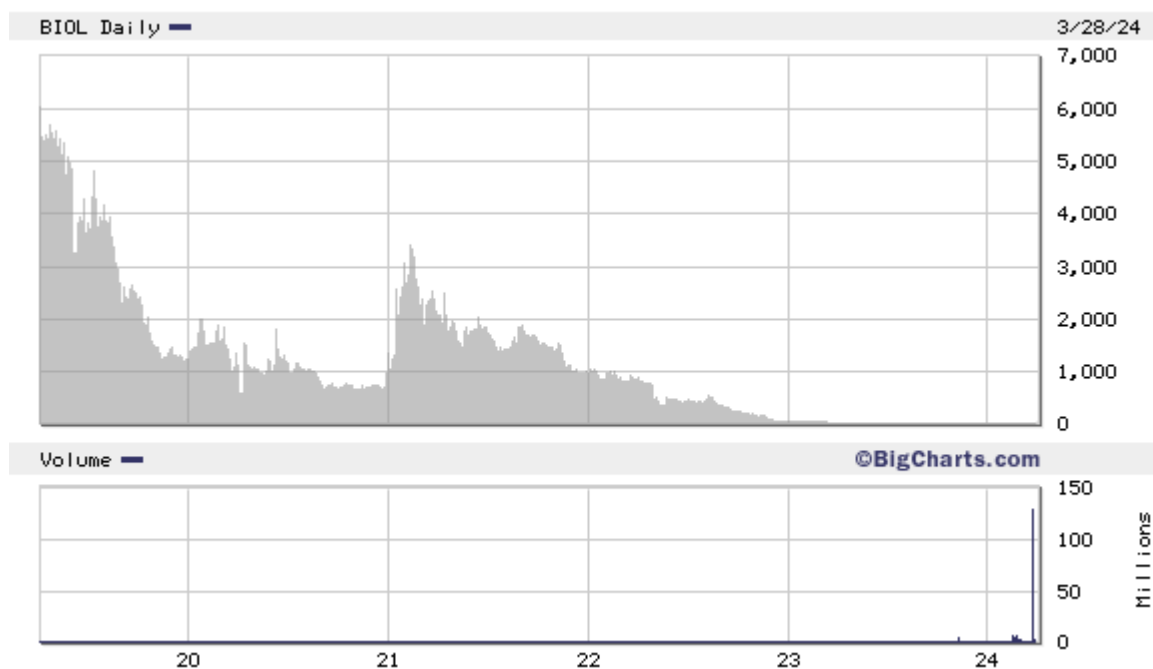
Source: Company report.

Exhibit 6: Planned 2024 Milestones (as of March 2024)

Anticipated 2024 Milestones

- **Grow 2024 revenue through continued adoption of lasers and consumables** by the dental community, including general dentists, dental specialists, dental hygienists, and group practice entities (DSOs)
- **Expand OEM revenue base through its partnership with EdgeEndo**
- **Increase effectiveness and efficiency of the Waterlase Trial Program** to drive increased adoption
- **Broaden participation in BIOLASE dental and hygiene academies** to expand awareness of the benefits of BIOLASE lasers to patients
- **Utilize new training centers** to enhance sales and marketing efforts and communicate the benefits of BIOLASE technology
- **Utilize new model dental office** to increase marketing, testimonial, and training opportunities
- **Expand the Dental Service Organization (“DSO”) customer base** and further penetrate the DSO market
- **Realize cost savings and improve quality** from in-house manufacturing of key components

Source: Company report.

Exhibit 7: BIOLASE's Stock Price (Five Years)


*Reflects a 1:25 reverse stock split in April 2022

*Reflects a 1:100 reverse stock split in July 2023

Source: <https://bigcharts.marketwatch.com/>

Exhibit 8: Consensus Expectations (as of March 21, 2024)

	Revenue (mil)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$11A	\$11E	Q1 Mar	\$(13.56)A	\$(1.80)E
Q2 Jun	\$14A		Q2 Jun	\$(4.24)A	
Q3 Sep	\$11A		Q3 Sep	\$(2.67)A	
Q4 Dec	\$14E		Q4 Dec	\$(2.34)E	
Total	\$49E	\$53E	Total	\$(26.14)E	\$(4.88)E

*Reflects a 1:100 reverse stock split in July 2023

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, LSEG, and Ascendant Capital Markets estimates

FINANCIAL MODEL

BIOLASE, Inc.

Income Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Products and services revenue	10.2	12.2	12.0	14.1	48.5	10.5	14.3	10.9	13.5	49.2	9.7	14.3	11.9	15.1	51.0	10.2	15.0	12.5	15.9	53.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	10.2	12.2	12.0	14.1	48.5	10.5	14.3	10.9	13.5	49.2	9.7	14.3	11.9	15.1	51.0	10.2	15.0	12.5	15.9	53.6
<u>Cost of Revenues</u>	<u>5.4</u>	<u>7.1</u>	<u>9.6</u>	<u>10.5</u>	<u>32.6</u>	<u>7.1</u>	<u>8.2</u>	<u>7.2</u>	<u>10.0</u>	<u>32.4</u>	<u>5.7</u>	<u>8.0</u>	<u>6.2</u>	<u>7.6</u>	<u>27.5</u>	<u>5.6</u>	<u>7.8</u>	<u>6.2</u>	<u>7.9</u>	<u>27.6</u>
Gross Profit	4.7	5.1	2.4	3.6	15.9	3.3	6.1	3.7	3.5	16.7	4.0	6.3	5.7	7.6	23.5	4.6	7.2	6.2	7.9	26.0
Sales and marketing	4.8	5.4	5.0	6.5	21.7	4.6	6.2	3.4	4.2	18.4	3.4	4.3	3.6	3.0	14.3	3.6	4.5	3.7	3.2	15.0
General and administrative	2.6	3.1	3.1	3.5	12.3	2.5	2.4	2.7	2.7	10.2	2.9	2.3	2.4	2.0	9.6	3.1	2.4	2.5	2.1	10.0
Research and development	1.5	1.7	2.0	2.1	7.3	1.5	1.4	1.4	1.7	6.0	1.0	1.4	1.5	1.4	5.3	1.0	1.5	1.6	1.4	5.6
Excise tax					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring, litigation, and other					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total operating expenses	8.9	10.2	10.1	12.0	41.3	8.6	10.0	7.4	8.6	34.7	7.3	8.0	7.5	6.3	29.1	7.7	8.4	7.9	6.7	30.6
Operating income (loss)	(4.2)	(5.1)	(7.7)	(8.4)	(25.3)	(5.3)	(3.9)	(3.7)	(5.1)	(17.9)	(3.3)	(1.7)	(1.8)	1.2	(5.6)	(3.1)	(1.2)	(1.6)	1.3	(4.6)
Interest income (expense)	(0.4)	(0.4)	(0.4)	(1.5)	(2.7)	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)
Other income (expense)	(0.3)	(0.1)	(0.3)	0.1	(0.7)	0.0	(0.4)	(0.3)	0.3	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(5.0)	(5.6)	(8.4)	(9.8)	(28.7)	(5.8)	(4.8)	(4.6)	(5.3)	(20.6)	(3.9)	(2.3)	(2.4)	0.6	(8.0)	(3.7)	(1.8)	(2.2)	0.7	(7.0)
Income taxes	0.0	0.0	(0.0)	0.1	0.1	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(5.0)	(5.6)	(8.4)	(9.9)	(28.9)	(5.8)	(4.9)	(4.6)	(5.3)	(20.6)	(3.9)	(2.3)	(2.4)	0.6	(8.0)	(3.7)	(1.8)	(2.2)	0.7	(7.0)
Nonrecurring/noncash adjustment	1.1	1.5	2.8	3.3	8.7	1.4	2.6	1.4	2.5	7.9	2.0	2.0	2.0	2.0	8.0	2.0	2.0	2.0	2.0	8.0
Net income (pro forma)	(3.9)	(4.1)	(5.6)	(6.5)	(20.2)	(4.4)	(2.3)	(3.1)	(2.9)	(12.8)	(1.9)	(0.3)	(0.4)	2.6	(0.0)	(1.7)	0.2	(0.2)	2.7	1.0
EBITDA	(3.9)	(4.1)	(5.6)	(6.5)	(20.1)	(4.4)	(2.3)	(3.1)	(2.9)	(12.8)	(2.9)	(1.3)	(1.3)	1.7	(3.8)	(2.6)	(0.8)	(1.2)	1.7	(2.8)
Shares, Basic	0.1	0.1	0.1	0.1	0.1	0.3	0.5	1.2	3.0	1.3	13.0	33.0	33.1	33.1	28.0	33.2	33.2	33.3	33.3	33.2
Shares, Diluted	0.1	0.1	0.1	0.1	0.1	0.3	0.5	1.2	3.0	1.3	13.0	33.0	33.1	33.1	28.0	33.2	33.2	33.3	33.3	33.2
EPS Basic (Pro forma)	(\$63.58)	(\$66.55)	(\$73.84)	(\$84.52)	(\$291.24)	(\$13.56)	(\$4.24)	(\$2.67)	(\$0.94)	(\$10.00)	(\$0.15)	(\$0.01)	(\$0.01)	\$0.08	(\$0.00)	(\$0.05)	\$0.01	(\$0.01)	\$0.08	\$0.03
EPS Diluted (Pro forma)	(\$63.58)	(\$66.55)	(\$73.84)	(\$84.52)	(\$291.24)	(\$13.56)	(\$4.24)	(\$2.67)	(\$0.94)	(\$10.00)	(\$0.15)	(\$0.01)	(\$0.01)	\$0.08	(\$0.00)	(\$0.05)	\$0.01	(\$0.01)	\$0.08	\$0.03
Margins																				
Gross margin	47%	42%	20%	26%	33%	32%	43%	34%	26%	34%	41%	44%	48%	50%	46%	45%	48%	50%	50%	48%
Sales and marketing	47%	44%	42%	46%	45%	44%	43%	31%	31%	38%	35%	30%	30%	20%	28%	35%	30%	30%	20%	28%
General and administrative	25%	26%	26%	25%	25%	23%	16%	25%	20%	21%	30%	16%	20%	13%	19%	30%	16%	20%	13%	19%
Research and development	15%	14%	16%	15%	15%	15%	10%	12%	12%	12%	10%	10%	13%	9%	10%	10%	10%	13%	9%	10%
Operating margin	-41%	-41%	-64%	-60%	-52%	-51%	-27%	-34%	-38%	-36%	-34%	-12%	-15%	8%	-11%	-30%	-8%	-13%	8%	-9%
Tax rate, GAAP	0%	0%	0%	-1%	0%	0%	-1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-49%	-46%	-70%	-70%	-60%	-56%	-34%	-42%	-39%	-42%	-40%	-16%	-20%	4%	-16%	-36%	-12%	-18%	4%	-13%
Y/Y % change																				
Total Revenue	25%	34%	26%	13%	24%	3%	17%	-9%	-4%	1%	-7%	0%	9%	12%	4%	5%	5%	5%	5%	5%
Gross margin	73%	27%	-50%	-27%	-4%	-29%	19%	53%	-2%	5%	20%	3%	53%	114%	41%	15%	15%	9%	5%	10%
Sales and marketing	35%	63%	45%	28%	41%	-4%	15%	-32%	-34%	-15%	-26%	-31%	5%	-29%	-23%	5%	5%	5%	5%	5%
General and administrative	-25%	13%	25%	32%	8%	-5%	-25%	-14%	-22%	-17%	19%	-3%	-11%	-28%	-7%	5%	5%	5%	5%	5%
Research and development	-14%	42%	29%	35%	20%	0%	-13%	-31%	-21%	-17%	-37%	-1%	14%	-18%	-12%	5%	5%	5%	5%	5%
Operating income (loss)	-31%	54%	188%	90%	54%	26%	-23%	-52%	-40%	-29%	-37%	-56%	-52%	-124%	-69%	-7%	-30%	-9%	5%	-17%
Net income (loss)	-33%	693%	155%	87%	73%	17%	-13%	-45%	-46%	-28%	-33%	-52%	-48%	-111%	-61%	-6%	-22%	-7%	10%	-12%
EPS Diluted (Pro forma)	-35%	51%	82%	20%	17%	-79%	-94%	-96%	-99%	-97%	-99%	-100%	-100%	-108%	-100%	-66%	-162%	-42%	2%	#####

Source: Company reports and Ascendant Capital Markets es Reflects a 1:25 reverse stock split in April 2022

Reflects a 1:100 reverse stock split in July 2023

BIOLASE, Inc.

Balance Sheet (\$ mils)	Mar-22 Jun-22 Sep-22 Dec-22				Mar-23 Jun-23 Sep-23 Dec-23				Mar-24 Jun-24 Sep-24 Dec-24				Mar-25 Jun-25 Sep-25 Dec-25			
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Fiscal Year End: December 31																
Assets																
Cash and cash equivalents	21.6	19.5	10.0	4.2	6.5	6.9	7.8	6.6	9.4	7.1	8.8	11.1	11.5	10.5	11.5	13.9
Short term investments									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restricted cash	0.2								0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	5.2	6.1	4.8	5.8	5.2	5.7	4.4	5.5	8.1	11.9	9.9	12.6	8.5	12.5	10.4	13.2
Inventory	14.6	16.6	16.4	15.9	17.8	13.3	13.8	11.4	9.2	12.8	9.9	12.1	7.5	10.4	8.3	10.6
Prepaid expenses and other	2.2	2.1	2.6	3.1	2.5	2.2	1.8	1.4	1.0	1.4	1.2	0.8	1.0	1.5	1.2	0.8
Total current assets	43.8	44.3	33.9	29.0	32.0	28.1	27.8	24.9	27.7	33.3	29.8	36.5	28.5	34.9	31.5	38.5
Property and equipment, net	1.2	1.4	3.9	4.3	4.7	6.4	6.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Goodwill and intangibles	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Other	2.3	2.3	2.1	2.0	2.3	2.2	2.0	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Total assets	50.2	50.9	42.9	38.2	41.9	39.6	38.7	35.1	37.9	43.5	40.0	46.8	38.8	45.2	41.7	48.7
Liabilities and stockholders' equity																
Accounts payable	4.6	5.0	5.0	5.8	7.5	6.3	7.2	6.1	7.8	11.4	9.5	12.1	8.2	12.0	10.0	12.7
Accrued expenses	6.0	6.5	6.9	9.2	8.0	7.7	7.6	8.9	4.9	7.1	6.0	7.6	5.1	7.5	6.2	7.9
Customer deposits									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenue	2.4	2.5	1.9	2.1	2.1	2.2	2.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Short term debt				0.7	1.4	2.1	2.8	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total current liabilities	13.1	14.0	13.8	17.8	19.0	18.4	19.8	19.7	17.4	23.3	20.2	24.4	18.0	24.2	21.0	25.3
Deferred taxes									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenue	0.3	0.3	0.3	0.4	0.4	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Warranty Accruals	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Other long term liabilities	2.0	1.8	1.7	1.6	1.5	1.3	1.1	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Long term debt	13.7	12.7	12.8	13.1	12.5	11.9	11.3	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8
Total other liabilities	16.5	15.3	15.2	15.5	14.8	13.9	13.1	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Preferred stock	0.2					0.7	5.6	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Common stock		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	293.4	300.4	301.2	301.8	310.8	314.1	312.5	317.1	317.1	317.1	317.1	317.1	317.1	317.1	317.1	317.1
Retained earnings	(272.3)	(277.9)	(286.3)	(296.2)	(302.0)	(306.9)	(311.5)	(316.8)	(318.7)	(319.0)	(319.4)	(316.8)	(318.5)	(318.3)	(318.5)	(315.8)
Accumulated other comprehensive in	(0.7)	(0.9)	(1.0)	(0.7)	(0.7)	(0.6)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Other									7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total stockholders' equity	20.6	21.6	13.9	4.9	8.2	7.3	5.9	2.0	7.0	6.7	6.3	8.9	7.3	7.5	7.2	9.9
Total stockholders' equity and liabil	50.2	50.9	42.9	38.2	41.9	39.6	38.7	35.1	37.9	43.5	40.0	46.8	38.8	45.2	41.7	48.7

Balance Sheet Drivers

	Mar-22 Jun-22 Sep-22 Dec-22				Mar-23 Jun-23 Sep-23 Dec-23				Mar-24 Jun-24 Sep-24 Dec-24				Mar-25 Jun-25 Sep-25 Dec-25			
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	21%	17%	22%	22%	24%	15%	16%	10%	10%	10%	10%	5%	10%	10%	10%	5%
Accounts payable as % of total rev	46%	41%	41%	41%	72%	44%	66%	45%	80%	80%	80%	80%	80%	80%	80%	80%
Accrued expenses as % of total rev	59%	53%	58%	66%	76%	54%	70%	66%	50%	50%	50%	50%	50%	50%	50%	50%
Activity Ratios																
A/R Days Sales Outstanding	131	124	125	103	155	85	116	77	75	75	75	75	75	75	75	75
Inventory Turns	1.5	1.7	2.3	2.6	1.6	2.5	2.1	3.5	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0
A/P Days Payable	77	63	47	50	95	70	90	55	122	129	138	144	131	138	144	144
Book & Cash Value (per share)																
Book Value per Share (diluted)	#####	#####	#####	\$63.35	\$24.87	\$13.47	\$4.99	\$0.65	\$0.54	\$0.20	\$0.19	\$0.27	\$0.22	\$0.23	\$0.22	\$0.30
Cash per Share (diluted)	#####	#####	#####	\$54.17	\$19.91	\$12.72	\$6.62	\$2.17	\$0.72	\$0.22	\$0.27	\$0.34	\$0.35	\$0.32	\$0.34	\$0.42
Net cash per Share (diluted)	#####	#####	#####	#####	#####	-\$12.98	-\$5.34	-\$2.47	-\$0.36	-\$0.21	-\$0.16	-\$0.09	-\$0.08	-\$0.11	-\$0.08	\$0.00

Source: Company reports and Ascendant Capital Markets estimates

BIOLASE, Inc.

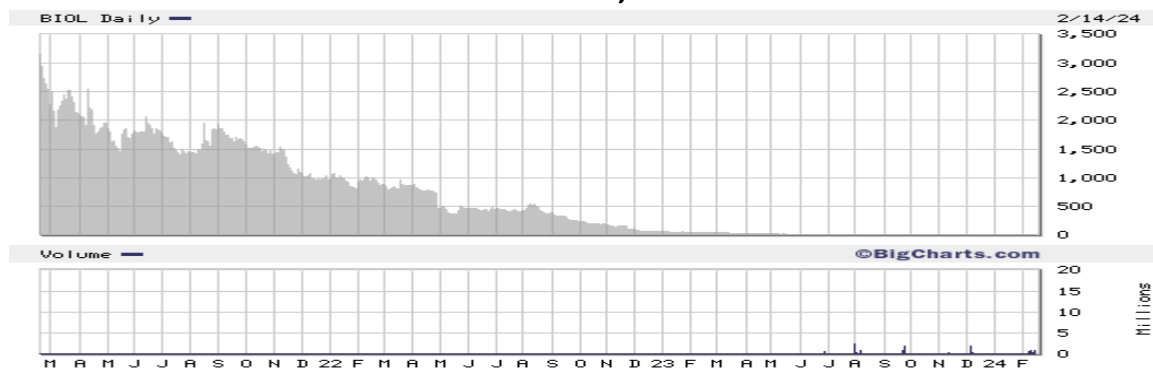
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(4.8)	(5.6)	(8.4)	(9.9)	(28.6)	(5.8)	(4.9)	(4.6)	(5.3)	(20.6)	(1.9)	(0.3)	(0.4)	2.6	(0.0)	(1.7)	0.2	(0.2)	2.7	1.0	
Depreciation and amortization	0.1	0.1	0.1	0.1	0.5	0.1	1.4	0.6	0.7	2.8	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	
Provision for bad debt	0.1	0.1	(0.1)	(0.0)	0.0	(0.0)	0.1	0.0	0.5	0.5					0.0					0.0	
Inventory reserves	0.1	(0.1)	1.8	1.1	2.8				0.7	0.7					0.0					0.0	
Amortization of debt	0.1	0.1	0.1	1.0	1.2	0.1	0.1	0.1	0.1	0.4					1.0					0.0	
Stock comp	0.2	0.9	0.6	0.7	2.4	0.7	0.1	0.3	0.2	1.2	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	1.0	
Other gains/losses					0.0				(0.1)	(0.1)					0.0					0.0	
Deferred taxes					0.0					0.0					0.0					0.0	
Warrant revaluation					0.0		0.1	0.2	(0.4)	(0.0)					0.0					0.0	
Other					0.0					0.0	(0.3)	(0.3)	(0.3)	(0.3)	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)	(1.0)	
Changes in operating assets and liabilities:																					
Restricted cash					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts receivable	(1.1)	(0.9)	1.3	(1.0)	(1.6)	0.7	(0.6)	1.3	(1.2)	0.2	(2.6)	(3.8)	2.0	(2.7)	(7.1)	4.1	(4.0)	2.1	(2.8)	(0.6)	
Inventory	(1.7)	(1.9)	(1.6)	(0.5)	(5.8)	(1.9)	1.7	(0.6)	1.7	1.0	2.2	(3.6)	2.9	(2.2)	(0.7)	4.6	(2.9)	2.1	(2.2)	1.5	
Prepaid expenses & other current as	(0.2)	(0.1)	(0.6)	(0.3)	(1.1)	0.2	0.5	0.6	0.2	1.5	0.4	(0.5)	0.2	0.4	0.6	(0.3)	(0.5)	0.3	0.5	(0.0)	
Other assets	(1.0)	1.0			0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts payable and accrued liabilities		(0.2)	0.9	2.9	3.5	0.3	(2.2)	(0.4)	0.5	(1.9)	(2.3)	5.9	(3.1)	4.2	4.7	(6.4)	6.2	(3.3)	4.4	1.0	
Deferred revenue	0.2	0.1	(0.6)	0.3	(0.1)	(0.1)	0.1	(0.1)	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other liabilities					0.0					0.0					0.0					0.0	
Net cash (used in) provided by oper	(8.0)	(6.6)	(6.5)	(5.6)	(26.8)	(5.7)	(3.6)	(2.6)	(2.3)	(14.1)	(4.0)	(2.1)	1.8	2.6	(1.7)	0.6	(0.8)	1.1	2.6	3.6	
Cash flow from investing activities																					
Purchases of property and equipment	(0.3)	(0.3)	0.6	0.0	0.0	(0.6)	(0.4)	(0.2)	(0.2)	(1.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	
Purchases of short-term investments					0.0					0.0					0.0					0.0	
Acquisitions			(3.3)	(0.5)	(3.7)					0.0					0.0					0.0	
Other					0.0				0.2	0.2					0.0					0.0	
Net cash used in investing activities	(0.3)	(0.3)	(2.7)	(0.5)	(3.7)	(0.6)	(0.4)	(0.2)	(0.0)	(1.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	
Cash flow from financing activities																					
Issuance of debt		(1.0)			(1.0)				(0.2)	(0.2)					0.0					0.0	
Issuance of stock		5.8	(0.2)	(0.0)	5.6	8.5	3.7	1.8	1.1	15.0					0.0					0.0	
Proceeds from stock option exercises				0.0	0.0	0.0	0.6	1.9	0.0	2.6					0.0					0.0	
Other					0.0					0.0	7.0				7.0					0.0	
Cash provided by (used in) financin	0.0	4.8	(0.2)	(0.0)	4.6	8.5	4.3	3.8	0.9	17.4	7.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash	(0.0)	(0.2)	(0.2)	0.3	(0.1)	0.1	0.0	(0.1)	0.2	0.2					0.0					0.0	
Net increase (decrease) in cash and	(8.4)	(2.3)	(9.6)	(5.8)	(26.0)	2.4	0.4	0.9	(1.2)	2.4	2.8	(2.3)	1.6	2.4	4.5	0.4	(1.0)	0.9	2.4	2.8	
Beginning cash and equivalents	30.2	21.8	19.5	10.0	30.2	4.2	6.5	6.9	7.8	4.2	6.6	9.4	7.1	8.8	6.6	11.1	11.5	10.5	11.5	11.1	
Ending cash and equivalents	21.8	19.5	10.0	4.181	4.2	6.5	6.9	7.8	6.6	6.6	9.4	7.1	8.8	11.1	11.1	11.5	10.5	11.5	13.9	13.9	

Source: Company reports and Ascendant Capital Markets estimates

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BIOLASE, Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price
24	3/16/2018	B	13,750.00
25	3/16/2018	B	13,750.00
26	5/3/2018	B	12,500.00
27	8/9/2018	B	7,500.00
28	11/15/2018	B	6,875.00
29	1/18/2019	B	6,875.00
30	3/6/2019	B	7,500.00
31	5/10/2019	B	8,125.00
32	8/12/2019	B	6,875.00
33	11/7/2019	B	4,375.00
34	1/29/2020	B	5,000.00
35	3/29/2020	B	4,375.00
36	5/12/2020	B	4,125.00
37	8/18/2020	B	4,375.00
38	10/18/2020	B	4,375.00
39	11/14/2020	B	3,750.00
40	3/31/2021	B	4,375.00
41	5/19/2021	B	5,000.00
42	8/18/2021	B	7,500.00
43	11/28/2021	B	8,125.00
44	3/20/2022	B	7,500.00
45	6/5/2022	B	3,500.00
46	8/18/2022	B	2,800.00
47	11/12/2022	B	1,400.00
48	3/28/2023	B	1,100.00
49	5/19/2023	B	1,000.00
50	8/26/2023	B	40.00
51	12/7/2023	B	15.00

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.

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Risks to attainment of our share price target include dentists and consumers acceptance of products, competition, changing technologies for medical devices, macroeconomic factors, and balance sheet risks.

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	20	38%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	20	38%

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