

# BuyersStrike!

## It Was Dark Over Westphalia

### Update: What Exchange Won't Cytodyn Be Listed On This Month/Quarter/Year? (CYDY)

Remember when, in late July, everyone's favorite reverse-merger pink sheet Coronacraper, Cytodyn (CYDY) told investors that they expected to be listed on the NASDAQ within 5 to 6 weeks?

*(Screenshot of a video transcript)*

Michael D. Mulholland, Chief Financial Officer:  
Thanks, Nader. Exciting time for the company, and good morning. Quick update on the NASDAQ application and review process. Think of it in terms of about a 5 to 6-week process. Last week was week number one. We are now well into week two. Next week, week three we expect to receive a comment letter from the NASDAQ uplisting staff. Our team will assemble and respond promptly to any additional follow-on questions they have. And so as we look ahead week five on the continuum is about mid-August and at the outside, week six is about the third week in August.

Perhaps you recall back in August when [this post](https://buyersstrike.wordpress.com/2020/08/20/what-exchange-wont-cytodyn-be-listed-on-this-week-cydy/) (https://buyersstrike.wordpress.com/2020/08/20/what-exchange-wont-cytodyn-be-listed-on-this-week-cydy/), explained why a Nasdaq listing was a virtual impossibility.

This morning the company issued its latest 10Q (<https://content.equisolve.net/sec/0001193125-20-266805/d271253d10q.htm>), with updated (albeit unaudited) financials, detailing the results of the quarter ending August 2020. No matter the spin that The NaDDir\* or CFO Mike Mulholland tries to deliver, the dream of a Nasdaq listing remains a ludicrous fantasy. Just another carrot to dangle in front of the deluded cultists.

And with updated financials from the company, it is time to update our **BuyersStrike!** prediction. Are you ready? Once again:

**Cytodyn (CYDY) will not get "uplisted" to the NASDAQ. Not to the Nasdaq Capital Market, not to the Nasdaq Global Market, and certainly not to the Nasdaq Global Select Market.**

Why not?

**Simple math.** Here are the listing standards for the **Nasdaq Capital Market**, the least stringent of the Nasdaq tiers:

# Nasdaq Capital Market: Financial and Liquidity Requirements

Companies must meet all of the criteria under at least one of the three standards below.

Requirements	Equity Standard	Market Value of Listed Securities Standard*	Net Income Standard
Listing Rules	<u>5505(a)</u> and <u>5505(b)(1)</u>	<u>5505(a)</u> and <u>5505(b)(2)</u>	<u>5505(a)</u> and <u>5505(b)(3)</u>
Stockholders' Equity	\$5 million	\$4 million	\$4 million
Market Value of Unrestricted Publicly Held Shares	\$15 million	\$15 million	\$5 million
Operating History	2 years	---	---
Market Value of Listed Securities	---	\$50 million	---
Net Income from Continuing Operations (in the latest fiscal year or in two of the last three fiscal years)	---	---	\$750,000
Unrestricted Publicly Held Shares	1 million	1 million	1 million
Unrestricted Round Lot Shareholders**	300	300	300
Market Makers	3	3	3
Bid Price OR Closing Price***	\$4 OR \$3	\$4 OR \$2	\$4 OR \$3

A company seeking to list must meet all of the criteria under one of the three standards. Unfortunately for **Cytodyn**, it still fails to meet the requirements for all three standards. Remember that the listing criteria are based on the most recent audited financials, filed by the company in August.

The current financials, filed by the company on October 9, 2020 (available [here](https://content.equisolve.net/sec/0001193125-20-266805/d271253d10q.htm)) (<https://content.equisolve.net/sec/0001193125-20-266805/d271253d10q.htm>), are **unaudited**. But even if we pretend that these figures are audited, **Cytodyn** still fails the **Stockholder's Equity** test. That information is on the **Balance Sheet** which can be found on page 3 of the recent 10Q (Don't know what a **Balance Sheet** is? Don't know what **Stockholder's Equity** is? Well then, you are **PERFECT** for **Cytodyn**, and the bucket shop brokers at Paulson probably have many more shitstocks for you). Here is the relevant section:

<b>Stockholders' (Deficit) Equity</b>		
Preferred stock, \$0.001 par value; 5,000 shares authorized		
Series D convertible preferred stock, \$0.001 par value; 12 authorized; 9 issued and outstanding at August 31, 2020 and May 31, 2020, respectively	—	—
Series C convertible preferred stock, \$0.001 par value; 8 authorized; 8 issued and outstanding at August 31, 2020 and May 31, 2020, respectively	—	—
Series B convertible preferred stock, \$0.001 par value; 400 shares authorized, 87 and 92 shares issued and outstanding at August 31, 2020 and May 31, 2020, respectively	—	—
Common stock, \$0.001 par value; 800,000 shares authorized, 570,325 and 519,261 issued and 569,883 and 518,976 outstanding at August 31, 2020 and May 31, 2020, respectively	570	519
Additional paid-in capital	388,404	351,711
Accumulated (deficit)	(386,206)	(354,711)
Less: treasury stock, \$0.001 par value (442 and 286 shares at August 31, 2020 and May 31, 2020, respectively)	—	—
<b>Total stockholders' (deficit) equity</b>	<b>\$2,768</b>	<b>(2,481)</b>

([https://buyersstrike.files.wordpress.com/2020/10/image\\_2020-10-09\\_083506.png](https://buyersstrike.files.wordpress.com/2020/10/image_2020-10-09_083506.png))

While **Cytodyn** has finally flipped over from **Stockholder's Deficit** to having positive **Stockholder's Equity**, unfortunately for **Cytodyn** longs dreaming of a listing on Nasdaq, 2.8mm < the required \$4mm or \$5mm.

There is no way, under these listing standards, for **Cytodyn** to get a listing.

"But wait," the **Cytodummies** may say, "what IF we somehow met the Shareholder's Equity requirements? After all The NaDDir keeps promising us he can fix it quickly."

Even then the company would not qualify. Why?

\* Currently traded companies qualifying solely under the Market Value Standard must meet the \$50 million Market Value of Listed Securities and the applicable bid price requirement for 90 consecutive trading days before applying.

And it is easy to see that if the company applied for a listing today it fails the **minimum bid price requirement of \$4**. One need only look at the price of the stock the last two weeks, let alone 90 days.

Th 10/08/20	3.2704
We 10/07/20	3.52
Tu 10/06/20	3.02
Mo 10/05/20	3.092
Fr 10/02/20	3.04
Th 10/01/20	2.79
We 09/30/20	2.92
Tu 09/29/20	3.115
Mo 09/28/20	3.23
Fr 09/25/20	3.37
Th 09/24/20	3.3565
We 09/23/20	3.43
Tu 09/22/20	3.525
Mo 09/21/20	3.4099

(<https://buyersstrike.files.wordpress.com/2020/10/oct9closingprice.png>)

“But but but”, cry the Cytodummies, “what about the **Closing Price Alternative?**” Great question. Let’s examine it,

\*\*\* To qualify under the closing price alternative, a company must have: (i) average annual revenues of \$6 million for three years, or (ii) net tangible assets of \$5 million, or (iii) net tangible assets of \$2 million and a 3 year operating history, in addition to satisfying the other financial and liquidity requirements listed above.

Under this alternative test, the company needs to meet the lower closing price bar of \$2 (which it does) and the **Net Tangible Assets** test. What’s that? [Here’s \(https://www.investopedia.com/terms/n/nettangibleassets.asp\)](https://www.investopedia.com/terms/n/nettangibleassets.asp) a definition.

**Net tangible assets** are calculated as the total assets of a company, minus any **intangible assets** such as goodwill, patents, and trademarks, less all liabilities and the par value of preferred stock. In other words, its focus is on physical assets such as property, plant, and equipment, as well as inventories and cash instruments.

To simplify: **Net Tangible Assets = Total Assets – Intangible Assets – Total Liabilities – Par Value of Pfd Stock**

Where to find this information? Remember that pesky **Balance Sheet**? Let’s take another look:

	August 31, 2020 (unaudited)
<b>Assets</b>	
Current assets:	
Cash	\$ 18,200
Restricted cash	13
Inventories	58,474
Prepaid expenses	828
Prepaid service fees	2,361
Total current assets	79,876
Operating leases right-of-use assets	420
Property and equipment, net	107
Intangibles, net	12,959
Total assets	\$ 93,362

([https://buyersstrike.files.wordpress.com/2020/10/image\\_2020-10-09\\_084500.png](https://buyersstrike.files.wordpress.com/2020/10/image_2020-10-09_084500.png))

OK, we have our **Total Assets** of \$93,362,000 and our **Intangible Assets** of 12,959,000.

<b>Total liabilities</b>	90,594
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([https://buyersstrike.files.wordpress.com/2020/10/image\\_2020-10-09\\_084621.png](https://buyersstrike.files.wordpress.com/2020/10/image_2020-10-09_084621.png))

Our **Total Liabilities** of 90,594,000.

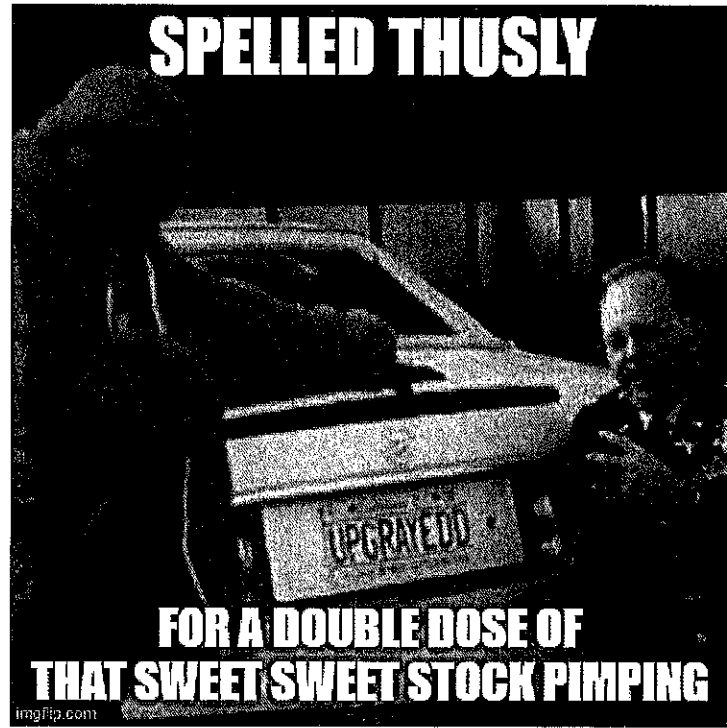
Plugging those numbers into the complex NTA formula gives us the following:

$$93,362,000 - 12,959,000 - 90,594,000 = -10,191,000$$

Oops! Cytodyn’s **Net Tangible Assets** are still **negative**. Last time we checked here at **BuyersStrike HQ!** -10mm < +2mm. Which means the company **cannot use the Closing Price Alternative**.

Of course, the company knows all of this (and now you do too). Any spin they dish out about a potential listing is misleading hype designed to keep their shareholder base dreaming.

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\* Spelled Thusly For A Double Dose of That Sweet Sweet Stock Pimping

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