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## Developing Clean Water, Clean Air, and Advanced Wound Care Technologies, BioLargo, Inc. Focuses on Products that Improve Quality of Life



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**CEOCFO:** *Mr. Calvert, the BioLargo tagline is “We Make Life Better.” Would you tell us how you do that?*

**Mr. Calvert:** The company has been inventing technologies and products for about ten years. Our primary focus is in the areas of clean water, clean air, and advanced healthcare. Our technologies were all designed and developed with the singular goal to improve quality of life in some way in their respective field and we believe they are all technical breakthroughs that can improve quality of life in many areas and for many people.

**CEOCFO:** *How do you decide what to bring into the fold?*

**Mr. Calvert:** We work hard to focus on important technical advances that are purposeful and valuable to make life better. We only invest in products that have the potential to become known as the #1 technical performer in their respective markets. However, innovation does involve risk. In order to pick winning opportunities, the first thing we do is conduct substantial market research to look for areas or challenges that are not well-served by existing products or technologies. Secondly, we look for margins – a place where innovation can be awarded so that as you find market traction, there are sufficient margins to pull and drive the risk and cost of innovation, because the R&D budget and time commitment to develop these products is very significant. Additionally, we are also coming into crowded marketplaces typically dominated by very large companies, so we look for the area in which we can find access to the market, whether by relationship or distribution channel or through a partnership. Our motto for our development cycle is that we invent, we prove, and we partner. At the end of the day, most of the market adoption that we enjoy is through partnerships with companies and people that already serve well-established marketplaces.

**CEOCFO:** *Would you tell us about the products that you have available now?*

**Mr. Calvert:** Our advanced water treatment technology is called AOS (Advanced Oxidation System), and the research and development work for this product has now received approximately thirty-five grants. It is in the Alpha prototype stage and heading into Beta stage, and was developed in conjunction with a number of industry leaders and researchers at the University of Alberta. The AOS represents a technical leap forward in the way we can treat contaminated water, and its primary value proposition is that it performs superior disinfection and decontamination, with an emphasis on soluble organics. The remarkable characteristic that gets everyone’s attention is its highly efficient performance and incredibly low electricity consumption, which translates to low cost. Its technical efficacy is now proven, and we are now heading into the scale-up and engineering effort for large scale commercial uses.

**CEO CFO: How does AOS work?**

**Mr. Calvert:** The discovery is that we can take low levels of electrical energy and combine it with an oxidant (iodine) at a low dose in a special carbon bed, resulting in highly efficient water disinfection/decontamination. Because of the way our system is configured, we actually generate what is called “super-oxides”, which are incredibly high-energy oxidative molecules, across the length of a filter apparatus made of carbon materials. The key to our discovery is that we can generate super-oxides while requiring incredibly low electrical energy levels, and the oxidation potential we generate is an order of magnitude higher than was previously known possible with electrochemical systems.

**CEO CFO: How is this used?**

**Mr. Calvert:** The water industry is a behemoth at approximately \$850 billion annually. In principle, our technology could have application in just about every sector of the water industry. Our focus at the moment is on picking the market where we believe we can win and where there are margins that sufficiently award innovation, and where we have relationships and access to the marketplace. We are focused right now in the food and beverage sector with an emphasis on processing wastewater. In this application, it’s an incredibly difficult, technical, and costly challenge to clean up contaminated wastewater, and the food and beverage industry is facing increasing pressure to deal with their waste streams. Existing water treatment platforms are not serving this market need sufficiently, which spurred us to focus our efforts in this area. We have a number of relationships in this industry; in fact our research center is located at Agri-Food Discovery Place at the University of Alberta. As a result of those key relationships, we have access to expertise, potential customers, collaborators and leading researchers. While this area is our first focus, we believe eventually that our technology will find its way into just about every segment of the water market.

**“BioLargo’s sustainable technologies will become recognized around the world to help make life better as we deliver clean water, clean air and advanced healthcare as the low cost and high impact solution provider.” - Dennis P. Calvert**

**CEO CFO: What else is going on at BioLargo?**

**Mr. Calvert:** We have two other key product lines: one is our industrial odor control product, CupriDyne Clean, which is now finding rapid adoption in the waste handling and wastewater treatment industries. We recently signed three national contracts with leading companies that serve the waste industry and we believe we are going to get all the major industry leaders. In this application, we are delivering liquid chemistry to solve odor control challenges through misting systems, and also water delivery systems like water trucks and spray apparatuses. CupriDyne Clean is being used to oxidize odorous compounds that are the natural byproduct of waste, but that cause the waste handling industry substantial grief. These compounds include ammonia and H<sub>2</sub>S, and other sulphur compounds, as well as mercaptans and fatty acids. Waste handling and wastewater treatment facilities are a primary target and we have chosen to target national corporate accounts. We have secured three national contracts in the last six weeks. The product is effective, safe, easy to use and affordable. We believe we are going to land contracts with all of the industry leaders.

**CEO CFO: Why is now the time?**

**Mr. Calvert:** CupriDyne Clean was first launched in May of 2016, and the science was first developed and refined for consumer product applications. Our consumer products won all sorts of praise and acclaim, including four “product of the year awards” in the pet and companion animal industry, but those consumer products have not yet found a meaningful channel for distribution. About a year and a half ago, as a result of my relationship as board member of SustainOC.org, an industry trade group based in Southern California, we had a chance to meet one of the regional vice presidents at one of the largest waste handling companies in the world. He urged us to consider taking the technology into a development cycle to serve the national waste handling industry, which is commonly referred to as industrial odor control. That led to trials, which were exceptional, and we were even congratulated as having a “revolutionary” technological advance for the waste handling industry – this was a little over a year ago. Since then we have invested in becoming familiar with and learning that industry, working with top management, and developing both top-down and bottom-up marketing strategies. CupriDyne has been serving the industrial odor control industry in the field for about a year now, and we just have recently broken through a significant barrier to entry by securing those national accounts, and now we’re selling product to many of the largest companies in the waste handling industry.

**CEO CFO: Do you have a third area of focus?**

**Mr. Calvert:** One of our technologies is organized in a subsidiary named Clyra Medical Technologies, and it is focused on developing and commercializing a series of advanced wound care products. In that company, we recently brought in a strategic investor who invested about \$1 million over the past year. We then invested to recruit the best talent possible – leaders from the industry and well-entrenched specialists – to develop a series of advanced wound care products. As a

result of all that work, we believe we will be making FDA applications under 510(k) in the next few weeks for the first of these products. We believe these advanced wound care products will be highly disruptive for a very large, important and urgent need in the advanced wound care field.

**CEOCFO: *Why has it been so hard to find a way to treat chronic wounds?***

**Mr. Calvert:** Chronic infected wounds are often the result of suppressed immune systems, and typically occur with senior citizens who commonly suffer from poor circulation and/or diabetes. The nature of these wounds makes them simply extremely difficult to manage. When it comes to treating and healing those wounds, the industry is continually seeking new and improved technical solutions. Silver compounds historically had the largest market share, however, these compounds are coming under increased scrutiny for their potential to cause microbial resistance and, as one might imagine, they can be very expensive. There are a number of iodine-based products that have done well, but the traditional iodine products on the market are often considered cytotoxic, and they often cause staining and are difficult to work with. They are quite effective as disinfectants, but they also had a potential to cause tissue damage and in some cases inhibit scar formation. Physicians and patients have therefore been forced to accept side effects for the sake of efficacy. These dynamics and the obvious need for improvement create a market gap for an antimicrobial strategy with no known acquired resistance that is gentle and at the same time helps promote rapid healing. This is where our Clyra Medical Technologies will shine. Our products are proven effective in the disinfection of a broad array of pathogens and include ingredients that are naturally accepted by the body and have well-established metabolic pathways. We have successfully passed the required Cytotox and sensitivity testing. We also believe some of our ingredients will be highly effective in helping the body form scar tissue. We also have evidence to support their potential role to help manage biofilms. The combination of all these features gives our subsidiary Clyra Medical Technologies a significant competitive edge in a highly competitive and highly technical market. There is a market gap, and we intend to fill that gap with these products.

**CEOCFO: *What are the challenges as CEO with so much happening at one time?***

**Mr. Calvert:** In each of these product lines we have actually formed companies and recruited specialists to guide us as we fully develop these technical products and platforms. We invent, prove and partner. In all of these situations we believe the ultimate outcome will be for these products to find their way into partnerships by licensing and joint venturing. We are exceptionally good at the inventing and proving side. However, it would be difficult to manage the full execution of all of these products to a full-scale commercial level. For example, if we look at our wound care technology, it presents itself into a perfect spinoff into its own company, and we intend to pursue that when it is ready. In other situations, like our industrial odor control product, we are taking the product directly to market through our wholly owned subsidiary Odor-No-More. The water technology is so big that we believe multiple partnerships will present themselves across the various industry segments.

**CEOCFO: *What has changed in your approach over time?***

**Mr. Calvert:** Over time we have become increasingly more discerning and selective as to where we choose to invest our time, energy and money. We seek opportunities where we can succeed and where there is a previously unidentified solution to a problem. Over time we have become highly skilled at that. As a result of the refinements and technical advances, we are finding success. We know that proper capitalization and finding the right talent are ever so critical. We are becoming increasingly skilled at making sure that both of those key pieces of the puzzle are in place to execute a successful commercial strategy. Relative to the opportunities in the general marketplace, we see problems associated with microbial control, increasing urbanization, consolidation of industry, and so on. If you think of it at the highest level, and look at the nature of air and water and healthcare, they all face problems that are a direct result of concentration and vacuums – this idea that with highly industrialized waste streams, highly concentrated urban density, we often overload the system with microbial threats and the problems require technological innovation to overcome them efficiently and cost effectively.

**CEOCFO: *Has the investment community been paying attention?***

**Mr. Calvert:** We have a significant group of investors that have supported our business. Our total invested capital is about \$20 million since we began this journey in 2007. We are beginning to capture early-stage institutional investor's attention and we are anxious to take the company into a national market when ready. We also are now at the point where we are finding commercial traction in very large markets with substantial upside. That is new and certainly increases our exposure. Our company has an important piece of the puzzle to help make life better in a few of the most critical markets known, water, air and healthcare. The marketplace has not fully recognized that yet, but it will!

**CEOCFO: *What might be missed about Biolargo at first look?***

**Mr. Calvert:** As a science and technology-based company, it is difficult for the average onlooker to fully appreciate the significance of our technical advances. It takes discernment and digging in. When people dig deep they tend to be quite

astonished. The innovation behind BioLargo is the culmination of our founder and Chief Science Officer Ken Code's life's work. I can't imagine a more meaningful legacy. Everything that we do represents a significant technical leap forward and that is not necessarily easy to identify for the average investor. As a result, unfortunately, many investors might wait for commercial success. Those who recognize the significance of our technical advances often become our investors. As hard as it might be to pick a winner before commercial success is fully realized, we know that BioLargo's sustainable technologies will become recognized around the world to help make life better as we deliver clean water, clean air and advanced healthcare as the low cost and high impact solution provider.

Of course, we remind everyone to study our Annual Report and Quarterly Report's at [www.sec.gov](http://www.sec.gov) for complete disclosure the various risk factors and financial condition of the company as they evaluate our business.

