BLGO Earnings Call Transcript

Date: 2025-11-15

Quarter: 3

Operator: Good day, everyone. Welcome to the BioLargo Q3 Earnings Results Conference Call. [Operator Instructions] It is now my pleasure to turn the floor over to your host, Brian Loper. The floor is yours.
Brian Loper: Great. Thank you very much. Good afternoon, everybody, and welcome to this quarterly conference call for the months ended September 30, 2025. This call is being webcast and is available for replay. In our remarks today, we will include statements that are considered forward-looking within the meanings of securities laws, including forward-looking statements about future results of operations, business strategies and plans, our relationships with our customers, market and potential growth opportunities. In addition, management may make additional forward-looking statements in response to your questions. Forward-looking statements are based on management's current knowledge and expectations as of today and are subject to certain risks and uncertainties and may cause the actual results to differ materially from forward-looking statements. A detailed discussion of such risks and uncertainties are contained in our most recent Form 10-Q, which we fully expect to be on record by Monday at market opening, our Form 10-K and in other reports filed with the SEC. The company undertakes no obligation to update any forward-looking statements. And with that, I now hand the call over to BioLargo's CEO, Dennis Calvert.
Dennis Calvert: Okay. Brian, thank you very much, and thank you, everyone, for joining us. And we've got quite a bit to share on business updates as well as the performance for the last Q. And I know everyone has been anxious to see this information, so we're glad to do it. So at BioLargo, we make life better, purpose-driven innovation across a number of fields. We're really a portfolio company, and we've been at this for some time, and we're finally at the spot where we're able to begin realizing some of the fruit of our investments that have been made over an extended period of time. Okay. So let's see. Here we go. Safe harbor. We've covered that. So who are we? Innovators, scientists, engineers, passionate about sustainability and human health, driven by a purpose, focused on best-in-class solutions. We believe each of the portfolio assets that we're investing in have a chance to be transformative in their respective markets. We're certainly focused on filling the gap in the market, find the gap, fill it, solve a problem, make impacts, get paid for it. We aim primarily through partnerships and spin-outs to capitalize the IP. One of the fundamental value propositions in our company is that we're investing in assets that have an extraordinary functional long life. Some of them have been very difficult to get to market. Everybody knows that, and we're going to talk about that in great detail. In the portfolio, of course, we have Energy Tech, which is focused primarily on battery. It's a transformative battery for the long-duration storage industry, that's grid scale. Clyra, that's antimicrobial products focused on infection control and wound care, finding its way to market now, very excited, long investment cycle. We think a shining star in the portfolio that's finally coming to commercialization. ONM, that's odor and VOC, that's air quality control. Of course, everybody knows about Pooph. We're going to talk quite a bit about Pooph and the frustrations that we felt there and some of the disappointments we just had recently. And then, of course, our PFAS solution is finding its way to market in a very, very significant way. Early recognition of the technology. So I'd call it still in the early adopter stage, but we're heading into significance, and we'll talk about the developments there. People always ask me, how are we doing, right? How are we doing? And given the most recent frustrations

over Pooph, the answer is somewhat a little different, which is we're 95% awesome, 5% pretty much kicking our butt. And I hate to say it that way, but that's about the way it feels. It's a pretty tough scenario, and I think we're handling it well, but critical, critical the way we're handling it as well. We'll talk about the detail in Pooph. The unseen value, right? This is the #1 challenge as the company, right? So just think about it. We're doing venture stage investing with a mark-to-market microcap company. It's pretty hard to do. In fact most people wouldn't do it. Part of it came out of the evolution of the company. Part of it came out of really the need to diversify to create a portfolio effect across a number of assets that could do two things, minimize risk for the timing and the adoption rate for one of the assets in any given moment and also allow us to invest in an incredibly highly qualified staff. We've got, I don't know, 10 or 12 PhDs and 30-something engineers, and reportedly we always say the same thing. We can do just about anything. And of course, not literally. But the concept is highly qualified people that are skilled in this art of innovation, finding the gap, getting these technologies seeded in the market. And there's a lot that's unseen. We're going to talk about some of those things that you want to know about that helps illuminate what can be seen. And the principles are really simple, unmatched technology, conserve your capital is the most precious asset, highly qualified people and driven by purpose, all very, very critical to the ongoing support. Now this is a relatively new slide, and it really is the sum of the bull case debate. A lot of our investors see it because they track the company carefully. We did a presentation at LD Micro, and I think it's the first time we presented this publicly. It was also filed under a press release and an 8-K. It's not brand-new information, but it's pretty close, week, 10 days ago, maybe 2 weeks ago. The basic argument is that the company, given its recent transactions and an argument because it's really a lot of argument, we should be valued somewhere around $200 million. And yet we have a market cap that's trading somewhere in the $50 million range and with some pressure on it as well. And so that's very frustrating. It's very frustrating for management. It's very frustrating for all the stockholders, including our staff. Sometimes it's disheartening actually. But here's what happens. We know that the fundamental value sits in our company. And we know what the assets are because we've been living them every day, and we're advancing these to some sort of commercial adoption. So these mark-to-market transactions are really important. The battery technology, we've raised money at a $44 million valuation. That's a mark-to-market, although not public. We believe the valuation will go from $44 million to $400 million as we get to the next adoption cycle. We'll talk about that in a minute. The medical has just raised about $2.2 million as total invested capital over the last 12 months is about $7.6 million, and the current valuation is at $95 million. Now I'm just going to point out to you real quick on a $95 million valuation, BioLargo owns approximately 48%. So that's a little bit of an error in this deck. 48%, I think, is the last count because we raised another couple of million dollars from family office investors, very, very important, significant investment, significant investors and the company is heading into an institutional grade investment scheme, okay, the plan. There's a good argument on the bull case to date that the asset that we own in Clyra Medical justifies our entire market cap. The entire market cap is justified by what we've done at Clyra. Now of course, visibility means show me the revenue, show me the expansion of growth, see the market, find adoption with these technologies. And we certainly know that, that's here and on its way. We believe in this portfolio approach that, that opportunity to create an exit value is likely to exceed and should exceed greater than $0.5 billion and has a chance to push $1 billion, okay? Now just think about that, BioLargo owns roughly 48% plus we own a royalty. That means that asset that's currently valued at about $100 million justifies our $50 million market cap. And yet the portfolio has so much more including the battery tech, our PFAS solution. Now [indiscernible] real quick, PFAS. We put a $60 million number, and that's an argument. I don't have a mark-to-market transaction. We're going to pursue investment from strategics that are north of $60 million. We haven't closed them yet. But given the technical advancements, the level of adoption and the pipeline we've accumulated, we believe we can command that kind of number. And then, of course, in odor, we used to say it's going to be worth at least $100 million. Of course, the Pooph has set us back, and we're going to have to reposition that asset. But it's pretty easy to argue something around $40 million. After all, it allowed us to support Pooph that generated $50-plus million last year and 60,000 positive reviews based on our technology. And that technology is ours, it's not theirs, don't forget it. And that needs a repositioning, it's painful. We're going to talk about that in a minute. And then, of course, the upside, as we find adoption, these assets have a future potential, we

would argue, in the $4 billion range. And it's a big vision. But make no mistake that that's what we're investing in. And we believe these assets will find that kind of market traction. The bull case debate, we'll have that debate on and on, okay? So we just did a press release about Advanced Solutions. It's a really nice situation. Advanced Solutions is a great company. There's a cultural fit. They've got a nationwide presence in their heat map. They cover the domestic U.S., okay? That means they have representatives that are organized under the umbrella of Advanced Solutions who are technical specialists in selling wound care products. That's what that is, wound care products. They're wound care specialists. That's a subset of our bigger market, okay? Remember that we have two categories we're primarily focused on, the surgical suite and wound and burn, which is really wound, wound care, wound and burn is the same. Also potentially tissue therapy. Those are kind of agglomerating into that category. Now in the marketplace, this is a big market. And if you layer on the surgical suite, which everyone knows that we've signed a major partnership with a global leader. We're under NDA, our partners said, until you're ready to ship product and we're ready to push the button on launch, you need to honor our NDA and keep the name silent, quiet. So we've honored that. It's a lot of pressure for us, a very difficult thing to do, but we're doing it, and we're doing it because we have to, okay? Now all of those assets are coming to market, and we're going to talk about timing. We have a shot to see first orders before the end of the year with Advanced Solution, a shot. Product is in production, which is great, right? Assuming everybody stays on track, we can see first orders, shipment, delivery. Remember, we don't recognize revenue until it's delivered. So we'll just see how that goes when we come into the end of the year. But it's a nice start, and it's a nice start with a high-quality firm that has a great reputation, a highly trained sales force, and they are stocking distributor. And so we're very proud of that relationship. Also, you'll see soon Advanced Solution generate its own social media to promote the product and its relationship with Clyra. And again, a very exciting development. And as we had indicated before, the surgical suite products have extraordinarily high bar of performance before they go to market, and we have been successfully clicking off the list to achieve that. We did a press release about 2.5 weeks ago, I think October 7, and then we just did this one just yesterday, and we've achieved success in the milestones, in preparation for the last filing of paperwork to the FDA, the last filing of paperwork. Remember that the technology -- the core technology has already cleared FDA so that means label changes, indications changes, refinement for the sterile field. That's what we're talking about, okay? With the shutdown of the government, unfortunately, we don't have a good sense of what the FDA is going to do on response time. And therein lies another level of uncertainty about the timing because we just don't know. So we believe that we'll finish our testing for stability and ruggedized testing for the package design that will come in hopefully before the end of the year, at which point then we prepare for filing of the paperwork with the FDA. We coordinate with our partner. We go through the logistics, then we begin production and then we launch. That's all coming to bear. It's just very exciting. And the other thing that we mentioned in the last press release, just briefly that I want to just highlight, we're also doing significant work with clinicians. And so remember, in this industry, clinical work is required to help validate the experience for patient experience and outcomes as well as physician experience who witness the product going to work and witness and have evidence to support safety. Both of those are super critical. And so that clinical work is expanding rapidly. And if you go to Clyra Medical's website, you'll see a key opinion leader list. And we believe in Q1, what we'll begin to see next is the rolling out of clinical data presented by the clinicians that do the work with their summary of experience as well as their opinions about the efficacy and the safety that they've experienced in the use of the product. And that is a great moment. And so we're very excited to see that activity now come to public view that should begin to have public visibility in Q1, and it's a critical piece of the puzzle. I also remind everyone that we talked about the UAE in the past, the work that we're doing for Europe and Northern Africa and the Middle East. And in that scenario, it's very important to understand that we have to have a CE mark. A CE Mark is a certification that is required, which is primarily a safety confirmation to the specification is designed by the EU, okay? CE Mark, that's what that's called. So we're in the process of doing that. It does require clinical evidence, which thank God, we have now, and we're advancing that clinical evidence, and we're checking off the boxes. And as soon as we get clearance on the breadth of the market for the distributor, we'll be announcing that transaction and get going on the European and Africa and Middle Eastern opportunity as well. Big deal, big deal. Now

again, I'm just going to remind everybody, this is a technology idea that's 18 years in the making -- that's up 18 years in the idea stage more, 13 years investing, 6 years to get to FDA. And then you have to do product design and compete. This is -- I just have to remind you, it's a transformative technology for patient care at a global scale. Number one, make no mistake, we're claiming #1. It's #1. It provides broad spectrum efficacy. It's got efficacy proven for duration in 3 days in a closed environment. It's got efficacy proven through studies for biofilm disruption. And the basic fundamental claim is it delivers this support for patient advocacy, patient care, health, infection control, supporting the process of healing, okay, in a way that does no harm with no local or systemic toxicity. And that claim set makes it #1. And so now it's about getting the word out and getting distribution and supporting our selling agents throughout the world. And finally, we're knocking on the door, ready to go. I'm going to highlight real quick the liquid sodium battery because I still believe it's probably the largest, most significant asset in the portfolio. Imported is a funny word. If you measure imported by money making, yes, it's got a chance for that, for sure, because it's so big. Transformative potential in the marketplace, yes, it fits that bill. I think in terms of mass opportunity and our plan, we've got a great piece of technology that works, and we're continually derisking that. And our business model is to sell factories, not sell batteries. So we form joint venture partners around the world. And its role in the world is extraordinarily valuable in this time -- on this planet at this time in the world. At this moment, we're talking about a $1 trillion investment cycle, and we're going to play a significant role. So that takes us to the battery long-duration energy storage industry as a general, okay? We quote this article all the time. It's about a year old now, expected to grow between $1 trillion and $3 trillion by 2040, trillion, okay? Long-duration energy storage. In the last 3 to 6 months, you're going to watch some companies that have had extraordinary climbs in valuation. And we would argue with not nearly the technology that we offer. Now some of these companies have significant infrastructure investments. They're producing at scale. They're supplying the market. They're in commerce. And so the R&D; dollars, which just about killed them to get there is long behind them, and now they're in the process of commercializing successfully. Unfortunately, we believe they're not going to be able to keep up with our technology. And the market is so big, it is so big and so demanding at this time in the world that not one company can possibly keep up with the demand. So it's important for us to get going. And so what do we need to do, right? We're going to talk about what we need to do to accomplish that. But we fill a void in the market, and I'm going to just highlight, lithium is highly explosive. You're seeing communities now ban the production of lithium batteries and storage of batteries, all kinds of stuff going on, not well suited for long duration, highly temperature-sensitive, internal degradation, which creates instability. Instability creates fire risk and Runaway Fire Risk is the idea that one cell lights another. They have poor environmental outcomes. The biggest thing, though, is China global supply chain risk. It's an intolerable situation. We've seen the trade war recently with the administration and the push and the pull with China. And you'll notice that in the battery tech, many Chinese companies are state supported and they're dominating the world by subsidizing every piece of the supply chain, but it's not a sustainable strategy. And yes, they're big. And yes, they're formidable and they're selling batteries that are cheap, but they're not as good. And as this expands, quality, safety, durability, sustainability, durability and efficiency are going to be the key marks that make the market. That's where we fit in. It's a better battery. The punchline is we've got a better battery. And we've derisked it to a large extent, I'm going to talk about risk in a minute. The key claims, I leave this for a lead behind. Don't focus on all this detail right now. Energy density at 2.9x the energy density at a higher voltage. Without the loss of energy, we've got 95% round-trip efficiency. It's a better battery for long-duration storage. That's the punchline. And we can also make it to scale. Now we haven't proven that. That's a thesis. That's one of our challenges to prove that. What do you do with these? We're talking about big batteries, big batteries next to the house or the neighborhood, big batteries next to data centers, 20-foot trailers full of cells, okay? That's what we're talking about. I'm not going to go through the thesis of why we need batteries. It's sufficient to say we need -- the market is going to go to the multitrillion dollar market over the next few years. But data centers are number one, resilience. That's the idea never down. So mission-critical operations need batteries. So when the grid goes down, they don't. You got to interact with the grid that's balancing, arbitrage is buy it low, sell it high. And of course, if you're in the renewable energy phase, battery storage is super critical. People often ask, well, what's taking so long? Why is it taking so long, right? I

say, well, number one, we bought the technology. We didn't invent it. We had to redo it. It took about 2.5 years to redo. And that's important, 2.5 years to recreate what we already knew was working. But we had to redo it so that we could claim it as our own. People would say to me, does the battery work? We say, yes, pretty sure it works. And they say, pretty sure it's not going to be cut it? I said, well, I don't have anything else, but pretty sure until we do the work. So we completed the work in the first half of this year, about 2.5 years' worth of work, recreated the cells and brought in a third-party validation. We did a press release on 06/18, and we have a third party confirming the claims associated with the cell. Okay, similar work to do. We're about halfway through that sort of this schematic, which basically is prove the cell, scale the cell, right? Continue testing, bring in some money and form partnerships to build factories around the world. That's all underway. It's actually quite exciting, and we've gotten the attention of the industry in a big way. That means there's two buckets. There's two buckets of opportunities that are presenting themselves. The first bucket is people that need batteries. The second bucket is people that need factories that with all the goodies that come with factories like workforce development, employment, economic development, net export, commerce, high-tech manufacturing, factories, they want to enforce -- reinforce investment in that area. And then there's the other group, they want the batteries, okay? And it's fascinating. And so who wants batteries? Well, data centers, right? In fact, I had a data center developer who says, I've run the numbers. If we build a factory, you'll save us on our data center, you are ready, $1.2 billion in CapEx. The factory is a $170 million, right? So this thesis can be summarized in the following way. Have we done enough work to be credible so that investors will support the building of a factory. And we believe that we've done a lot of that work, yes. The critic would say, always more. Yes, always more. And so as we continue to advance that thesis, every day, we get better, and it's a matter of time between now and adoption. As we find the first factory partner, we get started. When we get started, we make money. And this is really important in the business model, very, very important. We're being paid to build a factory. We're being paid to install technology. We're being paid to provision the equipment to work, to start it. We're being paid to train the force and kick off a factory that's making Cellinity batteries. We get paid throughout the process. So when a project gets financed, we're making money as opposed to burning cash from our balance sheet. It's a great business model. It kind of looks like a franchise when you step away from it. It's not a franchise. It's a joint venture strategy. The response we're getting from the marketplace is astounding. And here's the model. I'm not going to go through it all, but a 6% royalty, 19% carried interest as you get factories up and running, you make a lot of money. That's the point. And we've done some economics. We published these. I'm not going to go through them now, but I'll tell you the punchline. For $170 million factory, once it goes live, it takes about 1.5 years to go to full scale. It generates about $80 million to $90 million a year. Okay. So that's 2-year to 2.5-year development cycle, goes live another 1.5 years, you pay for the operation in 2 years after you build it. It's a very profitable business. And that's the point, plus you're getting battery tech coming out of that, it's transformative for the marketplace. So the business model is simple. You don't do a factory, you do a dozen. We modeled it at 7. On a 7 model -- 7 business factory model, our net present value is about $1.5 billion, okay? Now we're raising money at $44 million. I just want to make sure everybody understands that. So we're not saying it's worth $1.5 billion. What we're saying is the model teaches that if you execute the plan and you secure the financing and you show that you can execute that plan, you're talking about a $1.5 billion net present value on a discount model, okay? So this is where we're headed, and that's the point. This is where we're headed. Is it worth $44 million? You bet you, you bet you it is. We're proving that every day. So we've got MOUs, four MOUs signed, a whole bunch of more in the works. You kind of get to where MOUs don't mean much because you really just want to get them into definitive contracts. We are not there yet. We are not at definitive contract stage, but we do believe it's coming. The other thing that's happened is because we're continuing to advance our thesis and get exposure around the world, we now have very large companies and investors that need batteries that have lots of money and want them. And so that's a good recipe, okay? So we look at them and say, right, here's -- you're ready? How many batteries do you need? They say, how many can you make? I say how much money you got? I'll build you the factory. We can build you the factory, get all the batteries you want, okay? And you're going to finance it, and we're going to build it for you and we're going to get paid to build it, and we're going to get a piece of the action, 6% royalty, 19% carried interest. That's a globally scalable

business model, and we're proving it every day. I believe that's going to yield fruit. And we've got a shot to do some of that pretty soon, but it's always subject to show me the money. And so yes, that's our risk factor that we're dealing with, and it's very exciting, primarily because the demand for batteries is insatiable. The competitive profile does not compete. We need to shore up infrastructure to prove that we can produce to scale, very much like we had to do for Clyra. And as we do that, we'll realize -- we believe we'll realize not only the capital resources, but the valuation that's associated with it. And so we're pushing hard to get that through. And I'm going to show you later in our economic profile that we're able to do such a significant innovation with relatively small amounts of money. Compared to what we're doing because it leverages over our existing infrastructure in such a nice way -- in a nice way. Okay. AI solutions, okay? Just everybody knows about AI, right, artificial intelligence, that's data centers. Data centers have massive need for batteries. They got -- they need supply chain independence because it's kicking everybody's tail end. They use massive sums of water. And then remember, we've been doing water recycling for data centers for 3 years with Garratt-Callahan. This is a significant value proposition of the portfolio. We believe we'll find its way to market. And then the other thing is PFAS and contaminants. When these data centers use this water, they're using lots of chemistry and lots of the surfactants that they use in some of the chemistries are laden with PFAS and then fundamentally got a recycling issue. If you're in the data center business, you got an end-of-life concern. right? Those batteries have to -- you have to do something with them when you're done. And so that's becoming a regulatory thing that's happening all over the world as well. And we're particularly well suited at that 1, 2, 3, 4, 5 punch in the market. PFAS. Okay. So we have performance breakthroughs. We just did a press release about a week ago. I can't remember, yes, 11/03 and on 09/29, very important, very, very important technical advances. We've advanced the thesis for controlling and removing ultrashort chain molecules. Ultrashort chain molecules are not regulated yet, but they will be. And the reason we know this is because they're the super small contaminants that are associated with highly concentrated PFAS waste streams like the people that make PFAS material. That's what we're talking about, very, very concentrated, and our system works particularly well at that plus long and short-chain molecules, and we achieved less than 4 parts per trillion and non-detect status. It's an astonishing plan. The most recent reduction in cost is associated with 90% reduction in the AEC energy cost. If you took a profile of this pitch that we made to the marketplace, which is all real, which says we can reduce your consumption of your waste stream production for handling waste and disposal by 40 -- 1:40,000, one part versus 40,000. We now can also say and we've reduced the operating expense of our energy consumption by 90%, which is a value enhancement that will allow us to say to the market, we are the #1 technical performer with no breakthrough, small waste print to non-detect status or for parts per trillion or nondetect depending on what you need and low energy, which means our OpEx will become competitive, in the combination of total operating expense, we can be the high-value performer at the lowest net cost. And that is a winner. And so with this claim, we've gone back to our proposals. We've got over $200 million worth of projects that have been bid, spec'd and priced. And while the market was trying to figure out what to do, whether they had the capital, whether regulators were enforcing compliance or whether they needed to reply to state requirements or litigation, all of that is continuing to move forward. And so we're in a great spot, and we're also negotiating with a number of strategic -- very large strategic partners, which we think is a great plan. Let me see, I must have skipped over that. Yes, it's okay. Let me make sure I didn't miss it. Yes, that's okay. Let me move on to the next slide. Here we go. A lot going on with PFAS. So stay tuned for more information. And we'll talk about Lake Stockholm in a minute. Lake Stockholm is prepared to go -- be provisioned and go live. We think it's going to be in the next weeks, not months and all kinds of delays, but most beyond our control between state, shipping, regulatory, EPA shutdown, government shutdown, general contractor, on and on and on you go, client, the customer, we're now in a spot where the last piece of the puzzle is being installed, we think showing up on Monday, then there'll be a couple of week provisioning, then they'll begin to test and modify. EPA will come in, the state will come in. All of this activity is now coming to a crescendo, which is great. And here you go. Rest assured, on the PFAS for Lake Stockholm, it works, and we'll make sure it works, okay? So finally, finally in that success mode. Okay. Everyone knows what's up with Pooph. We filed a lawsuit on November 11, and it speaks for itself. So I'm not going to go through all the detail, but we have allegations that we're committed to

defend. We believe that our claims in the case are supported by evidence. I can assure you this is not about ego. This is not about ego. It's very frustrating, disappointing to say the least. And we would argue unnecessary, okay? But it is what it is. And we're forced to deal with it in such a way that we truly believe we had no choice. We had no choice. We must protect our intellectual property, and we are. And we believe that the -- their unwillingness or inability to pay us now $3.9 million is unacceptable. It's just real simple. It's unacceptable. So the good news is in the Pooph situation is that the asset -- the technology has proven that it can establish a national brand. The marketing was great. They did a good job, okay? 60,000 positive reviews on Amazon. You don't get 60,000 positive reviews on Amazon without a product that actually works. It's just that simple. It works. And it needs to be used as instructed, and it needs to be sold properly, okay? And all this other noise that comes with this dispute, okay? We fully intend on defending our position, and we've taken legal action, which we think is fully justified in our response. So what are we going to do? We're going to make sure our technology is safe. We believe that their actions are not excusable. The court is the proper venue. That's great. We'll reposition this asset to redeploy, and we will likely come in with new partners that can share our commitment to quality and transparency and integrity. So we're in a repositioning mode with that asset, but make no mistake, that's what we're going to do. By the way, the lawsuit is public record. I don't know if you can pull it down online yet, but it's public record. So be sure and look for it. It's quite informative and replete. Again, what are we saying? Built a national brand with consumer products and proved it could be done, and our industrial odor control business is continuing and stable. We're also really good at saving for a rainy day. So we think we're in a great spot to deal with the case and with the demands that's going to put on us. Don't forget the engineering group. By the way, the engineering group is never for sale. Somebody says will you sell [indiscernible] because they're the centerpiece of innovation. They support all these innovations throughout the company, and they're really, really good at it, plus they're inventing new technology. And so it's just -- we're so thankful. They are also breaking revenue records, which is great. I'm going to remind everybody when you see the financials, because they're an intercompany balance, they do a lot of the R&D; for BioLargo and that's booked as revenue, but then taken out in consolidation. And because of that, since they're doing R&D; for BioLargo, they almost can never turn to profit. If they were -- if we were a third party paying them for services, they'd be profitable, but the skin, the value to us is just enormous, okay? So that's it for the forward-looking sort of the synopsis of the business. I'm going to ask Charles Dargan to now step in and take a stab at the next two slides on the financial results and provide some commentary. Charlie? you're up.

Dennis Calvert: Okay, Dennis. Thanks so much. And when you do dig into the quarter 3 numbers, the 800-pound gorilla is the Pooph's credit loss that we took in the quarter of $3.85 million. So the revenue, as you see here for the 3 months is down. It's also down about 50% in the 9 months from about $14 million to $7 million. And with that, it has run through the rest of our statements, producing the net losses that we have up on this slide. I'd want to make a specific point towards the SG&A.; Again, most of our -- or a good portion of our SG&A; is noncash. We continue to issue stock options and in some instances, stock to our consultants and to employees as a potential reward. So not all of the SG&A; is at cash expense. Looking at our cash flow, again, the Pooph loss is running through our cash used in operations. I also want to point out that even without Pooph, we did increase our receivables by about almost $2 million. So the business is performing without Pooph. The other element in our cash flow statement is in our investing, i.e., our capital expenditures, and those are down significantly, much of which is we are coming to the end of the capital expenditure cycle with Clyra. And again, we've been able to finance that through Clyra's financing most of their needs on their own through the issuance of the preferred stock, Class B preferred stock, some debt and then some warrant issuances and exchanges. So we've been able to maintain our cash position, which is very strong at the moment of $4.5 million and our total assets come to a little over $9 million. Again, Clyra is financing itself largely. And with that, BioLargo itself has very little debt. So we were able to maintain a stockholders' equity of a little over $3 million. And let's take a look at the next slide. And so what we wanted to do is look at the major components of our net loss. And you can see, once again, it's Pooph dominating both in the 3 months and 9 months and Clyra. But again, I want to focus that Clyra is at the end of its CapEx cycle. It's also at the end of large operating expenses. And therefore, we believe in a really good position for us going forward. If there's something to kind of take away from all of this, we obviously took a big hit

with Pooph, but we survived it. And we survived it in the same time frame that we're also increasing capital expenditures and regular expenditures, getting Clyra ready for its market launch. So the bottom line here is, yes, we took the punch, but we've survived it, and we continue to stay resilient by some ability to raise additional cash and by our ability to manage our operating expenses. So Dennis, that's sort of the summary of where we are in the quarter 3 financials.

Dennis Calvert: Yes, I think that's right, Charlie. And thank you. Yes. And again, I'll just make notes. I sit with analysts all the time. and we talk about Pooph and their typical response is most companies couldn't take the hit. And again, I think it points to a couple of things that are really worth noting. One is diversified portfolio is really critical, all centered around a core competency. That's number one. Number two, we do save for a rainy day. We'll not spend for us. We don't waste money. We put money to work for assets that we believe have fundamental value and every day we prove it and then eventually, we get to reap harvest. Okay, Clyra. I mean people -- it's really easy for people to say, Clyra is not valuable because it doesn't make money. Well, guess what, that's not true. We just proved it by raising $2.5 million and a $95 million valuation. It's extraordinarily valuable and wait till it makes money? And so again, it just points to that underlying investment thesis of the hidden asset value, the underlying value of technology, has transformative nature. It also points to the resilience that our company has with diversity and lean. We do more with a small amount of capital than most companies are ever going to see. That's an argument. But I'll take that argument on any time. So let's open it up to questions, Brian, if we can and see what we got next. Brian? Hello, Brian? Okay. Charlie, are you there?

Brian Loper: Okay. So we have a couple of questions on Clyra. So the PR regarding Advanced solutions noted that it was an exclusive partnership. So with their annual sales around $5 million, is there any concern that Clyra has limited Bioclear's growth potential by this exclusivity?

Dennis Calvert: Who's revenue is around $5 million?

Brian Loper: I believe the question is saying Advanced Solutions is.

Dennis Calvert: Yes, I don't think that's correct. Yes. So they're much bigger than that. They're moving quite a bit of product. They've got a nationwide footprint. And so in that situation, we have belief and confidence that they're going to generate meaningful revenues for us. It's also a sub niche market of wound care, very technical, hands on. And so we'll have our product in the bag associated with reps that will be covering the nation on a nationwide coverage. So yes, so we think it's going to be a good thing. And then relative to all the details of the terms, both companies, of course, at this stage of the game, want to go prove the market, find the channel. And in this case, our partner has expressed a desire to really prove themselves with significance, and so our contracts allow for that sort of relationship to work out pretty well for both of us, and it's something we're going to grow into. So we think it's a great way to get started that requires the hands-on frontline touch that Advanced Solutions can bring. So that's why we chose them. We also think they're a great character and somebody we can trust and depend on. So no, we haven't limited ourselves. We think we're in a really nice spot to win.

Brian Loper: All right. Another question about it. For the Clyra pipeline, so the investor said, well, I believe we have heard about the manufacturing investment that has happened for the surgical partner and that switch can flip as soon as the partner is ready for the other products. How long will it take to get manufacturing ready and what type of production capacity will Clyra have in 2026 for these other products?

Dennis Calvert: Yes, it's a good question. So there's a whole menu of products. So let's talk about that first. The first category of products is liquid chemistry in some kind of container. Okay. So now let's just distinguish those. There's the containers that go into the surgical field, and that's called for use in the sterile field, and that would be for the surgical suite. That is an extraordinarily high bar, very technical, very special product designs. It's one of the reasons it's taken so long, but we're hitting the mark. And it did take us some extra time. Delay noted, okay? And everybody got frustrated with it, I get it, but we've plowed to it, and we've survived that journey to be successful now. The other products do not require that same level of precision. Now they do require FDA manufacturing capability, but not the sterile field. And so they can be produced by a number of co-packer -- FDA-certified co-packers. We have a number of relationships that do that, and we can do it on ship-point, we can do across the nation. And so our scalability is unlimited. Okay. Now let me just note, there's a whole bunch of other product

designs. So potential gels, additions with other products, coatings, surface materials, bandages, all that. All of those have different manufacturing techniques. We're not there yet. We intend on exploiting and pursuing those designs. But really, we're at the spot where let's just get in the game, put the core technology to work, generate some sales, generate some cash flow before we tackle the financial burden of positioning those additional products for the market, but they will come, and they're extensive, and they go on and on and on. So remember, platform technology. So surgical suite, wound care, burn, tissue therapy. Next, what's next? Dermatology, dental, right? And then sub applications in all these different categories, eye care, on and on, on and on, it can go. So it's pretty awesome. Okay. Next?

Brian Loper: All right. Yes. let's switch gears, talk about water. So were the Lake Stockholm delays due to BioLargo or supporting infrastructure built by others?

Dennis Calvert: Well, we've met every deadline that we were asked to meet ahead of time. And so that's how we get paid. So that's what we did. And so the execution then there is a whole series of things. The government shutdown was part of it because you got to have an EP on site, both state and federal. And then you've also got general contractors that have their delays, which is permitting, which also gets impacted at the local level, not by us. So local permitting, I think, is the number one delay. It just took what it took. And so the general contractor says, I'm waiting for permits. What do you want me to do? And remember, this is New Jersey. You don't touch that stuff without a permit. And if you're not union, you can't do the work. So this is public works. It's the nature of public works. And then we've had other things happen, but shipping, we had some -- a part that was damaged, but that's not the issue for the delay. That's just another incidental thing that happens along the way. So if somebody wants to find cause, just chalk it up to this is the way the world works. I mean, really. It's a lot of moving parts, and it's pretty typical in sort of public work scenarios. But I can just assure everyone, if someone says hop to, it's mission-critical, there's nothing more important, we're in. And we're really close to finally getting that thing launched. So it's a good situation. It should have been 9 months ago, but we couldn't control any of that. So here we are.

Brian Loper: All right. Switching gears to battery. So are there any battery factories currently being built?

Dennis Calvert: No, the pilot facility we have, some people have expressed frustration about the early confusion, which is fine. I really do empathize with that, and we don't need to do that. We believe actually the factory in Oak Ridge will eventually have the ability to produce batteries that can be sold, okay? Right now, the problem is that the economics are in scalability. So just because they can, doesn't mean you want to. I mean it's one of those scenarios where you really need to push off 1.5 gigawatt hours of batteries a year, okay? So that's like six 20-foot trailers a day, that scale, that scale, and each one of those will sell something like $300,000 a pop, okay? So that's a business. Making a battery pack with 3 cells or 10 cells is certainly doable. I'm not sure it's economically really justified now. Let me just say that there's a number of opportunities where that sort of design can prove concepts for us that allow for the bigger design to happen, and we fully intend on pursuing those. And we've got a couple of projects that are really fascinating where it's almost like the cost doesn't matter. They just want the solution. And I mean, not within -- I don't want to take that to an extreme level. It doesn't matter as in they'll pay premium. okay? So right now, if somebody said, make me a battery pack to operate my home, okay? We can do that. We're not going to make any money. It's like prototype 101 off the line cost you $1 million and then 102 costs you [$1,000,001, $1], right? It's like the economy hits in when you get to scale. So we've done this for quite some time. And that's what we're really working on with the cell, the factory concept. And we're also working with some potential federal funding, maybe military to really help us get into the game of building packs and taking those through the regimen of testing. But I still believe that we can argue that for an investor partner skilled in this art that we're prepared to move forward with the building of battery factories. Now maybe we can prove that with the deal, maybe we can't. right? That's just to be done. That's just the way it works. Now I got a lot of people who want to do it. And so we're pushing through all those barriers. I can say that if you had, as we say, $7.5 million plus another $40 million, you can derisk that scenario so that when you go to say, let's build a factory, everybody is comfortable that it's been derisked sufficiently to not have concern that the money is going to not yield what they want. Of course, well, that's work. That's called working capital, right?

You have to have the capital, you have to do the work. All of that's happened at the same time. I think the most unusual claim that's really a value proposition for BioLargo is simple. We have core competency. We've got great technology. We've got people. We've got a plan, okay? So what's really missing? Well, proper capitalization. That's why we talk about openly that we're raising money, $7.5 million Series A, $40 million Series B. That's into the venture, not into BioLargo. And so you say, well, who does that? Well, that's what Clyra did, and here we are. And again, so a critic, we got plenty, that's fine. Critic would say what, don't dilute BioLargo's parent company. Well, we're not. We're financing future ventures with very high valuations that all drive value to BioLargo. That's the point. It's exactly the point. There's no other point. So don't miss it, right? So we say we're going to do a battery tech, and I think our total invested capital is somewhere around $3 million. We brought in about $1.3 million or $1.5 million. And so the other money has come from BioLargo, right? So what's the agenda? Finance the subsidiary so that BioLargo doesn't have to finance it all. Of course. That's, of course, what we're doing. And so the answer is get the money. get the money, execute the plan, and we've got a chance of creating $1 billion plus worth of value. And right now, BioLargo is 95%. So let's say we brought in the money as we've outlined in the deck. That would be $47.5 million, roughly a 28% dilution on the battery company. Post-money valuation will be north of $150 million, probably pushing more like $400 million, okay? And we'd own 75% of that. It's worth 6x our market cap. How else are you going to finance it? So that's what we're doing. And by the way, it's a great plan, and I do believe it will work. I believe we're going to have success here. You know why? Because we have the right plan, the right people and the right technology at the right time in the world in the $1 trillion investment cycle. Listen, the people we're dealing with want those batteries so bad, you can't even get your head around it. And so they say, let me just paraphrase real quick. Does the battery work? Yes. Can you build a factory that works? Yes. Now here's the question. It's not bad. How can you help me get comfortable that that's true? There you go. That's the question. And you know what we say, real simple. You need to bring your technical experts and your engineers to Oak Ridge, Tennessee, sit down with us for 2 days. And when you walk out, you're going to say, this is all doable, right? Now what else could you do to make that work? Spend money. spend the money to do the work so that it's third-party verified at a level that people can be confident in. So this is not rocket science. This is pretty basic, blocking and tackling at this moment. But you have to do it. And so is it a mistake to aim high early? No. I'll take that debate on any day. No. Because you know what, we've got the real deal. We got the technology, we can transform the market. That's what we have. And I say this every day. I go out to the world, I say, tell me I'm wrong. You know what they say, if it's true, it's right. Okay, so I need to find somebody who believes it's true. And then I need to do everything in our power to back that up so that they know it's true, right? And that's what we're doing. It's not rocket science. Same thing with Clyra. I'm sorry -- really, I'm sorry it took so long. It's over 13 years of investment. We're going to make $0.5 billion or more, and we're going to change the world. That's what's going to happen. It's happening. It's right in front of you.

Brian Loper: All right. Yes. so one question here about Pooph. Switching gears again. Why are we still seeing commercials? Can your legal team stop them from advertising?

Dennis Calvert: Well, the -- as they say, the long arm of the law has a long reach, but a slow-moving thing. So welcome to the U.S. jurisprudence system, okay? So the answer is yes, we'll do what we can to make it accelerate, okay? So that's part of the plan for sure. Don't mistake that that's the plan. We also think that the more that this activity continues, it's -- we think it's a sad commentary on the business, on the entire situation. It's just -- so we're very unhappy about what's going on. We are taking action to correct it. And we believe our case will be defended successfully in court, and we believe in our assertions, and I would encourage everyone on the phone to read it. And there you go.

Brian Loper: All right. Last category of questions here about the financials. So could you help me understand the impairment charge shown on the slide. How did that increase net loss?

Dennis Calvert: Yes. So that's an accounting question. I'll let Charlie talk about it.

Dennis Calvert: Do you want me to handle that? Yes. So once it was decided by management that the assets we were carrying, accounts receivable and a note receivable from Pooph were no longer the same value as we had on the balance sheet, then we had to make a decision as to what the value is. And through conversations, internal discussions, the decision was that the value at this moment was little. And in accounting terms, what that means is you have to reduce the value and our decision was to

reduce the value by $3.85 million. And in so doing, the charge doesn't just reduce the asset. The charge goes ahead and you have to run it through your profit and loss. So that's why it shows up in the profit and loss.
Brian Loper: Okay. Last question here. Business developments have taken longer than expected. What can you say to your investors to acknowledge their frustrations and help rebuild their confidence in BioLargo?
Dennis Calvert: Yes. So yes, absolutely, it's frustrating. I mean some of it's like almost inconceivable. I mean, like Clyra, it's just crazy. Now I guess Clyra is a great example. You have this idea, which started out 13 years ago with an idea -- it's actually more than that. It goes back 20 years. And then we started investing in it about 13 years ago. And you say, here's this incredible discovery that has a chance to make life better for people, right? Heal wounds, help heal wounds, provide that support and then infection control worthy and you start this journey, okay? And it's fascinating because I think the story with the FDA is just sort of the epitome of the challenge. So we did a lot of work, and we presented our data, and we came to the FDA and said, we need to get approval for this under a 510(k) clearance. And I was there. I've been here a long time. I was there on every call with all the big boys listening to this journey. And I remember hanging up a call, we had 27 people on the call. And I said to our internal team, I said, I think we have a really big problem. And he said, what's that? I said, they think we're lying. Okay. Now hear me clearly. They think we're lying, okay? In other words, let's go through the psychology of that real quick. The most careful skeptics in the world are trained to not believe. And then we show up with a claim, that's unbelievable. Okay. Welcome to BioLargo. I've been hearing it for 18 years. It's too good to be true. And here's the deal. It's all true. Everything we've said is true. Everything in the asset is true, everything it can do is true, and we prove it and we prove it and we prove it, meaning we have to go through a cycle to get through from early adopter to mainstream adoption. This is textbook adoption. This is in class books, classroom books, read a book on innovation. This is normal. And so I guess, right? So you'd say, but it's so important, right? And then you have companies like Theranos, right, where people commit fraud, people go to jail and you have skeptics -- the investment community is some professional skeptics. I get it. I'm not offended. I understand. And so what happens is, right, you continue to advance your thesis with additional evidence. You never stop proving it. In fact, as I say, it takes you 10 years to get credibility and a minute to lose it. You have to prove it every day. That's what we're doing. The beauty is we stayed alive long enough to do it. And the other beauty is it's real. For God's sake, it's real. I don't know how to say any clearer. And same thing with battery tech, right? And so hopefully, we can shrink the adoption cycle. So how would you do that? Well, you do it as part of the way we're doing it. You diversify your base of potential partners. You focus on things not just I need batteries, I need workforce, I need other things that get you financing. You do things like advanced third-party verifications. You muscle up with some equity to do the kind of testing necessary to prove to people that what we're saying is real and true and trustworthy, okay? So that's it. And a lot of it is money, okay? Another part of it is being in the right place at the right time for the right opportunity, okay? So odor is a classic. Our odor control does what it's supposed to do. It's an oxidizer, it's safe. It doesn't hurt anybody. And with the molecule and the chemistry, when it comes in contact with an organic molecule that causes odor, it's going to break it down. period, not maybe, done, but you have to get in contact with the molecule, okay? So now you've got all the stuff going on, environmental interference, wind patterns, mountain heaps of trash, some odors that are not organic. I mean you got all kinds of things that come against you. That's fine. So this is an artful practice. In order to win in that market, you have to be artful to know how to deliver it to accommodate the task, okay? So how do you get that business? You do it over and over and over and over, okay? So it's easy to sit back and say, the medical should have been at market faster, okay? I don't think so. Show me a company that transforms the market. That's because they were talking about, transforms the market, right? Number one, they can transform the market at the level we're talking about that's done in less than 10 years, never happens. So I don't know. I mean, I would argue aggressively that we put our capital to good work, and we've advanced our knowledge base, our talent base, our credibility base, our testing base. And now what you're seeing is the culmination of really almost 20 years of work, achieving critical mass in both knowledge and talent and technology and validation and adoption and everything. And so say a prayer that we can take the battery technology into a more rapid adoption cycle. I don't want to spend

another 10 years doing it. If I thought it was going to take 10 years, I wouldn't be doing it, okay? But yes, we need some capital. And yes, we need the third-party validation, and we need to build the units to scale. Now let's just go to PFAS real quick, okay? Show me a competing technology in the emerging market that actually has a customer. None. I mean people don't realize it, none, okay? So who got the customers? Well, ion exchange and carbon. Okay. Well, how is that working out? Well, it doesn't work out very well, okay? Now we believe, to somebody just point to you real quick, we believe that our technology in that space has a chance to actually replace the installations of carbon and ion exchange that have already been done. What? Did you hear what I just said? So we're working on that thesis now. And of course, it will require some financing because what happens is people go out and they spend $5 million or whatever it is on the system. And then they pay for it the rest of their life. And how do they pay for it? 40,000x the waste stream, okay? That's money. And ours is 140,000 and now has the lowest energy -- lower the energy consumption by 90%, meaning our total operating cost is a fraction of what this other system costs, which means we're going to be able to justify the swap out of old technology for ours. Now I don't think that's tomorrow, let's be clear. We're going to go where they don't have installations first. But over time, as our technology becomes more and more accepted because you have to get through the early adoption stage, you have to continue to establish your credibility, partner with the right people, find the channel, get multiple installations, verify with the Feds, verify with the state, okay? Now make no mistake, look at our debt, we project that, that asset is going to be worth at least -- not least, I shouldn't say that way, has a chance to be worth $750 million or more, okay? Right now, we've invested, I'd say, about $3.5 million. okay? Now just track with me. If we raise money at $60 million, and we've invested $3 million, what's our ROI? It's off the chart, okay? Meaning we're able to innovate in a way that most people can't even conceive, right? We do it with less money, less burn, and that thesis is now proving out across the entire portfolio. And so what's the trick? Get them to market, monetize them, got the right partners and go for it. And again, we've been at it for so long. Now we're able to see the fruit. I think being in an OTC market is a problem. It's a thinly traded market. That means we're appealing to less than 2% of the total capital available for an investment thesis in the world. That's a problem. We have mark-to-market. People get impatient. They want to take tax loss selling. Got it, I understand, can't deal with it, right? Shame, you're going to miss it. And you say, how do we know? Well, you don't. That's the risk. You won't know until we perform. This deck right here that you're looking at is trying to help people get their head around. The fundamental value of our business is arguably around $200 million. And so now we're going to see some significant assets come into the market and transform them in the near future. I want to be a stockholder, right? All right. Yes.

Brian Loper: All right. Yes. Those are all the questions we have. And thank you again for all the information.

Dennis Calvert: I'll wrap it up. Sure. Yes, let's wrap it up real quick. So we'll have this recording or deck performed. We'll do an 8-K on the deck. You're welcome to see it, of course. Please read the lawsuit. It will be very informative for anyone that's questioning strategy. It's right there in writing. You can't miss it. And it's going to shock you. I'll just tell you, you're going to go hmm. And it's going to show you what we've been dealing with for now for about a year, and we're not happy, right? We will survive it, and we think that we can reposition this asset in a meaningful way. So stay tuned as we get that done. We're already seeing a lot of people express interest in that whole situation, which could be very, very good for BioLargo and our stockholders. And again, we think about our company, we're not spendthrift. We save for a rainy day. We're lean at the corporate level, and we try to invest capital where we get a high-yield return, and we think we're demonstrating this. So we hope you go along with us, and thank you for your attention and look forward to speaking to all of you soon. All right? Thank you.

Operator: Thank you. This does conclude today's conference call. You may disconnect your phone lines at this time, and have a wonderful day. Thank you for your participation.