December 4, 2024 Investor Web Conference transcript with footnoted citations and disclosures

[Kim Thompson]

Hello and welcome to The Kraig Biocraft Laboratories Investor Call.

I'm Kim Thompson, Kraig's Founder and CEO.

I'm here today to announce that we've achieved what was once thought impossible. We have created a low cost, sustainable production system for commercial scale spider silk.

For those of you who don't know. Kraig Labs is the biotech company that developed the world's first transgenic silkworm for producing recombinant spider silk.[1]

Kraig Labs, working with the university of Notre dame, inserted the genes from the golden orb weave spider into a silkworm to produce recombinant spider silk. That work was peer reviewed and published in PNAS, the publication of the National academy of sciences. Our silkworm combines spider silk proteins in its cocoon, producing recombinant spider silk for commercial applications.

Natural Spider silk is one of the toughest natural material on earth. It is lighter and stronger than steel.[2] It is tougher than many other fibers used to make bulletproof vests.[3] It's organic, biodegradable, and biocompatible. It is nature's true super material, and Kraig Labs has unlocked that superpower with our proprietary manufacturing system.

Our product is green to its core, and can be used to replace many chemical laden products, saving our environment.

Our journey has been nothing short of miraculous, as the company has always operated on OTC markets, with a shoestring budget better suited for small ideas.

We've bootstrapped our way from an incredible idea, to a company on the verge of commercialization with a revolutionary product.

We survived through market corrections, covid, and additional burdens imposed on small cap companies trading on the OTC.

I am happy to tell you that with the introduction of our new production platform this year and with the help of Dr. Kumar, one of the world's foremost experts in large scale silk production, we have now succeeded in our transition to commercial production. 2024 has been the most exciting and dynamic year in Kraig Labs history.

Today I will share some of the key advancements we've made in 2024. I will also have members of our team share updates and insights from their work making this amazing material available.

This year we introduced our BAM-1 spider silk production hybrids. A platform that has been instrumental in the rapid production growth we achieved this year. BAM-1 is the most robust and

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[1] Our transgenic silkworms produce spider silk protein along with the silkworms native heavy chain silk protein. These silks combine in the silk gland and together form the recombinant spider silk cocoon.

[2] https://www.science.org/content/article/spider-silk-five-times-stronger-steel-now-scientists-know-why

[3] https://www.degruyter.com/document/doi/10.1515/epoly-2020-0049/html?lang=en&srsltid=AfmBOopMZkNKQ5Y__7gk7cf3bbo5PzFgF1szkpzbeJeWftmC9Uz9XsDk

consistent performing spider silk production system we've ever fielded. It produces larger cocoons, more silk, and more consistent silk than anything we've previously created. Most importantly it is more robust and dependable in the production environment.

Over the last 12 months we revolutionized spider silk production with the Bam 1, creating more than half a ton of recombinant spider silk cocoon in our production scale test runs. That is more naturally spun spider silk than the world has ever seen. It is more than we have produced in all the years leading up to this point, combined.

It's fair to say that following our breakthroughs in the lab at Notre Dame we struggled in our attempts to translate success in the lab to success in the production environment.

But, I can announce today that our Bam-1 is the world's first successful silkworm for commercial scale recombinant spider silk production!

2024 saw us produce more than 1,200 lbs. of Spider Silk cocoon, more than 1,000 bs produced in just the last six months with the launch of Bam 1.

We implemented breeding procedures to screen every generation of the Bam 1 for the strongest and healthiest silkworms, while keeping the Spider genes intact.

These changes have caused our Spider silk Cocoons to double in size and has significantly increased our production yield.

We supported that technological breakthrough by building up our teams in production and research with some of the smartest minds in bioengineering and silk production on earth. And this last quarter, we've built facilities necessary to support up to 25 tons of spider silk annually.

2025 will be our biggest production year yet as we prepare to build our inventory for upcoming expected sales.

As I stand before you today, I can confidentially state that Kraig Labs is in the strongest position its ever been in.

Let me introduce one of the greatest minds in silk production and now spider silk production, Dr. Nirmal Kumar, the former director of India's Central Sericultural Research and Training Institute, who oversees Kraig Labs production operations.

[Dr. Kumar]

Greetings from the mulberry production fields. I am Dr. Nirmal Kumar, the former Director of the Central Sericultural Research and Training Institute in India. I have more more than 40 years selectively breeding silkworm and guiding silk producers in order to improve production and significantly increase silk yields.

Kraig Labs is here to make history. Kraig Labs is the first to introduce spider silk technology in the field.

This technology is going to revolution the productivity of spider silk. I am very much excited to be here for this breakthrough period.

2024 was a breakthrough year for Kraig Labs. In 2025 production will be multi-ton spider silk

[Kim Thompson]

Bringing Dr. Kumar onto the team was a key element of the explosive growth we saw in production over the last seven months. Under his direction and guidance our team is now consistently producing our spider silk cocoon at levels not previously possible.

I can also announce today that our production operations, for the first time are now fully self-sustaining. No longer requiring laboratory support for silkworm production.

The advancements in our manufacturing operations can't be overstated. We now have the people, facilities, and supporting infrastructure in place to consistently product silk at muti-ton levels.

And the building block for all of this production success is our BAM-1 spider silk hybrid. BAM-1 was created right here in Kraig's own research lab. BAM-1 is the latest evolution of our spider silk technology, blending the most advanced spider silk production system with strong and robust commercial silkworm strains.

This merger of proven silk production genetics and Kraig's spider silk technology has unlocked the worlds first, and only, system for multi-ton level naturally spun spider silk production.

Let me have Dr. Speers who lead the project creating BAM-1 explain a little more about that process.

[Dr. Speers]

Good afternoon, and welcome inside our research labs. I am part of Kraig Labs scientific team developing and fielding our spider silk technologies.

I was the project leader preparing the BAM-1 parent lines that we fielding this spring. I oversaw all of the screening and testing that went into ensure that strain was production ready. We tested hundreds of samples from each parental line to find the absolute best of the best for each strain.

The BAM-1 parental lines blend our spider silk genetics into commercial production silkworm lines. When cross mated, these two lines create larger cocoon and more robust and resilient silkworms. It has been an overwhelming success, producing spider silk at level not previously possible. In fact, the BAM-1 hybrids are actually performing better in the field than they did in the lab.

The Bam-1 Hybrids that we fielded this year are, without question, the strongest and best hybrids we have ever produced. As exciting as that is to report, I'm even more excited for the many new hybrids we expect to introduce over the next 12 months.

[Kim Thompson]

Let me have our Chief Operation officer, Jon Rice explain more about the impacts BAM-1 are making in the field.

[Jon Rice]

Right out of the gate we saw massive production improvements with the BAM-1 hybrids and those gains have continued to grow with each successive generation.

Data on from the first BAM-1 harvest showed a 50% increase in cocoon size and weight compared to our previous fielded transgenics. By our 4th production cycle, we were seeing a full doubling in cocoon weight.

These gains came from four key areas: Nutrition, Care, Climate, and Genetics. Under Dr. Kumar guidance our team has locked down to ideal parameters in each of these critical inputs and the results are speak for themself.

This year we also optimized the reeling parameters for converting our spider silk into finished yarns. The unique nature of our spider silk cocoons results in a slightly different cocoon shape. Over the last four production cycles we have refined the reeling parameters based on our cocoon shape, resulting in higher quality silk, more consistent yarn diameter, and a dramatic increase finished reeled spider silk yarn.

All of these gains come together as the world's first truly self-sustaining, cost effective spider silk manufacturing operation.[4]

As we approach a critical mass of spider silk inventory, we will engage with sales to companies who share our passion and sense of urgency creating products leveraging the incredible strength and capabilities of spider silk.

[Kim Thompson]

Our team hit a homerun with the BAM-1 hybrid

In 2025 we expect to produce more than 10,000 lbs of finished spider silk yarn.

We expect to begin opening the doors for commercial sales of spider silk once we have 1.5 tons of recombinant spider silk yarn in inventory. This supply will allow us to properly support the initial material orders across numerous end markets requesting spider silk. Our first product offerings will be in fashion and luxury apparel. Within this combined $65 Billon market we can offer a true monopoly and exclusivity to brands looking for unmatched differentiation.

We will follow that with offerings in the performance outerwear, a $180 Billion dollar market.

Protective textiles, anti-ballistics, medical textiles and implants represent additional markets where our spider silk will likely find longer term opportunities with higher margins and returns.

We have done the impossible with what was an impossibly small budget. While most super fibers can take more than a decade to develop and hundreds of millions of dollars, Kraig Labs has developed a production system for recombinant spider silk, a true super material, for just a fraction of that investment.

The research and development phase for our flagship spider silk fiber, Dragon Silk, is officially over! We are now in the production and commercialization phase.

While our production team brings Dragon Silk to market, our R&D team is already working on the next generation of materials. This year we revamped our molecular biology team and brought in top talent. That move has already paid off. Today I can report our team has recently succeeded in creating a new transgenic silkworm. In addition, preliminary data suggests we have created several, advanced transgenic, but I do not want to make a formal announcement until that data is confirmed by an outside laboratory.

These new transgenics were designed and customized with the goal of producing one platform for increased strength and one designed for increased flexibility. And additional designs, with unique

[4] Production operations became self-sustaining for the first time in 2024. Kraig Labs in the only company to publicly publish cost data for our recombinant spider silk materials. While our competitors have not published data, based on their technology, we estimate their costs to exceed ours by orders of magnitude.

properties are in the pipeline. You will be hearing more about all of this in the coming months if not sooner.

With production and R&D hitting on all cylinder I would also like to provide an update on other aspects of our business.

In pursuit of an uplisting, we've been engaged in discussions with national stock exchanges.

Small companies like ours, trading on OTC markets are having to go beyond the normal listing standards to attain an uplisting on a national exchange.

We understand the importance of protecting our shareholders and creating value and we remain committed to building our future together.

Kraig is rapidly increasing its spider silk production to advance commercialization and build revenue needed for a national exchange listing.

Based upon our current growth trajectory, we believe our company will meet and exceed the requirements for a national exchange, which will allow us to IPO with a strong balance sheet, exuding confidence to the markets.

Kraig Labs is a fully reporting Company, our financials are on our website and the SEC's EDGAR system.

Our annual cash operating budget, is approximately $1.4 Million, a remarkably low number for an advanced molecular biology company, let alone one which has achieved significant scientific breakthroughs and is now producing product.

We currently have roughly $1.5M in cash and liquid investments on hand, more than a years' worth of operating capital. In short, we're in a very good financial position.

We expect that we will need approximately $5 million of additional capital to build out our spider silk inventory and bring in a sales and customer service department.

The best time to raise money is when the market is hot and the company isn't desperate for it.

So, we will negotiate a bridge transaction to get us through the production expansion, while we continue to improve our fundamentals for a potential uplist.

We're working with a trusted financial source, and when the terms are right, we'll announce a deal.

Unquestionably, we are in the best position the company has ever been in.

Personally, I don't believe the markets fully reflect the gains we have made.

We re-tooled our production of recombinant spider silk with the Bam 1 hybrid and have now achieved a breakthrough in production.

We produced more silk in the last 12 months than in all previous years combined. And the vast majority of that was in just the last six months

In that process we created larger cocoons and doubled our spider silk yield.

We expect to produce more spider silk in 1 month next year than in all of 2024.

We have brought in top talent in production and molecular biology, and the results speak for themselves.

We have confidence in our teams, our technology, and our business plan.

We followed the game plan we outlined in January and succeeded in scaling our operations to more than a half a ton of cocoon and are now on track to multi-ton production.

We are the unchallenged, largest producer of naturally spun recombinant spider silk in the world.

As the world leader, in this technology, we intend to turn that position into revenue and growth.

These are exciting times for the company as we gain traction in our transformation from a world leader in spider silk molecular biology, to a world leader in spider silk yarn production and commercialization.

On behalf of our molecular science team and our production teams, I want to thank you, our shareholders for your support.

You have made an investment in the future and you have made all of this work possible.

Now let’s grow this company and begin to gather the rewards of being the first to market.

Expect to hear a lot more from our team in the coming months as we create the next evolution in bio-engineered super materials and as we significantly increase production and reach commercialization.

We want to thank everyone who has grown with us, and reward your patience with the sharp execution of our business plan going forward.

Thank You!