

August 17, 2021



# Zivo Bioscience, Inc. Issues Letter to Shareholders

KEEGO HARBOR, Mich., Aug. 17, 2021 (GLOBE NEWSWIRE) -- Zivo Bioscience, Inc. (NASDAQ: ZIVO, ZIVOW) (“ZIVO” and the “Company”), a biotech/agtech R&D company engaged in the development and commercialization of therapeutic, medicinal and nutritional product candidates originally derived from proprietary algal cultures, today issues a letter to shareholders from Chief Executive Officer Andrew Dahl.

## To ZIVO Shareholders, Principals and Partners

2021 has turned into a watershed moment in the Company’s history and future outlook. After years of stopgap funding and on-off R&D, we find ourselves in the strongest financial position ever and a portfolio of products with great promise and prospects. The Company’s hybrid approach to R&D, working both biotech and agtech in parallel, has resulted in a robust intellectual property portfolio and engagement with some of the world’s best-known animal and human health brands.

We are committed to moving forward with commercialization efforts backed by the technical and financial resources we had worked for years to develop. This could not have happened without the active support of our investor base, those who recently joined us and those who’ve stuck with us over the years. Nor could it have been possible without a small but dedicated core team of ZIVO employees and external advisors.

## Public offering and Nasdaq Up-listing

On June 2, 2021, the Company successfully completed its planned capital raise and “up-listing” to the Nasdaq stock exchange. The Company sold 2,760,000 shares of common stock and warrants to purchase up to 3,174,000 shares of stock for gross proceeds of \$13.8 million. After offering expenses, the Company netted \$12.2 million in capital funding that will be used to further the implementation the Company’s biotech and agtech strategies. As a result of the “up-list”, ZIVO Bioscience stock and registered warrants now trade on the Nasdaq exchange under the symbols ZIVO and ZIVOW, respectively.

Shortly after the June public offering, the Company was informed by Maxim Group, underwriters in the offering, that Maxim would be partially exercising their option to purchase additional common shares as allowed by the underwriting agreement. On July 1, 2021, Maxim purchased 150,000 shares of common stock; the Company netted proceeds of roughly \$688,000. This funding event was a significant milestone for ZIVO Bioscience, providing the Company with the financial resources to advance the licensing effort for poultry gut health and start work on other animal species. Funds will also be allocated to accelerate

production of the Company's proprietary algal biomass for human nutritional applications.

## **Investor Relations & Events**

The Company retained CORE IR, a New York based investor relations and public relations firm focused on small to mid-cap companies, to assist in establishing relationships in the capital markets, interface with investors and engage in PR activities that provide greater visibility for the Company and its mission. The Company participated in an LD Micro virtual investment seminar on June 9 and will participate in the SNN and Q3 investor conferences scheduled for August 17 and 19, respectively. Additional investor events are planned.

The Company has prepared a general investor presentation, which is posted and available on the ZIVO website under the News & Media page and accessed by clicking on the pull-down tab "Presentations". In addition, the Company is moving forward to revamp its ZIVO website, add video segments and resume regular Project Updates postings now that the public offering and up-list have been concluded.

## **Poultry gut health - Biotech**

The Company continues to refine its approach to poultry gut health, having completed another *in vivo* study in July at a poultry research facility in Maryland, conducting field trial #18 to further validate various performance characteristics of its lead product candidate. Data analysis is in progress.

The Company also tolerance-tested a process to refine its lead gut health product candidate into a semi-pure fermentation product at the same facility in July. Preliminary results were made available by the contract research group in the last week of July and data analysis by ZIVO R&D principals is currently underway. In the meantime, plans are progressing for a larger-scale test of the purification process to yield sufficient material for definitive performance validation of the purified product candidate.

In parallel with the above, ZIVO R&D principals move forward with the preparation of highly purified and synthesized versions of its poultry gut health product candidate and expect to commence *in vivo* studies of these highly refined actives sometime in August. Over the next few months, the Company is planning additional studies for its refined immune modulator product candidate, while simultaneously continuing discussions with leading animal health companies.

## **Immunomodulator complex - Biotech**

Throughout 2020, the Company worked to develop production methods to create fermentate containing the Company's biologically active molecular complex. Purification of that fermentate and subsequent analyses began in late fall of 2020. The initial fermentate manufacturing development work was largely concluded by the end of June 2021 while the purification process is still being refined and validated. Notably, production of the fermentate has been ramped up to 500+ liter scale in bioreactors.

The poultry *in vivo* validation of the fermentate was concluded in July, as mentioned above, with analysis of the study results pending. Various purification methods are awaiting validation as schedules permit.

The Company plans to present these processes and final product formulation to prospective licensees and joint development partners over the next few months.

Work on expanding ZIVO TLR4 modulator applications continues, beginning with pathway analyses in mouse and human cell models currently underway. Also in progress is a multi-platform *in vitro* project to identify and validate potential human applications.

This phenotypic testing panel consists of 12 individual primary human co-culture systems which predictively model therapeutic effects on multiple tissues and disease states. Using 148 clinically relevant biomarkers, the panel is used in the pharmaceutical industry to model vasculature, immune system, skin, lung, and general tissue biology. The panel evaluates the biological impact of the ZIVO product on potency, selectivity, safety, mechanism of action, and potential applicability to specific disease indications while predicting safety and toxicity prior to initiating *in vivo* testing or clinical trials. Results are expected at the close of Q3 2021.

### **Porcine immune health - Biotech**

With funding now in place, Company principals have docketed research plans to investigate the use of the fermentate product candidate and/or purified immune-modulating molecular complex to address health issues in swine, more specifically weanlings, which are susceptible to a wide range of gut and respiratory maladies. This work is scheduled to commence once a poultry license has been closed.

### **Bovine mastitis testing - Biotech**

Bovine mastitis testing in California has been curtailed so that Company resources can be directed to the poultry gut health initiative. Therefore, despite promising results and interest from industry, ZIVO principals concluded that the bovine research would best be paused until the poultry opportunity was fully realized and porcine testing was well underway. Once reactivated, the mastitis program will be facilitated by the learnings (e.g., mechanism of action, dose optimization, etc.) realized in the poultry and swine initiatives.

### **Algal biomass product development - Agtech**

In 2020, ZIVO launched a product development program to investigate whether the whole of the algal biomass or components thereof held any promise as a human skin health topical product. An initial analysis was completed to determine beneficial properties and nutrients. Based on those results, the Company is accelerating the effort to develop functional ingredients and formulated products targeting the skin health market.

The ZIVO agtech product team developed a paste product candidate using rehydrated algae, which has passed initial safety tests including the USFDA Stain and Irritant Test (SIT) on Epiderm tissue and the USP 51 Preservative Efficacy Test (PET). Focus group testing revealed a viable product that may be used as a facial and body masque with promising efficacy data. Samples are being offered to prospective distributors and marketers.

An extract product candidate in the form of a serum has also been created from dried algal biomass using high-pressure homogenization. Initial testing suggests similar properties to that of the algal paste. The extract candidate is undergoing USP 51 PET, while clinical

feasibility testing is expected to commence in late August and conclude in late September.

A proprietary facial mist formulation incorporating rehydrated algal biomass was developed and tested with positive feedback from an internal focus group. The product is designed to be applied to clean skin before foundation makeup to provide more uniform skin tone and texture. Compliance would be paralleled with the algal paste and extract.

The functional food ingredient applications, as explored extensively in previous years, are now back on track as capital has become available to fund expansion of biomass production capacity.

### **Algae production - Agtech**

In Q4 2020, ZIVO executed a Phase 1 development agreement with agribusiness Grupo Alimenta and funded the startup of facility conversion at the Alimenta algae production facility in Ica, Peru. The facility commenced production immediately and delivered its first samples of ZIVO algal biomass in early January 2021 for testing in US labs.

Based on positive outcomes and a positive working relationship over the past 6 months, ZIVO is now poised to expand the Alimenta facility and build commercial-scale algae ponds to the Company's proprietary design. In addition, the Alimenta-ZIVO team is working to expand post-harvest processing, ranging from pond harvesting and de-watering through drying and packaging of the unique ZIVO strain.

Z-Mex Farms, an American company based near Aguascalientes, Mexico has been working with ZIVO principals to build an algae production facility at its own expense and license the ZIVO algal culture and production methods. Over the last 8 months ZIVO has dedicated engineering and processing resources to design a sustainable production concept, which is intended to grow to mid-scale production over the next year. Z-Mex principals have acquired a suitable site near Aguascalientes and expect to break ground in Q3 2021.

### **Florida laboratory - Agtech**

The commercial scaling and process improvement laboratory is currently being outfitted with ponds and bioreactors. The Ft. Myers facility will also house the Company's living algal cultures and various lots of dried algal biomass for record and traceability uses. Dr. Laura Belicka has joined the Company at the Ft. Myers lab, working on a broad range of internal assignments. A bio will be made available on the Company's website.

Additional staff announcements are expected.

### **COVID-19 Related Delays**

ZIVO Bioscience conducts a significant portion of its research at academic institutions and private laboratories across the US. Complete or partial closure due to COVID-related mandates created delays and work stoppages beginning in 2020 which have had a cumulative and compounding effect on work schedules and deliverables thus far in 2021. More recently, ZIVO has experienced supply chain interruptions resulting in both schedule delays and price inflation. Vendors are cautioning that lead times may continue to be extended and their supply chains for goods and materials, particularly computer chips or equipment requiring computer chips, are backordered. The Company continues to move

forward with its initiatives to the extent conditions permit, and the general picture has been improving steadily thus far.

### **About Zivo Bioscience, Inc.**

Zivo Bioscience, Inc. (NASDAQ: ZIVO) is a Michigan-based biotech/agtech company engaged in the investigation of the health and nutritional benefits of bioactive compounds derived from its proprietary algal cultures, and the development of natural bioactive compounds for use as dietary supplements and food ingredients, as well as biologically derived and synthetic candidates for medicinal and pharmaceutical applications in humans and animals, specifically focused on the general benefits of autoimmune and inflammatory response modulation. Visit [zivobioscience.com](http://zivobioscience.com) to learn more.

### **Forward Looking Statements**

Except for any historical information, the matters discussed herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although ZIVO believes that we have a reasonable basis for each forward-looking statement, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain. Our actual future results may be materially different from what we expect due to factors largely outside our control, including risks that our strategic partnerships may not facilitate the commercialization or market acceptance of our products; risks that our products may not be ready for commercialization in a timely manner or at all; risks that our products will not perform as expected based on results of our pre-clinical and clinical trials; our ability to raise additional funds; uncertainties inherent in the development process of our products; changes in regulatory requirements or decisions of regulatory authorities; the size and growth potential of the markets for our products; the results of clinical trials, our ability to protect our intellectual property rights and other risks, uncertainties and assumptions, including those described under the heading “Risk Factors” in our filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof and ZIVO undertakes no obligation to revise or update any forward-looking statements for any reason, even if new information becomes available in the future.

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