

Folium Biosciences is the only hemp company licensed as a Manufactured Food Establishment by the CDPHE and issued a Certificate of Free Sale



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Interview conducted by:
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CEO CFO: *Mr. Shan, what is the vision at Folium Biosciences, today?*

Mr. Shan: Our vision is to be the largest supplier of non-psychoactive cannabinoids globally.

CEO CFO: *Before we talk about the company specifically, would you explain cannabinoids and hemp in very basic terms, people still have a lot of confusion in this area?*

Mr. Shan: The easiest way to characterize this is that both hemp and marijuana are considered cannabis plants. However, marijuana is defined by the US government as any sativa L plant that has greater than 0.3% THC in the biomass. The hemp plant is defined as any plant material that has less than 0.3% THC. Our chromatographic purification process is able to selectively remove the only psychoactive component, Delta 9-THC, from the phytocannabinoid-rich hemp oil. This means our products contain 0.0% THC, generating absolutely no psychoactive effects or side effects associated with THC.

CEO CFO: *Would you tell us where you are now in becoming the largest global provider? How do you get from here to there? What is your focus and strategy right now?*

Mr. Shan: I think there are two parts to that question. Both of them revolve around scaling the business, but in different ways. The first way I would characterize this would be that we are about to bring online a new 110K sq. ft. extraction and purification facility in Southern Colorado. This facility will bring us up to a production capacity of about 20K kilos of active per month. That is, by far, the greatest production capacity that currently exists globally. That is one aspect. Another aspect is to bring similar facilities online around the globe. We just announced that we are building a sister facility in Canada and to have it up and running by Q1 of 2020. We are also looking to build a facility in Greece.

CEO CFO: *Why Greece?*

Mr. Shan: There are two reasons. Greece is ideal because the climate mirrors a climate that is very conducive to this biomass. Greece is also an unbelievable gateway to the European Union, the Middle East, and North Africa.

CEO CFO: *Would you tell us the range of products you offer?*

Mr. Shan: Our products fall into different categories. There are human wellness products that include topicals, soft gels, tinctures and edibles. There are cosmetic products that range from face masks to moisturizing creams, sports creams, anti-aging creams and anti-aging serums. Then there are animal health products that range from specialized hemp pellets, tinctures as well as dog chews and treats. We also produce our products in bulk for formulators and offer white label capabilities.

CEOCFO: *What is the key to developing quality products?*

Mr. Shan: I think the key there is having two key things from a foundational aspect: process and people. That would be qualified people that ensure there is consistency and quality in the process. Then, from a GMP perspective, documenting and following that process stringently.

CEOCFO: *What might be different in your facility versus competitors?*

Mr. Shan: That is an excellent question! I think that vertical integration is paramount because that ensures control over every aspect of our business from seed to sale. We provide farming partners with the seeds to grow our genetics. We have 20 semi eighteen-wheel refrigerated trucks transporting biomass from around the country to our facilities for extraction, while maintaining the highest level of quality and the least amount of degradation in the biomass. We have numerous PhDs running our extraction, purification and quality departments. Our dozen lab techs do nothing but check biomass, bulk products and finished goods to ensure consistency and product quality. All these aspects are key factors to our successful process. One of the other things we do, which is unique to us, is provide customers with three percent more actives than they paid for. This is to ensure that if there is any loss in their own manufacturing process, the product still tests to what they expect it to be. We are proud to have been issued a Certificate of Free Sale and a Manufactured Food Establishment License by the Colorado Department of Public Health & Environment (CDPHE). These licenses help establish us as the industry's premier hemp company for manufacturing, processing and fulfilling of Folium Biosciences' phytocannabinoid-rich CBD oil, water-soluble technologies and finished food products. Being licensed to operate as a Manufactured Food Establishment gives Folium Biosciences the full capability to legally manufacture food products containing CBD. No other hemp company has met the requirements needed to be licensed as a Manufactured Food Establishment and receive a Certificate of Free Sale.

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CEOCFO: *Would you tell us about the cosmeceutical side of Folium Biosciences?*

Mr. Shan: The cosmeceutical side is going to be significant. From our perspective, cannabinoids are fantastic antioxidants and are good at addressing issues like eczema in transdermal applications. Korea is really a global leader when it comes to developing cosmeceutical products because of their preventative approach to skin care. Here in the US, our approach is reactive, developing products for concealing and combating symptoms, not treating root causes. We have partnered with one of the largest cosmetic manufacturers in Korea to create our CBD based cosmeceutical products.

CEOCFO: *How much education does the public need in that area?*

Mr. Shan: Like it has in other areas, the education adoption would be organic in nature. People are looking for solutions that provide a healthy, natural option without toxicity or side effects. Keep in mind that all of us, as part of our makeup, have an endocannabinoid system. Our bodies naturally produce cannabinoids. Therefore, we are not putting anything into our bodies that does not naturally occur. That is why there is no toxicity or drug interaction with cannabinoids when you take them.

CEOCFO: *How do you break down between bulk products, white label products and products that might be direct to the consumer? Are you looking for a particular split there or just more of everything?*

Mr. Shan: That is another great question. One thing to keep in mind is that we do not sell direct to the consumer. We are B2B only. We view ourselves similar to Intel; the chip inside the engine that drives products. Our goal is really to create an ecosystem where customers can come to us for complete solutions. Our customers typically fall into two categories. They are either companies that have formulating capacity and in that case they are buying all bulk. The bulk categories include 0.0% THC, powder, liquids and then HydroPCR™ that is designed for the ready-to-drink market. About fifty percent of our customers are purely sales and marketing companies. Here, we seek to help them focus on what they do best, which is develop their brand, while we develop more products to put into their distribution channels.

CEOCFO: *Why is this the time to go into Canada?*

Mr. Shan: I think that Canada is a little better defined from a federal perspective. Canada also provides easy access to commonwealth countries and international shipping. Our demand is growing exponentially. Our vision is that our domestic operations will support US demand while our Canadian operations will support the domestic Canadian market, commonwealth countries and Latin America. Then, our European operations will support Europe and the Middle East.

CEOCFO: *Would you tell us a little bit about compliance? How do you stay ahead of what appears to be an ever changing regulations?*

Mr. Shan: I think as an industry we have to mature. We have to ensure that we are policing ourselves to a high standard and that we are putting in compliance processes that are, quite frankly, of a higher expectation that the government agencies might have of us. This is an industry that has to deal with some negative interpretations, and we have to overcome those by going above and beyond. Having compliance officers that are dedicated to ensuring product quality, providing proactive communication and being as transparent as possible are all critical attributes that have to be introduced into the industry, and introduced into every business within this growing industry. We are proud to have been issued a Certificate of Free Sale and a Manufactured Food Establishment License by the Colorado Department of Public Health & Environment (CDPHE). These licenses help establish Folium Biosciences as the industry's premier hemp company for manufacturing, processing and fulfilling of Folium Biosciences' phytocannabinoid-rich CBD oil, water-soluble technologies and finished food products. Being licensed to operate as a Manufactured Food Establishment gives Folium Biosciences the full capability to legally manufacture food products containing CBD. No other hemp company has met the requirements needed to be licensed as a Manufactured Food Establishment and receive a Certificate of Free Sale.

CEOCFO: *Would you tell us about the research side of your company?*

Mr. Shan: Actually, we have a press release going out soon but I am going to give you a little bit of a scoop, Lynn! We just completed our first acquisition. We acquired the cannabis and pharmaceutical division of Dutch company FeyeCon. FeyeCon, up until now, has been the manufacturer of our large-scale equipment. However, a unique attribute they have is that they have owned a cannabis license for nearly 20 years in Holland. They have PhD scientists who have been working with these cannabis molecules for just as long. Therefore, when you talk about R&D, our ability to tap into their experience and those resources is invaluable in developing products, because they have so much inherent knowledge they have developed over the years. As part of this acquisition, lead chemist Vanesa Fernandez is going to relocate to Colorado. She is taking on the role of VP of Product Development and Quality and we are very excited about it!

CEOCFO: *Are potential customers looking for quality? With so many people jumping in on all sides of the industry is there a move to quality and stable people as partners?*

Mr. Shan: Customers are absolutely looking at quality. If you look at companies that are larger, midsized, or even Fortune 1000 companies, they cannot work with partners that cannot be transparent or cannot provide GMP. They must be able to provide a paper trail of where the product came from, how it was sourced and how it was processed. These larger entities want to put product on shelves that they can stand behind, that meet expectations of how much active is in the product. They want products that the consumer can feel confident about.

As you have seen from third party testing of CBD products that happens in the public domain today, those test results often contradict the product labels on the product's alleged properties. There should be a contract between the consumer and the brand that the product they're buying is exactly what they say they should be getting.

CEOCFO: *How will you be using the money from your recent funding?*

Mr. Shan: We are very fortunate as we are actually profitable and have been for quite some time. Therefore, we actually do not have a need for any capital infusion. We fund all of our own growth organically. For example, that infusion of capital was distributed to the existing member-base as a secondary offering. It was not actually capital that came into the business itself. We view the relationship with Australis Capital Inc. (CSE: AUSA) as a strategic one. They are a fund focused on investing in cannabis related businesses, so there are ancillary benefits that we can realize from that relationship.

CEOCFO: *What surprised you as Folium Biosciences has grown and evolved to where it is today?*

Mr. Shan: What has surprised me? I think the biggest surprise has been that the focus of so many incredibly talented and smart people has been on the THC side of the business, while our perspective is that the non-psychoactive side of the business is a pretty massive opportunity. It is global in nature and quite frankly the audience is likely larger than it is for THC as a recreation or medicinal drug. However, this is a relatively new development.

CEOCFO: *What, if anything, might people miss when they first look at Folium Biosciences?*

Mr. Shan: I hope that they do not, but they might miss the culture that we have built around our people, whom we are incredibly fortunate to have. Their level of commitment to what we do reflects in the quality of the product we put out there. I hope that people how much our team cares by the pride shown in standards of excellence we meet.