



K R E I Method: project presentation

September 2021

What is the problem?

What is the solution?

The market

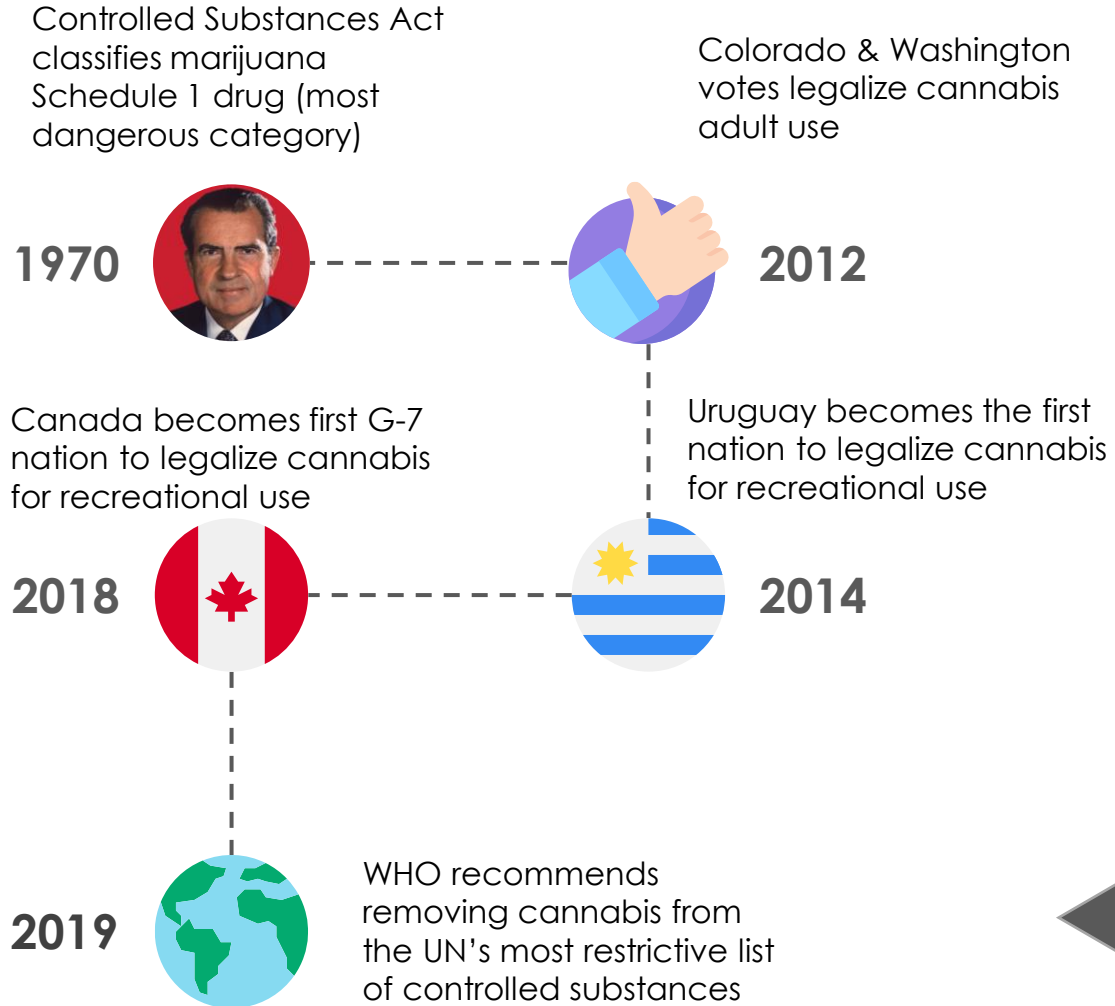
How much do we need?

Competition

What is the problem?

- Nowadays, it is not possible to determine the cannabis products
- Due to multiple hybridizations along history, it is not possible to determine the origin of a strain
- Due to the great variety and the lack of certification it is not possible to grant the stability of cannabis

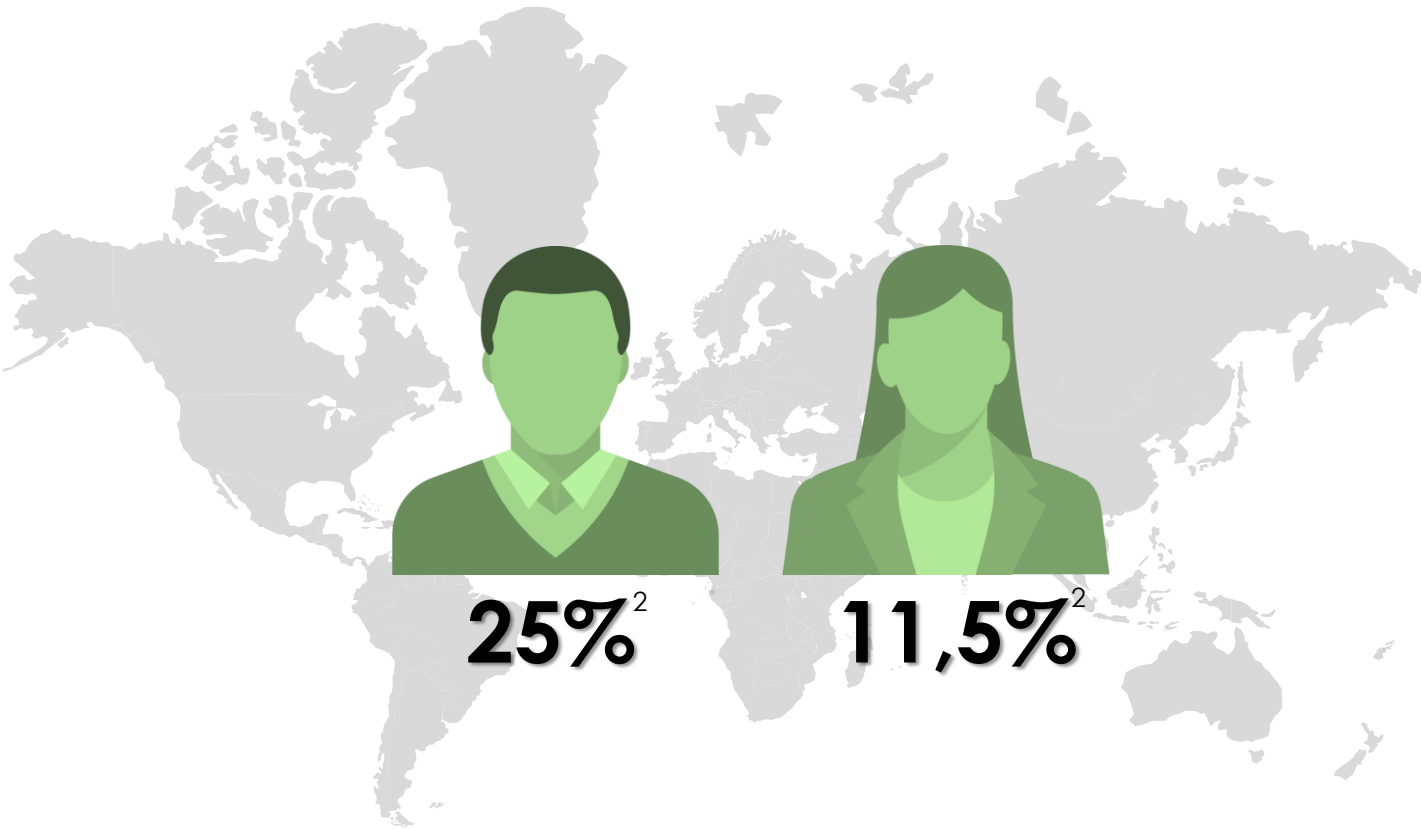
War on drugs is lost



Guidelines to deal with drug trafficking

- The strategy focused on **REPRESSION HAS NOT SOLVED THE PROBLEM**, but has created new ones
- Treating drug use as a **PUBLIC HEALTH ISSUE**
- Reduce consumption through **INFORMATION AND PREVENTION ACTIONS**
- **FOCUS REPRESSION** on organized crime
- **EVALUATE** with a public health approach and using the most advanced medical science **THE CONVENIENCE OF DECRIMINALIZING THE POSSESSION OF MARIJUANA FOR PERSONAL CONSUMPTION**

Cannabis is the most consumed illegal drug in the world (~188M people)

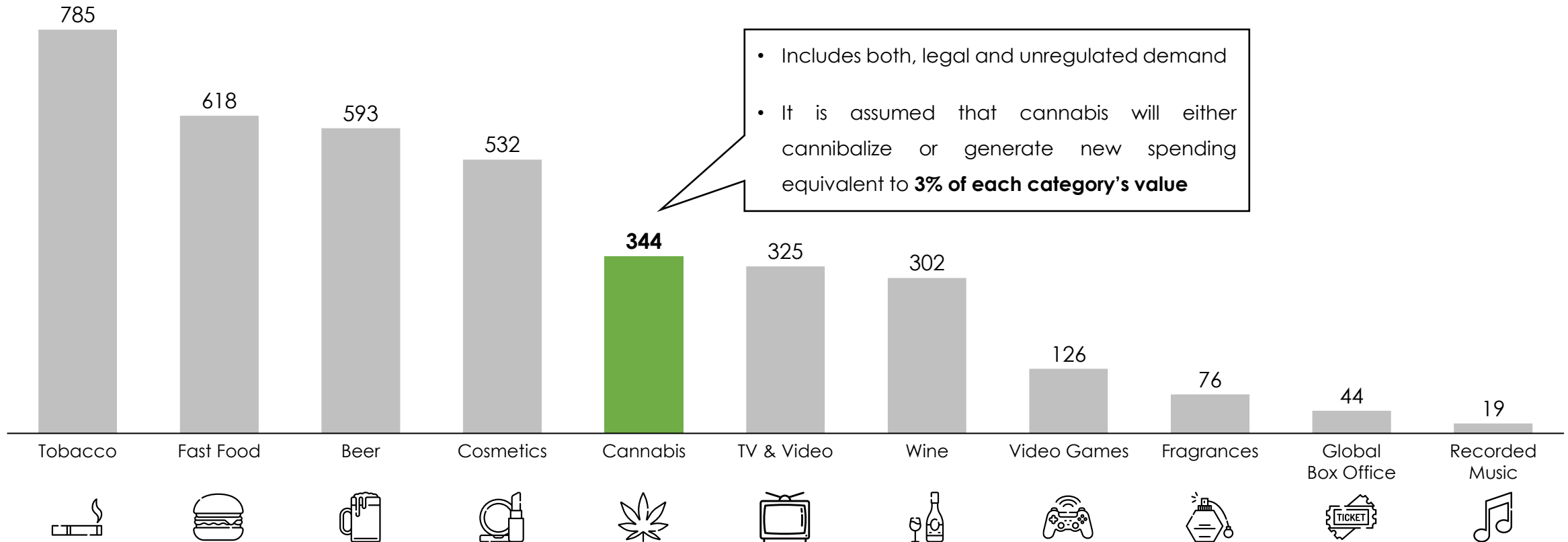


- During 2019 **cannabis consumption amongst young adults** (15 – 34 years old) has been around **18,3%**
- 164 ~ 219 million people consumed cannabis in 2017¹
- **3,8%** of the world population **consumed more than once** in 2017¹
- The trend consumption has remained stable during the last decade

Global cannabis consumption has been stable since 1998

In terms of global revenue, we find cannabis in the 5th position in a ranking of global industry opportunity

Annual global revenue 2017 - 2020
US Billion Dollars

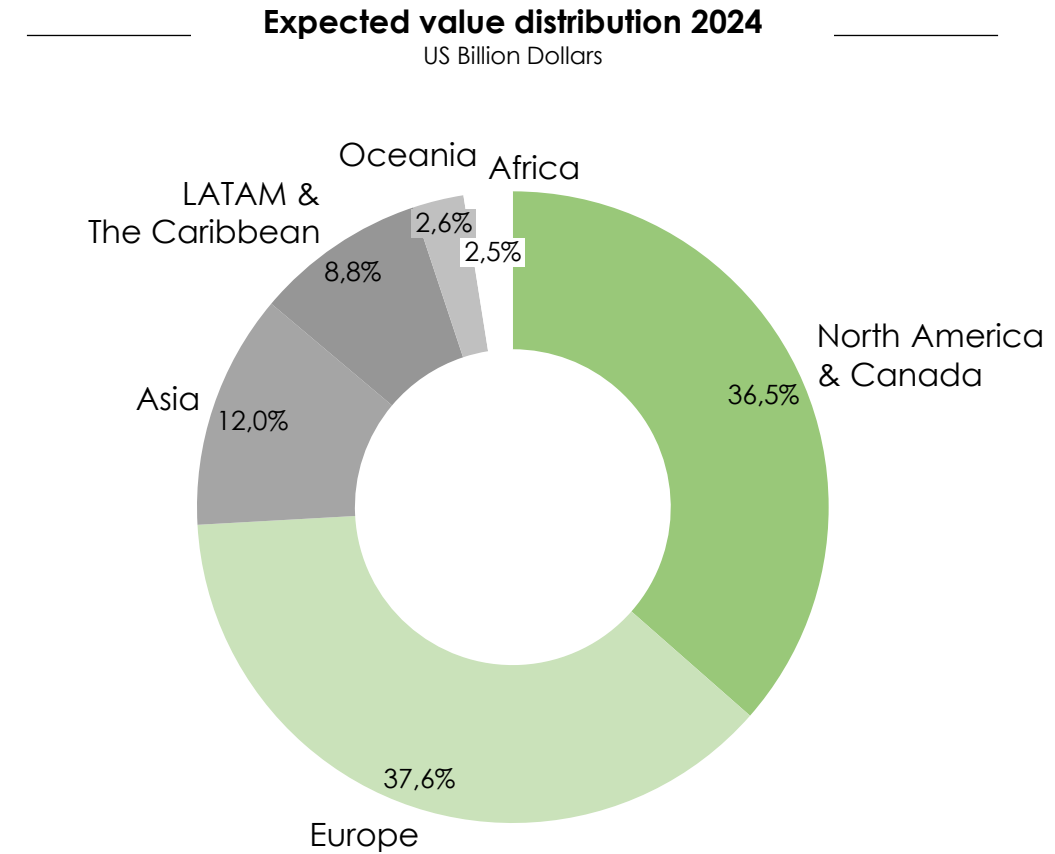
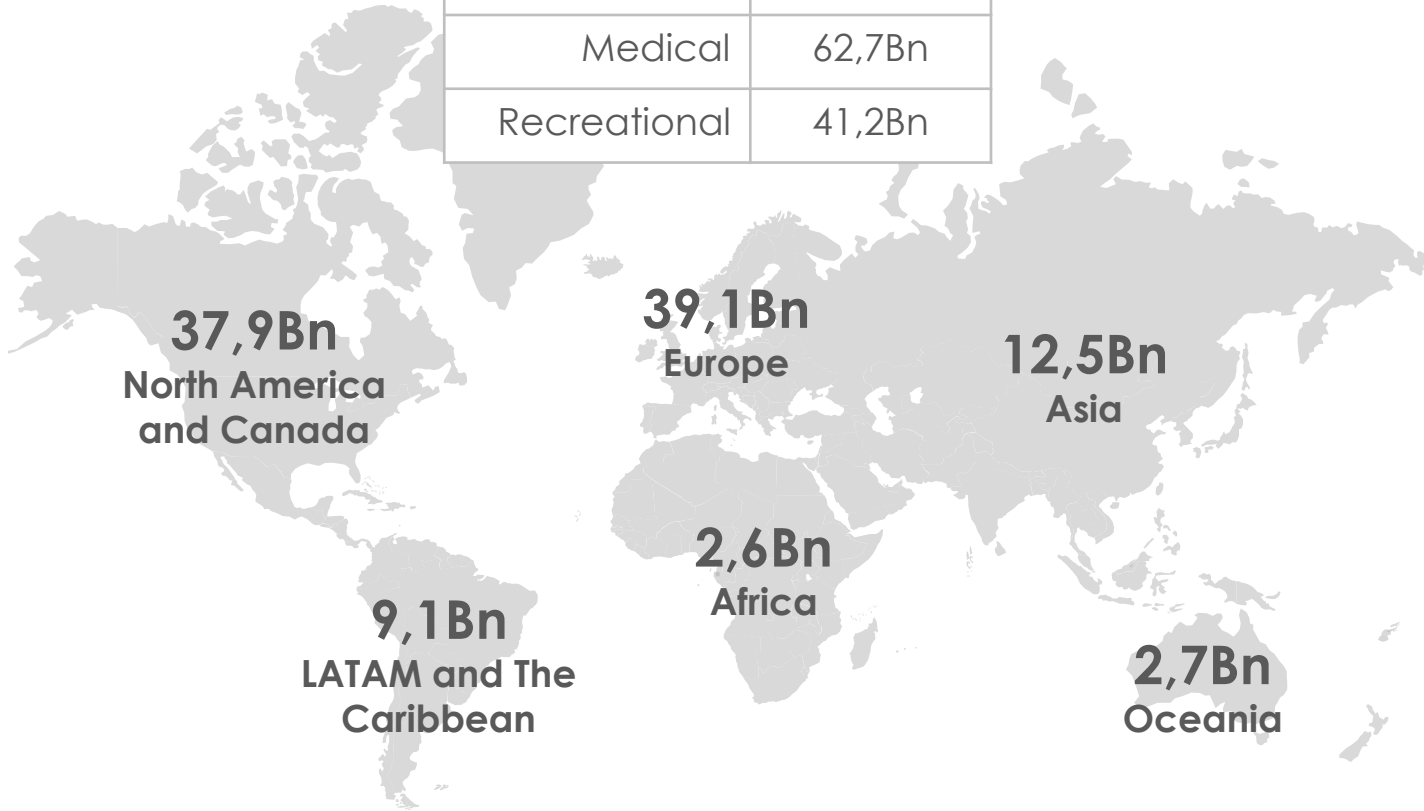


Despite the breathtaking development and increase of regulated markets, much of the **demand remains in illicit or unregulated**

The global legal cannabis market forecast size by 2024 is 103Bn (US\$)

*US\$

| | |
|--------------|----------------|
| TOTAL | 103,9Bn |
| Medical | 62,7Bn |
| Recreational | 41,2Bn |



Europe and North America stand out as the heavyweights, gathering more than the 74% of the market size

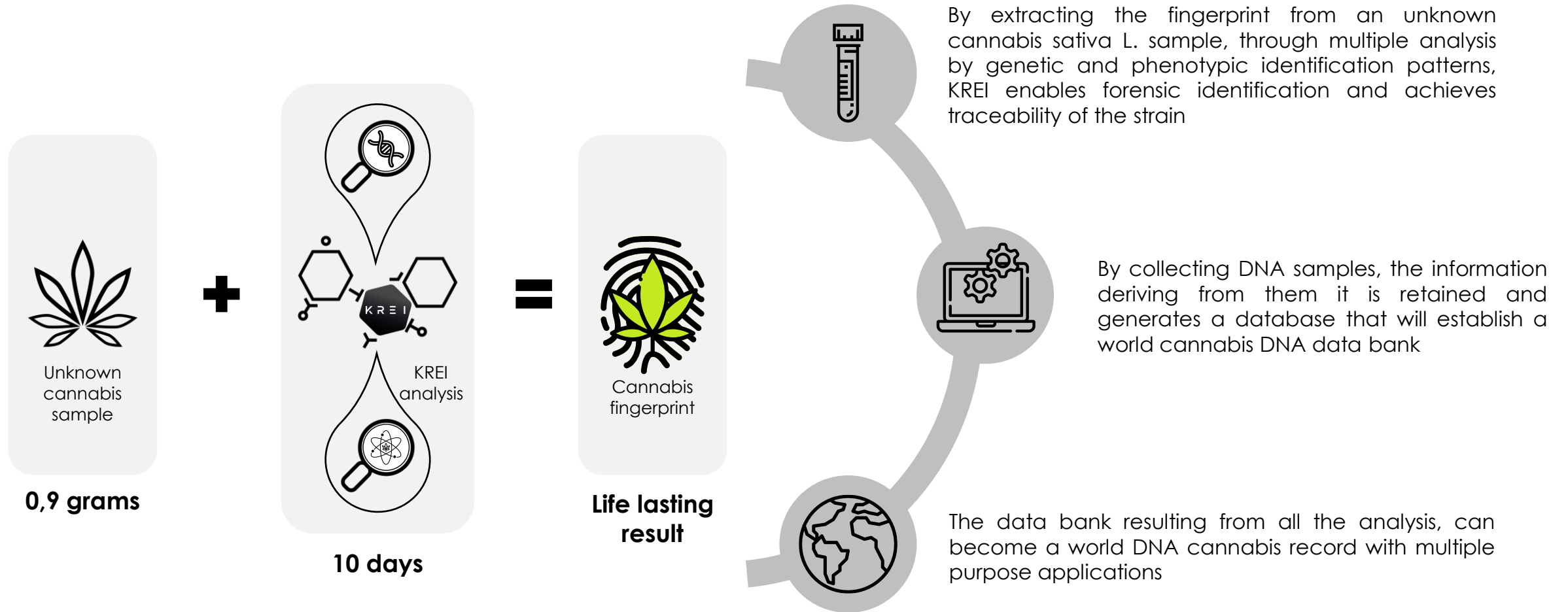
What is the drugs issue?

What is and how does KREI work?

Current situation overview

Competitors

KREI Method is an analysis methodology that grants the identification and individualization of a cannabis sample



KREI Method has mainly three implementations



Law enforcement agencies

- The KREI Method allows to **create a database of all the illegal cannabis seizures**
- The **linking of different crimes/infractions** in a scientific way offers the possibility of reaching higher levels of effectiveness and avoiding ambiguities in the legal framework
- Highly **automated tool** that does not increase the workload on the contracting agency
- Certification of the **lawful origin** of a seed or cutting
- **Detection of any unauthorized variety** of cannabis on the market, weakening its "black market"
- KREI establishes the global **connection of the different cannabis samples** contained in its database, allowing the effective fight against transnational crime



Government

- KREI is a fundamental **tool** for those governments that decide **to regulate the consumption of cannabis**, both medicinally and recreationally
- Compliance **scientific certification of the quality standards** of medicinal and recreational cannabis, providing greater reliability in the market
- KREI **assures the seed-to-sale traceability** allowing the distribution to be more affordable, faster and providing continuous enhancement
- **Validation of the selected strains**, weakening the black market and bestowing certainty on its composition and **sanitary security** for the final consumer
- KREI grants the quality control both in the **national market and the imports**



Cannabis industry

- KREI Method can be used to **protect a specific strain** and thereby protect and guarantee the origin of the product
- **Strains with properties appreciated by consumers can be certified** and assure the origin of the product
- The KREI Method can **protect the quality** and ensure the safety of a certain strain
- Can be used as an element to define a **controlled designation of origin**
- Scientific **certification of the stability of the specific cannabis strain** during the product life cycle
- The implementation of KREI by the client gives your company the ability to **reliably demonstrate the composition of cannabis**, according to the client's requirements and the applicable legal framework.

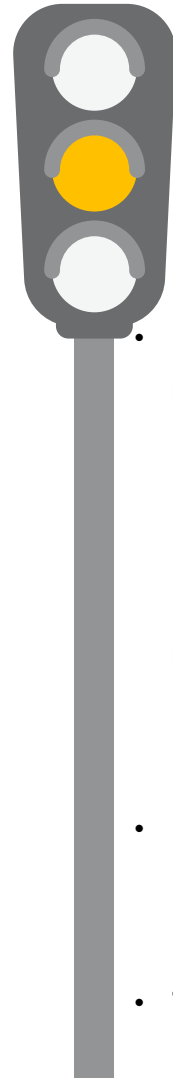
Three main regulation paradigms are raised for the recreational cannabis



→ Total prohibition

- Cannabis illegal

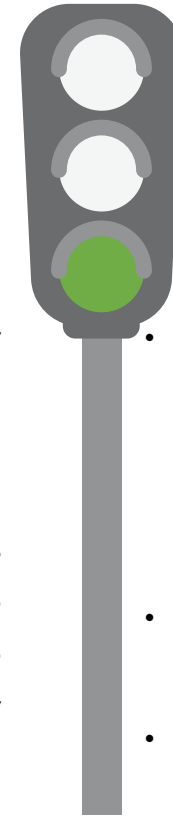
- In a scenario of a total prohibition of cannabis use, KREI provides a solution for **controlling the black market**. From production to distribution, law enforcement agencies can track and trace every step in the OCG link
- Thanks to the identification of each sample, it is possible to **know the origin, link crimes and even compare cross-border OCGs** to carry out an exhaustive monitoring of the movements of drug.



→ Restricted regulation

- Regulated cannabis under strict conditions

- KREI stands as the **perfect tool to apply regulations** in of states that decide to take the regulation path of cannabis use. In this scenario, there are multiple assumptions to implement the KREI method, from **designating some strains approved by the state, to promoting the registration of determined strains to enter the market, guaranteeing the continuity of quality and safety conditions stipulated in each case**
- Likewise, the police application to control of the black market or those strains that have not been approved by the state is also valid.
- **To grant in a reliable way the truthfulness of a determined strain**









→ Total legalization and cannabis consuming acceptance

- Unrestricted legalization. Free market

- In a setting where cannabis is not considered an illegal drug, KREI can be used to **protect a strain with properties appreciated by consumers** and thereby protect and ensure the origin of the product.
- Can be used as an element to **define a controlled designation of origin**
- In the same way, **health and product quality conditions can be guaranteed**

The KREI Method is efficient no matter the legal juncture, nor the implementation of it

| |  Law enforcement |  Government |  Industry |
|--|---|---|---|
|  Total prohibition | <ul style="list-style-type: none"> • Linkage capability amongst offences • Potential to strengthen the penalties • Boost efficiency of the resources • Narrow down the black market • Deeper control and knowledge of the black market | <ul style="list-style-type: none"> • Creation of a seizures database • Narrow down the black market • Deep knowledge of the black market trends | <ul style="list-style-type: none"> • To grant strain stability • Reliable way to assure the origin of a determined strain |
|  Restricted regulation | <ul style="list-style-type: none"> • Chance to control both, the regulated crops and the black market • Linkage capability amongst offences • Potential to strengthen the penalties • Boost efficiency of the resources • Narrow down the black market • Deeper control and knowledge of the black market | <ul style="list-style-type: none"> • Chance to control both, the regulated crops and the black market • Ability to track and trace determined licensed strains • Foreseeing international control tool • Assure quality standards • Monitored supply chain | <ul style="list-style-type: none"> • To grant strain stability • Reliable way to assure the origin of a determined strain • Opportunity to register a marketable strain • Appellation of origin control tool |
|  Unrestricted legalization | <ul style="list-style-type: none"> • Quality standards enforcement • Monitor that the sale conditions are fulfilled | <ul style="list-style-type: none"> • Assure quality standards • Sanitary and safety product control • Track and trace market trends • Appellation of origin control tool | <ul style="list-style-type: none"> • To grant strain stability • Reliable way to assure the origin of a determined strain • Opportunity to register a strain with particular attributes and grant its genuine origin • Appellation of origin control tool |

What is the drugs issue?

What is and how does KREI work?

Current situation overview

Competitors

The Technology Readiness Level of KREI is 5

- ✓ The KREI Method has been tested in the laboratory
- **KREI is currently discussing the terms to being tested in a law enforcement environment, to proof its feasibility**
- The KREI Method crew is willing to start as soon as possible the demonstration system at TRL 4

| | | |
|---|--|---|
| 1 | Basic research. Principles postulated and observed but not experimental proof available | ✓ |
| 2 | Technology formulation. Concept and formulation have been formulated | ✓ |
| 3 | Applied research. First laboratory tests completed; proof of concept | ✓ |
| 4 | Small scale prototype built in laboratory environment ("ugly" prototype) | ⊙ |
| 5 | Large scale prototype tested in intended environment | ⊙ |
| 6 | Prototype system tested in intended environment close to expected performance | ✗ |
| 7 | Demonstration system operating in operational environment at pre-commercial scale | ✗ |
| 8 | First of a kind commercial system. Manufacturing issues solved | ✗ |
| 9 | Full commercial application, technology available for consumers | ✗ |

KREI's Business Model Canvas

8. KEY PARTNERS

- The client provides the product
- Initial competitors can become partners to collaborate with
- Laboratories
- Associations that enhance the business model

7. KEY ACTIVITIES

- Problem solving: Legal support
- Assure compliance
- Customer relationship management

6. KEY RESOURCES

- Scientific endorsement
- Patented method
- Unique database
- Brand reputation

1. VALUE PROPOSITIONS

- Innovative method, with which you can obtain exclusive genetic information of each plant
- No external element or additive it is necessary to trace the product
- Incorruptible
- Scientifically endorsed method

4. CUSTOMER RELATIONSHIPS

- Security and legal backing
- Dedicated personal assistance
- Co-creation (reviews)

3. CHANNELS

- Strong branding prestige
- Influent speakers
- Fairs, seminars and conferences
- Word of mouth

2. CUSTOMER SEGMENTS

- Governments and regulation agencies
- Law enforcement agencies
- Recreational cannabis industry (breeders, seeders, producers, dispensaries, etc.)
- Medical cannabis industry
- Target market: national and international. No boundaries, worldwide

9. COST STRUCTURE

- Value driven business model (service excellence), continuous R&D
- Fixed costs (salaries, rent, utilities), variable costs (No economy of scale)

5. REVENUE STREAMS

- Subscription fees: dynamic pricing depending on the implementation
- Licensing and/or subscription fees

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Current situation overview

Competitors

250+ Companies powering the cannabis software industry

Retail Intelligence

Regtech & Compliance

Commerce

Seed To Sale / ERP

B2B Marketplace

Fintech

Delivery & Logistics

Point of Sale

Recommendation Engines

Martech / Adtech

Human Resources

As big tech has, for the most part, not been able to directly enter the cannabis space, this has created a highly competitive and innovative market that may help facilitate the industry's growth.

In the USA, there are two areas where the competition of KREI is settled. Both areas based on software implementation

Regtech and compliance



- Cannabis supply chain is strictly regulated based on a **chain-of-custody** being accounted for across every stage.
- This has created a need for seed-to-sale platforms that manage inventory, monitor product quality, and ensure customer safety.
- Seed to sale and compliance market niche, often leading to **long-term sales cycles and value retention**
- Requires proven regulation technology (Regtech) solutions that help both, operators and regulators maintain compliance

Seed-to-sale ERP



- Regtech, Compliance and Seed-to-Sale areas, are **narrowly tied**
- **Chain-of-custody is the cardinal feature** in common
- **Law enforcement is of utmost importance** to assure the system's prevalence
- To be compliant, **chain-of-custody is essential** to show control

KREI can strengthen the regulation and compliance system by adding an incorruptible method to track cannabis biologically, through its DNA

In the cannabis laboratory industry we find a broad scope of the analysis, although there are not many options for its traceability



Application

A SigNature molecular tag is applied. Application to cannabis plants, oils, lotions, tablets, edibles and packaging is possible.

In-Field/In-Lab options

Proactive and reactive testing can be achieved with in-field equipment. Our SigNify IF device is a mobile solution.

Secure data storage

All CertainT activity data is captured and stored in a secure database. Data is reviewed and analysed; program refinement and optimization is executed

None of the analysis provided by a laboratory can track the cannabis without adding any additive

Why is KREI different from what already exists?

| | K R E I | Tracking and compliance systems (software) | Laboratory analysis |
|--|---------|--|---------------------|
| Based on cannabis intrinsic features | ✓ | ✗ | ✓ |
| Not depending on a software | ✓ | ✗ | ✓ |
| Capable to analyse quality | ✓ | ✗ | ✓ |
| Manage the entire cannabis supply chain | ✓ | ✓ | ✗ |
| Tool to make intelligent business decisions | ✓ | ✓ | ✗ |
| Verifying whether a product meets required specifications | ✓ | ✗ | ✗ |
| Capable to determine cannabis origin (with no additives) | ✓ | ✗ | ✗ |