

Q&A with Spencer Kay, CEO of CanaGel bringing to market their revolutionary Hemp Oil Gel Melt delivery system that enables almost 100% Absorption



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Interview conducted by:
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CEOCFO: *Mr. Kay, what is the concept behind CanaGel™?*

Mr. Kay: The thing that is unique about CanaGel is that it is a small, square little gel melt containing hemp oil that you put inside your cheek and if you leave it there for about ten minutes you will absorb almost one hundred percent of the oil. The gel melt is full of hemp oil. It is a very high quality oil. However, the unique thing here is the delivery system and that you are able to absorb, as I said, almost one hundred percent. No one else can make that claim. No one else can even come close to it.

CEOCFO: *Why do we want hemp oil?*

Mr. Kay: Hemp oil has a lot of health benefits that many people will testify to. Depending on what your problem is it could vary. The biggest ones are pain and anxiety and anything that is related to inflammation.

CEOCFO: *How does the hemp oil work in the body?*

Mr. Kay: We all have what is called the endocannabinoid system. With that system in our body there are receptors. The hemp oil interacts with the receptors in our body. The best way to explain it would be that if you are having pain or some kind of inflammation your body is out of sync. What hemp oil is known to do is bring you back to a normal state where everything is level or equal. That is what relieves the pain.

CEOCFO: *Would you tell us about the delivery system in CanaGel?*

Mr. Kay: CanaGel is a small hemp oil gel melt that will attach right to your cheek or under your tongue. You leave it there and in about five or six minutes you will absorb probably a little over eighty percent of the oil. In about ten minutes you will absorb virtually one hundred percent. If you look at other delivery systems that people are using, such as capsules or edibles, the problem with both of those is that they go through your GI tract. The problem there is that the enzymes and other functions in your body will eat away at a good portion of what is going through your body. It is not just hemp oil or hemp related products. It is anything you take. Therefore, you are going to lose a lot of what you are taking. That is true of any kind of medication. It is true of any food. When you put CanaGel in your mouth it is going right into your blood stream, so there is no loss. You do not have that problem of going through the GI tract.

CEOCFO: *What is the science behind this means of absorption? How have did you come up with this method?*

Mr. Kay: It is similar to nitro glycerin, if you understand. With nitro glycerin, the reason the doctor tells you to put it under your tongue is so it goes right through your blood stream and does what it has to do. There are reasons why certain medications are given that way. As I said, it gets right into your blood stream, which gives you the immediate impact.

Therefore, if you are having a heart attack the last thing you want to do is to be swallowing something, hope it makes it through the digestive tract okay and then starts functioning. If you take a capsule that may be full of hemp it could take several hours before it becomes effective. Our product becomes effective pretty much right away.

CEOCFO: *Why has your method not been used before?*

Mr. Kay: That is an interesting question. I am not sure I can answer that. We have a patent on the product, so we are the only ones that can provide this method. It is just a question of we were first.

CEOCFO: *Do people in general understand the difference in delivery methods and how it does make a difference in the results or is there education to be done?*

Mr. Kay: Yes, there is much education to be done. A few weeks ago we just did the CWCB show in New York City and we were talking to a lot of consumers and they actually asking the question, "I have a brownie with hemp oil or I take a capsule with hemp oil," and they say, "What is the difference," and they really do not know the difference. That is why using the example of someone that is having a heart attack; people understand that. However, I do not think that most people are aware of what happens when you put something in your body that goes through the GI tract and how significant that is.

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CEOCFO: *Under what category does CanaGel fall? Is it strictly over the counter? How is it regulated? Where is it in the ever changing world of cannabis?*

Mr. Kay: That is an interesting question. It is actually over the counter and it is an herbal supplement. That is how we have to sell it, like a food product. That is based on FDA regulations. However, it is really the FDA that regulates this. There are certain things we can and cannot say based on FDA regulations.

CEOCFO: *How do you reach potential customers? Where are your products available today?*

Mr. Kay: We have been selling the products through health food stores. We have a fitness center in Florida that is actually selling the product, holistic doctors, medical marijuana dispensaries; it is a wide variety of pipes, but usually something related. In fact, In New York City we have a place that does massages and they are selling it there. Anywhere where there is something that is holistic oriented obviously is a good prospect for us. We also sell it on our website.

CEOCFO: *Is it one product, one dosage or are there variations or will there be in the future?*

Mr. Kay: There is just one product and it is a ten milligram dosage. From the research that we have done, we see products being sold at fifty milligrams or one hundred milligrams, but it does not really accomplish anything. We are finding that ten milligrams seems to be the right amount for most people. Some people have severe problems. For example, my sister has fibro myalgia. She takes one in the morning and one at night, so effectively she is taking twenty milligrams in a twenty four hour period.

CEOCFO: *Are there any side effects? Is there anything that people need to look out for? Are there interactions perhaps with medications?*

Mr. Kay: There are no known interactions with any medications. There are no side effects that we are aware of. As with anything, we want people that are pregnant to talk to their doctor before using the product, but outside of that we are not seeing any potential issues or problems.

CEOCFO: *It sounds very simple!*

Mr. Kay: It is actually.

CEOCFO: *How did you get involved with the company and the concept?*

Mr. Kay: I used to be in the software business. I owned a software company. I have always been involved in technology based businesses. I sold my last company about five years ago and was looking for something to do where I could do something that obviously has huge potential and I think this marketplace is about to explode. However, I wanted to do something that would be doing something good, that I could look forward to doing. I am seeing that hemp oil's benefits are

just so dramatic and I have seen so many people get help, including quite a few family members. Therefore, to me this felt like something I needed to get involved in.

CEO CFO: *There are so many companies getting in to the overall cannabis arena. How do you stand out? How do people understand that you have something real and are not just one of the crowd?*

Mr. Kay: The difference is the delivery system. I could tell you why the grade of oil we are using is better than other companies, but the real difference is the delivery system. As I said before, one of the things with most of the products on the market is, and it depends on which product; it is the absorption rate is usually between six and thirty three percent with most products. However, with CanaGel it is virtually one hundred percent. That is the difference. That is our key selling point.

CEO CFO: *What, if anything, has changed in your approach as you have started to sell the product? What have you learned on the business side?*

Mr. Kay: I guess what you are saying is that there is a tremendous number of people getting into the market. However, many of them are doing it, almost in a wave, like an opportunist, and I mean that almost in a negative way. In other words, there are a lot of people getting into the market because they think it is next get rich quick scheme. There are a lot of people just buying product from other people and private labeling it and things like that. Therefore, I think that is something that surprised me; how many people are trying to get into this and how most of the products are really the same, that there is no real significant difference.

CEO CFO: *Is there a shelf life?*

Mr. Kay: We say it is two years. Quite frankly, hemp oil does not exactly have a shelf life.

CEO CFO: *How are you reaching out to companies to carry your product?*

Mr. Kay: Part of it is doing shows. We did the CWCB (Cannabis World Congress and Business) show recently. We will be doing the Champs show in two weeks. We have been doing a lot of things on the internet, a lot of social media; social media has been very successful for us. We have been contacting retailers around the country through social media.

CEO CFO: *Where do you manufacture and what type of inventory do you need to maintain?*

Mr. Kay: It is manufactured in New Jersey. We maintain quite a substantial inventory. I assume you are talking about us as opposed to our retailer. It is quite substantial and we ship the same day, so our retailers do not really have to stock a lot of product.

CEO CFO: *What is next for CanaGel?*

Mr. Kay: We look at other potential products that maybe fit into this marketplace. There are a few things we are working on, but nothing yet that I can really talk about.

CEO CFO: *Why is CanaGel an important company and an important product?*

Mr. Kay: It really comes down to the delivery system. We are the first hemp oil gel melt in the world. That is our unique selling advantage, amongst other things. I can give you a laundry list of things of how it is vegan and non GMO and it sugar free and gluten free. There are no artificial preservatives. We have had it independently tested in labs to confirm everything that I have been telling you. It is just a uniquely effective delivery system.

