

Q&A with Richard D. Kamolvathin, President, Chief Science Officer and CEO of GroGenesis, Inc. bringing to market their Revolutionary Agritech product, AgraBurst PRO, that will enable Developed and Emerging Economies Globally to Transition to and Produce Organic and Non-GMO Food Products



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Interview conducted by:
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CEOCFO: Mr. Kamolvathin, would you tell us about GroGenesis, the industry you are in and your product?

Mr. Kamolvathin: GroGenesis is a pioneer in the Agritech sector of non-GMO and organic agriculture. We define “Agritech” as balancing the principles of organic science and combining it to work in harmony with nature. Our company’s mission is to help farmers around the world reduce the amount of chemical inputs by providing expertise and cost effective solutions to farmers that seek to transition from conventional chemical farming to non-GMO and, ultimately, organic farming. Our vision is to develop a global network of dedicated partners executing our mission to grow market share in the Agritech space.

Our flagship product is a revolutionary, non-GMO and organic input with five modes of action called AgraBurst PRO. AgraBurst PRO is all organic and replaces the synthetic properties of adjuvants, nano surfactants, wetters, emulsifiers and soil conditioners all in one broad spectrum, easy-to-use liquid. We use only the highest quality food grade National Organic Program listed, or NOP, raw ingredients in our formulation. There are additional benefits we are seeing in our global field tests and we will share them with our shareholders and the public as we verify the data.

CEOCFO: Would you tell us the state of AgriTech today? Is this a space that you have created where you are the only one in the space or are there other companies with the same focus?

Mr. Kamolvathin: Agritech is not a term we have created as it includes a wide variety of technologies and innovations that farmers can apply on the farm; distributors can apply after harvest; and food companies can apply during processing. However, we consider our company to be a pioneer in one of the main premises of Agritech, which is the ability to grow more food for a growing global population, with fewer, environmentally-damaging resources. Our role is to help educate and provide sustainable solutions that will help to develop the current and future framework so farmers have an alternative if they want to transition from chemical farming to organic farming. We hope to attract other like-minded farmers and input developers to help expand our knowledge base, the market sector as a whole, and awareness in the market place. The market potential is incredibly large and the trend is our friend. As consumers around the world demand higher quality foods with less chemicals and more transparency in how their food is produced, the AgriTech sector has great potential and a very bright future. We are seeing this in the acceptance of our mission by farmers and more recognition by suppliers in the food distribution chain.

CEOCFO: When did you become CEO at GroGenesis and what were some of the first things you did in that role?

Mr. Kamolvathin: I was recruited by GroGenesis in the middle of 2015. I immediately recognized the opportunity and potential that GroGenesis had in its business plan. The company had committed shareholders that were passionate about

helping farmers grow higher quality, more nutritious, healthy food. On the product side, I knew that I could make a significant contribution to improving the Agraburst formula. And on the corporate side, while there was no toxic funding or convertible notes outstanding and the corporate debt was manageable, I knew that I could make a positive impact on improving the capital structure and finding capital to take the business to the next level. Essentially, these were significant challenges, but I saw real opportunity in GroGenesis and its future.

One of the first steps I did was reevaluate the entire market cap of the company. We were a microcap company with a substantial amount of shares outstanding at the time. This ultimately affected our optics in the market place as we raised investment capital. So a major reorganization of outstanding shares had to be initiated. I visited with all of the majority shareholders and shared the new vision and mission and solicited their support to reduce the amount of shares outstanding and lock up a significant amount of shares that would eliminate any near term overhang as we moved forward. This was accomplished in the reduction of outstanding shares by 20 million, 5.5 million shares canceled and a multi-year lock up of 10 million shares. We are still discussing even further reductions and restrictions as we execute phases of our business plan.

The second task was to formulate a product that could help farmers reduce the amount of chemical input while at the same time provide price and yield incentives to produce higher value crops. This was achieved in the formulation of AgraBurst PRO. After conducting controlled trials in the field on a number of different crops in different regions of the world, we are confident that we have developed a significant product for the agriculture industry.

The third challenge was to reduce our corporate burn rate and recruit dedicated professionals to execute an aggressive business plan, albeit with limited resources initially. My management team shares the vision of helping farmers increase their family's income through healthy farming practices. This commitment, by necessity, involves accepting lower compensation currently until we become cash flow positive. But I am proud to say that our team has that commitment and exhibits the dedication necessary to work in a young company with attainable and measureable goals.

CEOCFO: *Would you explain how AgraBurstPro works and what makes it different from other products on the market?*

Mr. Kamolvathin: AgraBurst PRO is very unique in several ways. Obviously I am biased, but what separates our product from most inputs on the market is that it is a more effective multi-purpose delivery system for inputs and a pure source of food for microbiology. The solution is a plant-based extract which is carcinogen-free, biodegradable and non-toxic. Its application amplifies the plant's natural capacity to absorb nutrients through its own foliage while enhancing root development. Fertilizer applications are optimized which can result in reduced future input costs for the farmer. AgraBurstPRO also has a natural pest repellent component that contributes to the overall results. We strongly feel that AgraBurstPRO represents a fundamental component in the future of healthy farming.

As market demand for organic food continues to grow, how will farmers transition to supply that demand? As a grower, if your buyer said to you today they no longer will purchase GMO crops from you, what will you do? How do you begin the process to transition to non-GMO? It is not as simple as just not spraying chemicals. There is a transition period that is required, as well as certifications of both inputs and protocols.

Our approach is to help farmers by first providing a step-by-step transition. It would be almost impossible to ask an industrial conventional farmer to stop using chemicals and start growing organic food. The first step is to discuss the reality of the economics and develop a plan, starting with implementing non-GMO farming practices where we would focus on the reduction of chemical inputs, seed integrity and cross contamination protocols. By taking that first step, the farmer would experience a reduction in chemical input costs and produce a higher value crop. And, based on our experience in the field, farmer could benefit from higher crop yields. If a farmer is successful and develops the commitment level needed to continue to transition, we then can move to further reduce chemicals towards eventually using no chemicals and growing organic food. This may take up to three years, so we still have to fill the revenue gap with other high value crops while transitioning. AgraBurst PRO is the catalyst for the transition from conventional to organic agriculture. This is why it's called Agritech.

CEOCFO: *What is the range in yield increases you have seen in your field testing to date?*

Mr. Kamolvathin: We have seen through our university studies anywhere from a 25% to 40% increase in yield. We have conducted field tests on various crops such as rice, banana, papaya, vegetables, coffee and corn. We were particularly gratified to see a rice field test record an over 40% increase. There are many variables such as weather, soil conditions, pests and so on, but we have been more than pleased with the increases in production. We have been told by farmers in

the field that just a 5%-10% increase would be cost efficient to decide on adopting AgraBurstPRO, so we are really happy to see a healthy improvement beyond that minimum range of increase.

CEOCFO: *Your press releases recently have shown a lot of activity in signing up distributors in Southeast Asia. I know there was a market launch in Cambodia. Would you tell us about the event and what has been the response?*

Mr. Kamolvathin: Our market launch in Phnom Penh on October 5 had over 200 attendees including media representatives, agriculture ministry officials, rice producers, palm oil producers, fertilizer manufacturers, non-governmental (NGO) representatives, ambassadors to Cambodia from South East Asian countries and the United States, and organic farming cooperative members. GroGenesis' partner from Colombia, Manuel Oviedo, the Director General of Vita-Agro S.A.S. based in Bogota, has been working with AgraBurst PRO in the field over the past two years. He presented the results from controlled field tests recording yield increases ranging from 15%-40%, depending on a number of variables such as soil conditions, weather and the specific crop. His presentation was very well-received because this field testing was on crops that they could relate to—palm for palm oil, coffee and rice—to name a few.

At this market launch we signed an agreement with Curewel International Co. Ltd., which now is our partner in Southeast Asia for the countries of Cambodia, Laos, Vietnam and Sri Lanka. We chose this partner because they are a major force in the distribution of other products such as healthcare and wellness products and they have an experienced distribution network in place. Curewel is based in Phnom Penh and Cambodia is one of the strongest emerging economies in Southeast Asia. It is very pro-business with a very supportive government – and they trade on the US dollar. It is a very attractive market opportunity for us. After our due diligence, we chose Cambodia and our partner, Curewel, because we see great potential for exponential growth. Just in Cambodia alone, we are talking about a \$20 billion GDP and growing year after year. My presentation at the market launch was entitled “Accelerating GDP Growth Through Agriculture”. We feel strongly that we chose the right partner and the right country to start our relationship in Southeast Asia.

CEOCFO: *You mentioned that you reduced your burn rate. How do you minimize your operational costs given your global focus?*

Mr. Kamolvathin: Our business model is designed to run lean, and we intend to keep it that way as we move forward. We contract with an experienced organic blender to produce AgraBurstPRO under our specifications and provide warehousing and logistical support. We do not have a retail sales force nor an institutional sales force. Our business is based on developing wholesalers, master distributors and distributors and then incentivizing them with a reasonable profit margin. We provide technical support and marketing support to these distributors, but we are structured to minimize the necessary overhead to shorten the path to profitability. We talk a lot about our mission of helping farmers, but it is always with an eye to enhancing shareholder value at the same time. We can only change the face of agriculture by becoming profitable and maintaining a position of long term viability.

CEOCFO: *Will your business plan in the US be different from overseas?*

Mr. Kamolvathin: Yes it will. I believe that the business plan in the US requires further study and due diligence as far as testing and getting a product to the distribution network. That is a strategic decision. We believe that to bring our product to market we need to work with countries and regions that are readily available to accept the type of products that are making the transition. As a young company, we need to deploy our resources and management attention to the markets that can get us to profitability in the shortest time. South East Asia and Latin America are those regions we have identified where the agricultural industry and governments recognize the immediate need to grow farmer's income while, concurrently, minimizing the negative environmental effects of chemical inputs. A farmer can still use those chemical fertilizers with AgraBurstPRO, but they can eventually start reducing that chemical input amount without a decrease in yield. With the reduction in fertilizer comes a reduction in production costs for the farmer. As for those farmers who are already Organic Certified and enjoying the “value added” prices in the marketplace, AgraBurstPRO is a welcome addition to their protocols.

As for the US, we have a business relationship with Lynn Griffith, a noted tropical plant and turf expert based in Florida. After doing a few limited field tests with AgraBurstPRO on St. Augustine grass, we were very encouraged by the feedback from turf professionals. We are currently conducting more detailed and controlled field testing on turf—which is an interesting non-food market for AgraBurstPRO. Between lawns, municipal parks, golf courses, amusement parks and sports arenas, the market for an organic input that improves the health and the appearance of the grass is attractive for near term revenue. So our first revenue out of the US may be in the turf market.

CEOCFO: According to your financials, GroGenesis just booked the first revenues in its history. What will your next two quarters look like?

Mr. Kamolvathin: We look very positively towards generating revenue now with expectations—and I underscore the word “expectations”—of healthy quarter to quarter revenue growth over the next two to four quarters. As of last quarter, we transitioned from a pre-revenue to a revenue-producing company. I like to say that we have moved from a company saying they have a product to a company that has a product that customers deem valuable enough to pay for.

We had been in R&D for two years. We spent a lot of time reorganizing the company, but plans take time to develop and implement. However, the field testing of AgraBurst PRO has been critical for validating the efficacy and using that validation to attract additional distributors. It was not only testing that was necessary, but also the registration of our products, to meet the organic standards of the world today and we have now finally come to market. We had our first shipment out to Barbados, and we have made our second shipment to Columbia to our Latin American partners. In addition, we are developing other shipments right now, which you will be hearing about very soon. As a matter of our company’s communication policy, we will announce the first shipment to each country as they are shipped to keep the market and our shareholders apprised of the momentum we are experiencing as additional countries begin to place orders for AgraBurstPRO. To date, we have announced shipments to Barbados and Colombia. We have signed distributors, and are working on obtaining orders, in Bangladesh, Cambodia, the island nations throughout the Caribbean Basin, Laos, Sri Lanka and Vietnam. After our very successful market launch event in Phnom Penh on October 5, we have been in talks with more prospective country distributors. As all these distributors ramp up next year, we obviously anticipate significant revenue growth.

CEOCFO: Do you see GroGenesis as a more than a one-product company as you move forward?

Mr. Kamolvathin: We are a one-product company for now, because we have to stay focused on the one product to be really good at it. And we are driven to become profitable in the near future by staying focused. This is our flagship product and it is a revolutionary product. As part of our three to five-year business plan, we have plans to develop additional products in this market space. There are other products that will be added to our eventual portfolio of products to fit with our AgraBurstPro product, but we want to stay focused on what we are doing right now. Possibly we may roll put a complementary organic product next year or the year after, but the core concentration right now, and the focus is, on AgraBurstPro until we reach healthy profitability so we can invest in other products moving forward.

CEOCFO: What do you envision five years down the road at GroGenesis?

Mr. Kamolvathin: I see a very strong market penetration globally. I see sustainable sales and very healthy revenue growth over these next five years. Our partners around the world are very excited and very motivated. These distributors have either conducted their own field tests or conducted their own due diligence on these field tests. They sold themselves on the efficacy of AgraBurstPRO by proving it out in the field. They were stringent with their due diligence because they did not want to start selling a product that they did not have clear evidence worked as advertised. We have analyzed their revenue projections and we will be including those in our own corporate projections and rolling that out in our business plan. We are talking about market penetration in a rapidly growing sector of the agriculture market. We are very realistic about how we look at a market. All of our revenue projections are based on a modest one and two percent market penetration eventually in each country. We believe these goals are attainable as our distributors introduce and train farmers in the field on AgraBurstPRO protocols and we have more data on soil health improvement and increased crop production. With one percent or two percent market penetration, we will be able to achieve our business goals of expanding into a real force in the sustainable agriculture marketplace. In three to five years we should be at target on our business plan. It is clear that there are major positive trends in global agriculture that promises to help the farmer and his family produce healthier food for the consumer and begin to rehabilitate the environment. GroGenesis and our partners feel we are privileged to be an integral part of this movement.

