



Leading the Wellness Industry's Megatrend

The Wellness Revolution

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A WELLNESS COMPANY FOR THE FUTURE

It's no longer a question of *'if'* the CBD market will go mainstream.

It's a case of *'when'*.

A [recent poll](#) found that 33% of American adults have already used some form of CBD product to support areas such as Pain, Stress and even Sleep.

And, together with a younger generation more focused than ever on wellness, alongside general demand for a greater range of natural products...

That number is only expected to rise.

The simple fact is, there is a growing amount of credible research showing that hemp-derived CBD (cannabidiol), a key component found in the cannabis sativa L. plant, helps support the body in many ways and that some preparations of CBD are now being used as a drug to support specific medical applications.

It's why CBD retail sales are expected to hit a staggering [US\\$16 billion by 2025](#) in the US alone, up from \$US4 billion in 2019.

And it's why, right now, companies are scrambling to enter this space as it grows internationally. Given global growth forecasts, it's no wonder investors are keeping a close eye on CBD companies. But there is a catch...



As you'll discover in this special report, increasing mainstream interest also leads to tighter regulation and demand for higher quality products.

Many fledgeling firms will struggle here. But that may not be the case for **HempFusion Wellness Inc.** (OTC:CBDHF | TSE:CBD.U | FWB:800).

It has already spent millions on developing an extensive regulatory portfolio related to manufacturing certifications, toxicology studies to confirm safety for human consumption

and use of CBD all in preparation for the coming guidance from federal agencies such as the US Food and Drug Administration and the Food Standards Agency in the United Kingdom.

Crucially, this makes it one very few companies that can actually make genuine health claims on many of its CBD products.

It is details like this that may give **HempFusion** a leading edge over competitors.

This firm has been quietly preparing for CBD to hit the mainstream and has positioned itself to lead the industry from the front.

HempFusion[®]





Compliance isn't the only area where **HempFusion** is positioned to dominate the market.

Its products use the highest quality ingredients. Its leadership comprises some of the most highly respected Business professionals with over 50 years of combined industry experience in Dietary Supplements, cosmetics, food and beverage. It recently completed a US\$17 million IPO and has no long-term debt.

And most importantly, **HempFusion** is right now expanding into markets it may take competitors months or even years to enter. For example, it is targeting the Big Box retail, convenience, and doctor/practitioner channels.

In this report, we'll look at just how far ahead **HempFusion** is, and how it is already identifying ways into markets outside of America.

When the CBD market goes mainstream, **HempFusion** is set to become one of the major players. Especially with the company now trading in the Canadian, US and German markets.

It is now open to a vast army of investors keen to back the names that may benefit most from the CBD wellness trend.

THE WELLNESS REVOLUTION

From beauty products to complementary pain remedies...

From nutrition and weight loss solutions to fitness, mind, and body regimes...

We have never been more concerned with keeping ourselves in top condition.

The hard-earned cash with which we are willing to depart for the privilege is sitting at record highs as well. Statistics suggest that Consumers have spent \$4.5 trillion on wellness products in 2018 – more than half of total global health expenditure.

There are no signs of this stopping, either - the wellness industry is currently growing at nearly twice the rate of the global economy.

As this continues, the profit potential on offer for shrewd investors is astronomical.

Just look at recent success stories like the global vitamins and dietary supplements market. Worth just US\$90.6 billion in 2010, it is now on track to hit a US\$230 billion valuation by 2027.



Then there's the fitness tracker sector, forecast to carry a **US\$62 billion** valuation by 2023 up from just US\$17.9 billion in 2016.

Investors who backed successful early-movers in both these areas and stuck with them are now likely sitting on life-changing returns.

How fortunate, then, that a new wellness trend is now presenting itself in the US.

One that could be about to turn this sector on its head, and may make its participants multiples of returns in the process.

We're talking, of course, about **cannabidiol**, or **CBD** for short.

Sectors within the global wellness economy¹



THE WELLNESS REVOLUTION

CBD – THE WONDER COMPOUND WINNING OVER THE WORLD

CBD is one of the key non-psychoactive ingredients in hemp. And more research is suggesting that it may unlock many medical mysteries and may have seemingly endless potential.

CBD is quickly becoming the wonder compound of the 21st century. There's no surprise it's taking the US by storm.

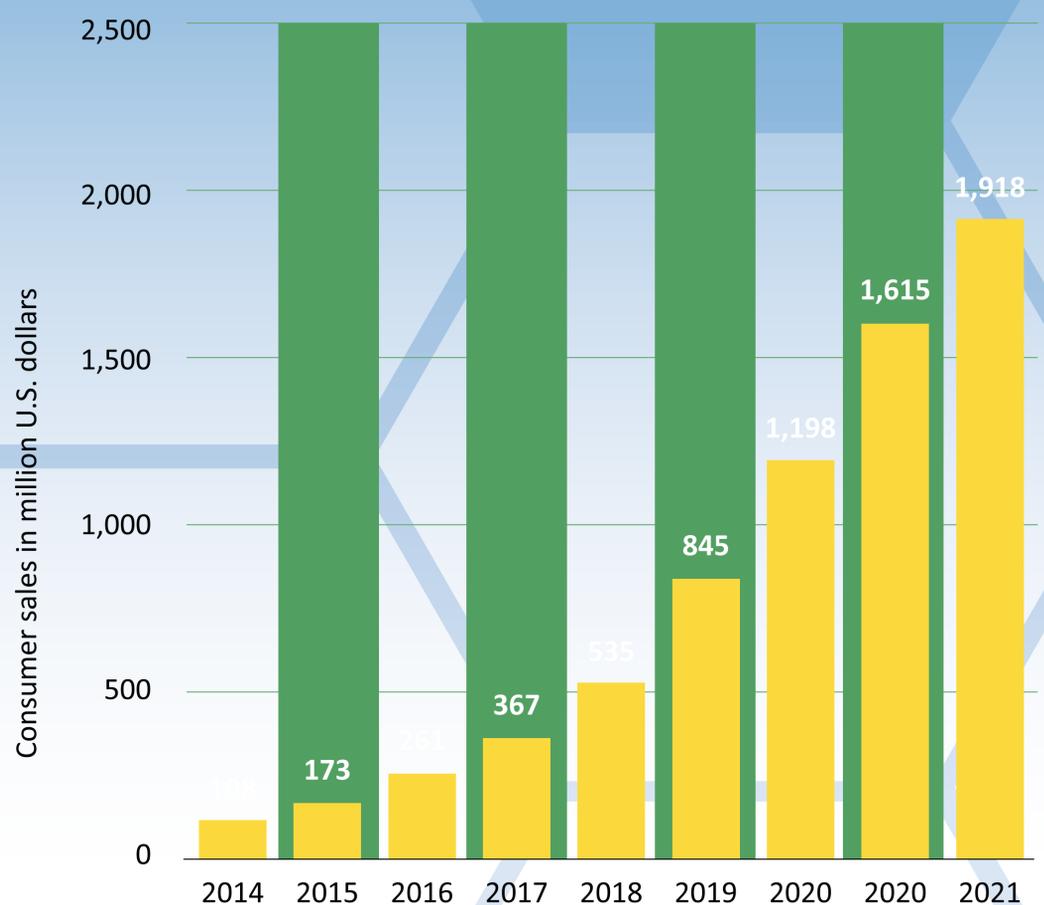
Especially with the removal of hemp (cannabis sativa L. with a Delta-9 THC content of less than 0.3%) from the controlled substances list in 2018.

The move essentially legalised CBD derived from hemp under federal law in all 50 states, although several states are still hesitant about the compound. As you'd expect, the move led the market to be immediately flooded with capsules, tinctures, and topicals containing CBD and CBD oil.

With this, cannabidiol's move into the mainstream was finally cemented. Indeed, consumer sales have rocketed from just US\$108 million in 2014 to US\$1.2 billion in 2020.

But despite this impressive growth, the CBD opportunity is far from over. In fact, we are still just sitting at the beginning of what may be the sector's colossal rise.

Total U.S. cannabidiol (CBD) product sales from 2014 to 2022



Graph sourced from [Statista.com](https://www.statista.com)

SOARING VALUE AND CHANGING REGULATIONS

The US CBD market could be about to open up in a big way.

See, although CBD oil and cosmetics are legal, the FDA [does not currently allow](#) the ingredient to be added to marketed foods, beverages, and dietary supplements. However, this now looks set to change.

The US government now comprises both a Democratic president and senate for the first time in years. And as such, many in the CBD community are

[quietly becoming more confident](#) that this “blue wave” could usher in major reform. Namely, the FDA is expected to soon provide guidance for regulations surrounding the legal sale of ingestible dietary supplements containing CBD.

This would open up the legal market vastly, allowing a much wider variety of products to be sold.



Conservative estimates are already predicting that US CBD sales could hit an enormous \$16 billion by 2025.

Source: [New York Times](#)

Another consequence of the CBD sector opening up is that FDA would very likely have to establish a much more expansive framework for monitoring product standards.

This is what happens when any sector enters the mainstream, the rules and regulations that govern it tighten. But in the case of CBD, the impact could be enormous.

You see, many companies already market themselves as selling CBD products like oils and capsules, and even food and drink. But, despite the FDA mostly looking the other way, the truth is that they are not compliant.

These firms could very quickly disappear if there was a regulatory crackdown and they were pushed through the proper channels.

What we'll be left with is a much smaller pool of companies with products of the highest standard free to steal market share as the CBD market hits terminal velocity.

One company that may be positioned to lead this charge from the front is HempFusion Wellness.



HEMPFUSION – FOCUSED ON THE HIGHEST STANDARDS OF COMPLIANCE

Many CBD companies today are focused on making sales as quickly as possible rather than product quality.

HempFusion is different.

First, all its products are created using some of the best DNA-verified, EU-registered, non-GMO, organic industrial hemp on the market.

Then there's the millions of dollars and the great deal of time the firm has invested specifically into meeting regulatory standards.

And it's not just today's standards, either. **HempFusion's** uncompromising approach to regulatory compliance has positioned it for potential growth in any regulatory environment – like one where the US market opens up, for example.

Take the firm's range of Over-the-Counter (OTC) topical products. HempFusion has sunk a great deal of time and money into validating these products so that can be “*FDA drug listed*”. This means it is one of very few companies that can legally make health claims on labels including those for pain, acne, wound and aging. This potentially creates trust with consumers.

HempFusion has completed all of the necessary toxicology studies which leads to the publishing of its NOAEL (No Observed Adverse Effect Level). This process ultimately leads to a status of self-GRAS (Generally Recognized As Safe) Affirmation.

These may work together to highlight that the company's products are safe for human consumption and application – a ready-made edge in any regulatory environment.



Finally, **HempFusion** is also a member of the US Hemp Roundtable, and is participating in ValidCare's groundbreaking study into CBD and human safety.

The latter is designed to address FDA questions about CBD products, but is also eagerly awaited by both the CPG and life sciences industries. This could lead to partnerships.

The bottom line is that **HempFusion's** compliance elevates it above peers in the eyes of both consumers and regulators. It would take its competition a lot of time and money to catch up if they were forced to for survival.

The certifications and executive memberships **HempFusion** has won and is pursuing provide the company with a strong commercial position.



HEMPFUSION'S AGGRESSIVE US EXPANSION PLANS

HempFusion's compliance-conscious approach has already seen it establish a leading position in the growing US CBD market.

It currently stocks 46 products in around 4,000 retail locations across 50 states, including chains such as Sprouts,

Vitamin Shoppe and Fresh Thyme Market. Alongside its topicals – which includes products such as pain, eczema, and acne relief and Aging Beauty creams – the firm's range includes CBD liquid hemp extract and CBD capsules for sleep, stress, and energy.

Wide Retail Distribution



But traditional retail is not the only sales channel in which **HempFusion** is planning to win market share.

The company relaunched its e-commerce platform in June 2020 with a subscription programme designed to drive recurring revenue and customer loyalty. It is now executing a multi-stage marketing plan to maximize its online presence.

HempFusion's multi-stage marketing plan for its e-commerce store

- ◆ **PAID DIGITAL**
Targeted internet advertising, campaign video and banner ads
- ◆ **PAID SOCIAL**
Social media spends on Facebook
- ◆ **TRADE SUPPORT**
Customer co-marketing, in-store training and education
- ◆ **INFLUENCER MARKETING**
Active social media campaigns
- ◆ **MEDIA OUTREACH**
PR Agencies + Press Releases



Then there are the various complementary sales channels **HempFusion** is planning to enter, the majority of which its competitors may not be able to touch.

One example is the large food, drug, and mass channel, also known as **Big Box** retailers.

With this channel encompassing chains like Walmart, Publix, Kroger's, and Albertsons, the addressable CBD market here is huge. However, Big Box retailers are also known for their ultra-high compliance standards because of their size and reputation.

HempFusion®

The addressable CBD market here is huge



Thanks to its extensive work in certifying its products, **HempFusion** may be one of the first hemp-based CBD companies to be able to take advantage of this huge Big Box opportunity. It entered its first store in this channel in June last year, and is pursuing a pipeline of four other chains over 2021.

HempFusion's progress in the Big Box retail sector



PIPELINE OPPORTUNITY (SUMMARY)	STATUS
FDM STORE 1⁽¹⁾	Closed/Won: Product in-store June 1
FDM STORE 2	Actively engaged distribution for both HempFusion and Probulin
FDM STORE 3	Anticipated review with buyer in Q3
FDM STORE 4	Presenting Probulin as no immediate CBD opportunity due to rollout calendar
FDM STORE 5	Discussing opportunity with both HempFusion and Probulin SKUs



HempFusion®

Another new channel is the Doctor/Practitioner market. Given Americans are on track to spend around US\$2 billion a year on prescription cannabinoids by 2024; this is another huge prospect. However, entry barriers are once again high – commercial products must be specialised and recommended or prescribed by medical professionals.

But HempFusion has endeavoured to overcome these hurdles.

The company is expanding into the channel through its HF Labs and Biome Research lines, which are professional versions of its products.

It is in the process of negotiating supply agreements for more than 11 of its products with three distributors representing more than 27,000 doctors.

And finally, there's the convenience store channel. **HempFusion** aims to launch into this space with a new strategy led by Chief Revenue Officer and convenience industry veteran Jon Visser.

With 152,720 stores in total and 27,842 in its potentially addressable market, this channel could be set to become a strong revenue stream.



A PIPELINE OF PRODUCTS FOR THE NEW CBD WORLD

As well as planning to extend its market reach, **HempFusion** is also planning to widen its product range considerably.

The company boasts an R&D pipeline of 30 products primed that aim to engage both existing customers and new types of consumers.

This includes a new USDA organic tincture and a range of targeted OTC topical products focused on pain, acne and more. It is even entering the pet market, developing tincture and chew products endorsed by independent third-party veterinarians.

Critically, the company is also developing products designed to be sold in new environments such as two lines of chewable CBD gummies.

All products are built to meet expected FDA standards. So, if the legal CBD market does widen and the regulator does crack down, **HempFusion** may be positioned to meet pent-up demand with new and potentially compliant products before its competitors.



A TROJAN HORSE STRATEGY SET UP FOR GLOBAL EXPANSION

While the US CBD market presents enormous potential, **HempFusion's** expansion plans are by no means limited to North America.

You see, the reality is that this wellness trend spans the entire world. Public and regulatory CBD acceptance is advancing at different rates in different nations. But the fact remains that some forecasts put the value of the global CBD oil and CBD consumer health market at as high as [US\\$123.2 billion](#) within six years.

HempFusion has devised a two-part strategy to capture this.

First, as well as endeavouring to meet and anticipate the needs of US regulators, its products are designed with a view to meeting expected international health authority standards.

Perhaps the best example is its work towards achieving classification as a Novel Food Ingredient under European Union law. This may be essential for European distribution as regulation advances.

Second is the “*trojan horse*” element to **HempFusion’s** international expansion strategy.

Alongside its range of CBD products, the firm sells a variety of probiotics under the brand name “**Probulin**”.

Probulin is already one of **HempFusion’s** biggest revenue drivers in its own right.

The range aids in everything from digestion to women’s health, and is driven by a scientifically validated delivery system backed by backed by 3 scientific studies and stability tests. This has seen them become one of the fastest-growing products in a global probiotics market worth some US\$6.1 billion in 2019.

But they could also offer a potential gateway to increased international distribution for **HempFusion’s** entire product range.

Probulin products do not contain CBD. This means that they can be sold in retailers based in countries where cannabidiol is either entirely prohibited or permitted only in limited circumstances.

By using Probulin to establish relationships with these retailers, **HempFusion** may be well positioned when or if the rules around CBD change. As an approved vendor, it may be able to usher in its CBD range into these retailers with ease – especially given its dedication to compliance.

***Once again,
this may put it
several steps ahead
of its peers with no
existing relationships
in territories
opening up to
their products.***



**HempFusion’s
Probulin product range**

HEMPFUSION'S TROJAN HORSE STRATEGY IN A NUTSHELL

1

Probulin may allow **HempFusion** to engage international retailers that may not currently carry CBD products.

2

Entry may allow **HempFusion** to establish relationships and approved vendor status with these retailers.

3

Approved vendor status could reduce onboarding time for CBD range if/when national regulations ease.

HempFusion's initial international focus is on Europe, zoning in initially on Ireland and the UK where CBD approval is advancing at pace.

But long-term, this approach should help expansion into any market – European or otherwise – where CBD is being ushered in.

For investors, this could add further upside.

GROWTH BACKED BY EXPERT MANAGEMENT AND A ROBUST BALANCE SHEET

Swift expansion in the highly competitive US and international CBD markets. It's an ambitious task, but it is also one for which HempFusion is more than prepared.

There are the company's unrivalled compliance standards, growing market position, expanding product range, and strategic outlook....

But there are also two other aspects that may extend its competitive edge even further.

The first is its management team, which comprises a wide range of figures with leading scientific expertise and business acumen in this market.

At the top is co-founder and chief executive officer **Dr. Jason Mitchell, N.D.**

DR. JASON MITCHELL, N.D.

Chief Executive Officer

Dr. Mitchell is a naturopathic doctor with 25 years of business development, scientific, nutritional, and product development expertise. As chief science officer for Country Life Vitamins, he developed more than 300 products that ultimately led Kikkoman Corporation to acquire the company.

Now, he uses his in-depth knowledge and background in regulatory matters with a view to elevating **HempFusion** to as prominent a position as possible in CBD and probiotics.



And in his quest, Dr. Mitchell is complemented by fellow industry experts like:

JON VISSER

Chief Revenue Officer

A 25-year sales and marketing veteran and former senior vice president of sales at Navajo, which sells globally-renowned consumer brands such as Piranha eyewear and Hottips! Electronics accessories.

DAVID DOHERTY

Director

Initial financier and former director of Organigram Holdings, Emblem Corp, and the Green Organic Dutchman, as well as a key figure in the IPO of CBD gummy firm PLUS Products.

DESMOND BALAKRISHNAN

Director

Renowned corporate finance and M&A lawyer in the cannabis and gaming industries who has represented companies like Aurora Cannabis and Green Organic Dutchman in one of Canadian marijuana's largest-ever IPOs.

GORD FOX

Director

Former president of limited market dealer Lytton Capital and co-founder of White Cedar Pharmacy – one of the largest prescribing pharmacy businesses in Ontario.

And then there's **HempFusion's** balance sheet.

The firm is already generating revenues from sales of its CBD and probiotic products. But it also has no long term debt and was recently capitalised through a US\$17 million IPO financing that built on an already strong US\$13 million cash balance as of 30 September 2020.

HEMPFUSION – ENDEAVOURING FOR RAPID GROWTH ON PUBLIC MARKET ROLL-OUT

The bottom line is, HempFusion stands out from its peers because of its strength.

Whether it's in its compliance standards, its market position, its product range, its leadership team, its balance sheet, or its plans...

This company plans for long-term success in a rapidly-growing CBD market approaching a regulatory crackdown that may wipe out less-prepared constituents.

Sure, there will be other companies that will survive the shake-up.

But where competitors have been trading for a long time and are well-known by investors, **HempFusion** is a new issuer.

Having only just listed in Canada, the US and Germany, the vast North American and European markets of investors hungry for exposure to the CBD trend may only just be waking up to the opportunity on offer.

Shares have already risen from an initial IPO price of US\$1.00 to US\$3.11 (as of 3rd March 2021)

But as it continues to advance towards planned profitability by building on its existing position with new sales channels and new types of products...

And as it continues to increase its global footprint as the CBD market expands...

The opportunity for **HempFusion's** stock to outperform its peers is potentially significant.

It may be early investors who are the most richly-rewarded.

It may be early investors who are the most richly-rewarded.



TEN REASONS TO BUY HEMPFUSION WELLNESS TODAY:



Strong position in US CBD sector forecasted industry to reach **US\$16 billion** by 2025.



Industry-leading regulatory compliance could allow CBD product range free to expand as market opens up and regulation tightens.



Strong existing US retail and e-commerce position, **stocked in chains** like Sprouts, Vitamin Shoppe, and Fresh Thyme Market.



Planning to enter **enormous** US Big Box Retail, Convenience, and Doctor/practitioner channels.



Trojan horse strategy based around probiotics range could position firm for **significant international growth**.



Large R&D pipeline to capture new customers.



Robust balance sheet bolstered by recent US\$17 million IPO financing.



Founded and led by team of **business** and **science experts**.



Recent listings open firm up to North American and European **markets hungry** for CBD exposure.



Potentially **positioned for growth** as expansion continues and revenues rise.

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