PLANTS OF RUSKIN, LLC D/B/A ALTMED FLORIDA
PLANTS OF RUSKIN GPS, LLC
RVC 360, LLC

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in United States dollars)

PLANTS OF RUSKIN, LLC

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This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of Plants of Ruskin, LLC d/b/a AltMed Florida ("**AltMed Florida**"), Plants of Ruskin GPS, LLC ("**POR GPS**") and RVC 360, LLC ("**RVC 360**") is for the years ended December 31, 2020, and 2019, prepared as of April 7, 2021. For the purposes of this MD&A, AltMed Florida, POR GPS, and RVC 360 are collectively referred to as the "**AltMed Group**". This MD&A is supplemental to, and should be read in conjunction with, the AltMed Group's audited combined financial statements and the accompanying notes for the years ended December 31, 2020 and 2019. The AltMed Group's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**") unless otherwise indicated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators and Staff Notice 51-352 (Revised) – Issuers with US Marijuana Related Activities.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws (together, "forward-looking statements"). In addition, the AltMed Group or its indirect parent, Verano Holdings Corp. ("**Verano Holdings**"), may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the AltMed Group or Verano Holdings that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the AltMed Group or Verano Holdings that address activities, events or developments that the AltMed Group expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments, future banking conditions, whole operations, growth strategy and price compression, and future selling costs. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the United States regulatory landscape and enforcement related to medical and/or adult-use cannabis, including political risks and civil asset forfeiture; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; the lack of access to federal bankruptcy protections in the United States; heightened scrutiny by regulators in Canada; the enforceability of contracts; anti-money laundering laws and regulations; the protection of proprietary intellectual property and the potential infringement by third parties; high bonding and insurance costs; the limited research and reliable data available relating to the cannabis industry; public opinion and perception of the cannabis industry; future acquisitions and dispositions; the receipt of required licenses; litigation; the management of future growth; the reliance on the expertise and judgment of senior management of the AltMed Group; increasing competition in the cannabis industry; the reliance on key inputs, suppliers and skilled labor; the ability and constraints on marketing cannabis products; an agricultural business; internal controls and the potential for fraudulent activity by employees, contractors and consultants; the potential disclosure of personal information and cybersecurity risks; currency fluctuations; environmental regulations; cannabis products manufactured for human consumption, including potential product liability and recalls; contracts with third-party service providers; the limited market for securities of the AltMed Group; tax; and other risks described in this MD&A, as more particularly described under the heading "Risk Factors".

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, expectations and assumptions concerning: the ability of the AltMed Group to obtain regulatory approval in all states of operation for the commercial arrangements described herein; the ability of the AltMed Group to obtain necessary financing to pursue its business plans; operational results and other further conditions of the AltMed Group; the achievement of goals, the obtaining of all necessary permits and governmental approvals; availability of equipment, skilled labor and services needed for cannabis operations; intellectual property rights, development, operating or regulatory risks, trends, demand and developments in the cannabis industry; business strategy and outlook, expansion and growth of business and operations; the timing and completion of acquisitions and other transactions discussed in this MD&A; the impacts of COVID-19 and future steps to be taken in response to COVID-19; the timing and amount of capital expenditures; future exchange rates; the granting, renewal and/or timing of a state or local cannabis license; the impact of increasing competition; conditions in general economic and financial markets; access to capital; future operating costs; government regulations, including future legislative and regulatory developments involving medical and adult-use cannabis and the timing thereto; the effects of regulation by governmental agencies; the anticipated changes to laws regarding the medical and/or adult-use of cannabis; the demand for cannabis products and corresponding forecasted increase in revenues; and the size of the medical cannabis market and the adult-use cannabis market.

Although the AltMed Group believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Consequently, all forward-looking statements made in this MD&A and other documents of the AltMed Group are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the AltMed Group. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the AltMed Group and/or persons acting on its behalf may issue. The AltMed Group does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

1. OVERALL PERFORMANCE

Nature of Operations

POR GPS and RVC 360 are limited liability companies organized in the United States in 2017 and 2015, respectively. As of December 31, 2020, POR GPS wholly owns AltMed Florida, a limited liability company, located in the State of Florida, that grows, cultivates, extracts, manufactures, and sells medical cannabis products. RVC 360 engages in real estate activities that provide the facilities where AltMed Florida operates. The AltMed Group does business as AltMed Florida and operates multiple dispensaries throughout the State of Florida.

Cannabis Operations

The AltMed Group engages in the production and sale of cannabis through retail channels. The AltMed Group operates 29 retail dispensaries in the State of Florida. The AltMed Group operates one cultivation site in Apollo Beach, Florida.

Operations

The AltMed Group holds one of the 22, vertically-integrated medical cannabis licenses issued in the State of Florida. In July 2017, AltMed Florida became the tenth license holder to begin sales to patients. As of December 31, 2020, AltMed Florida operated a 220,000 square foot indoor growing facility and 29 dispensaries, with plans to open additional dispensaries in 2021.

Marijuana Remains Illegal under U.S. Federal Law

The AltMed Group engages in the medical marijuana business. Marijuana is currently illegal under U.S. federal law. It is a Schedule I controlled substance. Accordingly, in those jurisdictions in which the use of medical marijuana has been legalized at the U.S. state level, its prescription is a violation of federal law. The U.S. Supreme Court has ruled that the U.S. federal government has the right to regulate and criminalize marijuana, even for medical purposes. Therefore, U.S. federal law criminalizing the use of marijuana supersedes U.S. state laws that legalize its use for medicinal purposes. The Obama administration made a policy decision to allow U.S. states to implement these laws and not prosecute anyone operating in accordance with applicable U.S. state law. A change in the U.S. federal position towards enforcement could cripple the industry, rendering the AltMed Group unable to operate. Moreover, a change in the U.S. federal position towards enforcement could result in U.S. federal law enforcement seizing the assets of the AltMed Group, which would result in a complete loss for the AltMed Group. Additionally, the U.S. federal government could extend enforcement of the antidrug laws against people who are assisting the medical marijuana industry, including investors and finance sources. See “Risk Factors – Risks Specifically Related to the United States Cannabis Regulatory Regime”.

Banking Difficulties

As discussed above, the cultivation, sale, and use of marijuana is illegal under U.S. federal law. Therefore, there is a compelling argument that banks cannot accept deposit funds from the medical marijuana business and therefore would not be able to do business with the AltMed Group. As such, the AltMed Group may have trouble finding a bank willing to accept its business. There can be no assurance that banks in U.S. states currently or in the future will decide to do business with medical marijuana growers or retailers, or that in the absence of U.S. legislation, U.S. state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under U.S. federal law. This may make it difficult for the AltMed Group to open accounts, use the service of banks, and otherwise transact business, which in turn may negatively affect the AltMed Group.

The AltMed Group has no discontinued operations.

2. SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the audited annual consolidated financial statements of the AltMed Group as of December 31, 2020, and December 31, 2019.

The selected combined financial information set out below may not be indicative of the AltMed Group’s future performance.

	Year Ended December 31,			
	2020	2019	$ Change	% Change
Total Revenue	$ 105,660,570	$ 39,371,007	$ 66,289,563	168%
Cost of Sales	26,382,474	13,049,798	13,332,676	102%
Gross Profit before impact of biological assets	79,278,096	26,321,209	52,956,887	201%
Gross Margin before the impact of biological assets	75%	67%		
Net effect of changes in fair value of biological assets	63,015,173	12,110,222	50,904,951	420%
Gross Profit after the impact of biological assets	142,293,269	38,431,431	103,861,838	270%
Gross Margin after the impact of biological assets	135%	98%		
Operating Expenses	24,715,742	8,643,009	16,072,733	186%
Income from operations	117,577,527	29,788,422	87,789,105	295%
Other Income/(Expenses)	(1,331,065)	(309,090)	(1,021,975)	331%
Net Income	116,246,462	29,479,332	86,767,130	294%
Total Assets	186,878,023	77,216,022	109,662,001	142%
Non-Current Liabilities	19,635,865	11,222,306	8,413,559	75%
Total Liabilities	36,791,465	17,375,926	19,415,539	112%

Revenue

Revenue for the fiscal year ended December 31, 2020, was $105.7 million, representing an increase of $66.3 million, or 168%, compared to revenue of $39.4 million for the fiscal year ended December 31, 2019. The increase in revenue was driven by a full fiscal year of revenue from the eleven retail locations opened in prior years plus the addition of 18 locations.

Cost of Goods Sold & Biological Assets

Cost of goods sold are derived from costs related to the internal cultivation. Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the fiscal year ended December 31, 2020 was $26.4 million, representing an increase of $13.3 million or 102% compared to cost of goods sold, excluding any adjustments to the fair value of biological assets, of $13.0 million for the fiscal year ended December 31, 2019. The increase was primarily driven by the increased revenue due to expansion. Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the AltMed Group. Biological asset transformation totaled a net gain of $63.0 million and $12.1 million, for fiscal years ended December 31, 2020, and 2019, respectively, due to flower sales not approved for sale in Florida until 2019. In calculating the value of biological assets, a higher value is placed on oil infused products versus flower products.

Gross Profit

Gross profit before biological asset adjustments for the fiscal years ended December 31, 2020, and 2019, was $79.3 million and $26.3 million respectively, representing a gross margin on the sale of cannabis, cannabis extractions, and from related accessories of 75% and 67%, for the years ended December 31, 2020, and 2019, respectively. The increase in gross profit margin is mainly due to the expansion of the cultivation site. Gross profit after net gains on biological asset transformation for fiscal years ended December 31, 2020, and 2019, was $142.3 million and $38.4 million respectively, representing a gross margin of 135% and 98% for fiscal years ended December 31, 2020, and 2019, respectively.

Operating Expenses

Operating expenses for the fiscal year ended December 31, 2020, was $24.7 million, representing an increase of $16.1 million or 186% compared to operating expenses of $8.6 million for the fiscal year ended December 31, 2019, which represents 23% of revenue for the fiscal year ended December 31, 2020, compared to 22% of revenue for the prior year. The increase in operating expenses was attributable to the continued expansion in Florida.

Additionally, the AltMed Group had marketing and advertising expense of $1.0 million in 2020 which represented an increase from 2019 marketing and advertising expense of $0.6 million. This increase is primarily due to AltMed Florida's operation of 29 retail dispensaries as of December 31, 2020, as compared to 11 retail dispensaries as of December 31, 2019. In addition, each retail location incurred a large amount of marketing expenses, particularly around the opening, ongoing online presence, and search engine optimization strategies for each location. The AltMed Group continues to implement certain key advertising and marketing strategies to raise awareness in the market of the brand and additional retail locations.

Depreciation and amortization expense was $5.8 million for the fiscal year ended December 31, 2020, representing a $3.7 million increase from $2.1 million for the fiscal year ended December 31, 2019. The increase was due to the expansion of the cultivation site and continued expansion of retail dispensary locations.

Income from Operations

Income from operations for the fiscal year ended December 31, 2020, was $117.6 million, an increase of $87.8 million, or 294%, compared to income from operations of $29.8 million for the fiscal year ended December 31, 2019. The increase was driven by a full fiscal year of revenue from the 11 retail locations opened in prior years plus the addition of 18 retails locations (29 operating retail locations by year-end 2020).

Other Income (Expenses)

Other Income

Other income was $109,000 for the fiscal year ended December 31, 2020, compared to $36,000 for the fiscal year ended December 31, 2019. The increase was due to the increase in ATM commissions from the additional retail dispensary locations.

Other Expenses

Other expenses were $1.4 million for the fiscal year ended December 31, 2020, compared to $345,000 for the fiscal year ended December 31, 2019. The increase was primarily due to increased leased dispensary locations and implementing IFRS 16 – Lease Accounting ("**IFRS 16**").

Total Assets

Total assets increased by $109.7 million to $186.9 million for the fiscal year ended December 31, 2020, from $77.2 million for the fiscal year ended December 31, 2019. The increase was due to the continued expansion of retail locations and the grow facility.

Total Liabilities

Total liabilities increased by $19.4 million to $36.8 million for the fiscal year ended December 31, 2020, from $17.4 million for the fiscal year ended December 31, 2019. The increase was due to increased leased dispensary locations and implementing IFRS 16, lease accounting, and accrued expenses.

3. DISCUSSION OF OPERATIONS

Revenue

The AltMed Group primarily derives its revenue from retail business in which AltMed Florida manufactures, sells, and distributes packaged cannabis products from direct sales to end consumers in its retail stores. For the fiscal year ended December 31, 2020, approximately 100% of revenue was generated from retail business and 0% from wholesale business. Wholesale is only allowed in the market if another licensed operator petitions the Florida Department of Health (the "**FDH**") and documents it has had a crop failure. While the AltMed Group executed several wholesale transactions to improve cash-flow and expansion it does not anticipate having wholesale business moving forward as it is more profitable to sell through the AltMed Group-owned retail locations.

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods and devices, packaging, and other supplies, fees for services and processing, allocated overhead which includes allocations of administrative salaries, utilities, and related costs. Cannabis costs are affected by various Florida regulations that limits the sourcing and procurement. Gross margin measures the AltMed Group's gross profit as a percentage of revenue. Over the past two years, execution on the AltMed Group's expansion strategy and revenue growth have taken priority. The AltMed Group expects to continue the AltMed Group's growth strategy for the foreseeable future as the AltMed Group expands its footprint within its current market with acquisitions and partnerships and scales resources. In the market in which the AltMed Group is already operational, the AltMed Group expects to realize gradual price compression as these state market matures which will put downward pressure on the AltMed Group's retail margins. However, AltMed Florida 's current production capacity has not been fully realized and it is expected that price compression at the retail level will be more than offset by the scalability of AltMed Florida 's production facilities and continued realization of significant distribution market share. As a result, the AltMed Group expects overall consolidated gross margins (before the adjustment for the unrealized gain or loss in the fair value of biological assets) to steadily increase over the foreseeable future.

Total Expenses

Total expenses other than the cost of goods sold consist of selling costs to support the AltMed Group's customer relationships and to deliver product to AltMed Florida's retail stores. It also includes investment in marketing and brand activities and the corporate infrastructure required to support ongoing business. Selling costs generally correlate to revenue. As a percentage of sales, the AltMed Group expects selling costs to remain relatively flat in its currently operational market. The increase is expected to be driven primarily by the growth of AltMed Florida's retail footprint to sustainable market share.

General and administrative expenses represent costs incurred at the AltMed Group's corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, and other professional service costs, including legal and accounting. The AltMed Group expects to continue to invest considerably in this area to support the AltMed Group's expansion plans and to support the increasing complexity of the cannabis business. Furthermore, the AltMed Group expects to continue to incur acquisition and transaction costs related to the AltMed Group's expansion plans, and the AltMed Group anticipates a significant increase in compensation expenses related to recruiting and hiring talent, accounting, legal and professional fees associated with the business combination with

Verano Holdings LLC and Majesta Minerals, among others. See "Business Combination".

Provision for Income Taxes

POR GPS and RVC 360 have elected to be taxed as partnerships for U.S. federal income tax purposes. Members of such entities are taxed on a proportionate share of the AltMed Group's taxable income. Therefore, no provision or liability for U.S. federal or state income taxes has been included in the combined financial statements. Florida does not collect a state income tax. Any trade or business which is trafficking in a controlled substance under Schedule I or Schedule II of the U.S. *Controlled Substances Act* is prohibited from claiming any deductions or credits against such business's income for the year. Pursuant to Section 280E of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the only available tax deduction for businesses engaged in the cultivation and production of medical cannabis is a deduction for cost of goods sold.

Pursuant to the *Bipartisan Act* of 2015 (the "**Bipartisan Act**"), if selected for an audit, the streamlined audit rules for partnerships allows the U.S. Internal Revenue Service ("**IRS**") to assess and collect taxes at the partnership level. Additional tax assessed would be paid by the partnership at the highest individual or corporate tax rate. As of December 31, 2020, and 2019, the AltMed Group maintained no uncertain tax positions nor were interest or penalties recognized during the period under audit.

Business Combination

On February 11, 2021, Majesta Minerals completed a reverse takeover transaction with Verano Holdings, LLC ("Verano Holdings") and Alternative Medical Enterprises, LLC, Plants of Ruskin, LLC, and affiliated companies (collectively, the "AME Parties") among others (the "Business Combination"). The Business Combination was structured as a plan of arrangement under the laws of British Columbia and was comprised of several steps.

4. SUMMARY OF QUARTERLY RESULTS

Quarterly results are not available as the AltMed Group was reporting on Generally Accepted Accounting Principles standards and quarterly results have not been adjusted for IFRS.

5. LIQUIDITY, FINANCING ACTIVITIES DURING THE PERIOD AND CAPITAL RESOURCES

As of December 31, 2020, the AltMed Group had total current liabilities of $17.2 million and cash and cash equivalents of $13.6 million compared to December 31, 2019, which had current liabilities of $6.2 million and cash and cash equivalents of $5.0 million to meet its current obligations. As of December 31, 2020, the AltMed Group had working capital of $95.3 million compared to $31.4 million on December 31, 2019.

The AltMed Group is an early-stage growth company. It is generating cash from sales and is deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are being utilized for retail development and expansion, improvements, and expansion of existing facilities, product development, and marketing, as well as customer, supplier and investor and industry relations.

6. CAPITAL RESOURCES

Cash Flows Cash Used in Operating Activities

Net cash provided by operating activities was $66.2 million for the year ended December 31, 2020, as compared to net cash provided by operating activities of $20.3 million for the year ended December 31, 2019. The increase was driven by a full fiscal year of revenue from 11 retail locations plus the addition of 18 locations throughout 2020.

Cash Flow from Investing Activities

Net cash used in investing activities was $(32.0) million and $(17.6) million for the years ended December 31, 2020, and 2019, respectively. The increase in cash used in investing activities was due to an increase in purchases of fixed assets in 2020.

Cash Flow from Financing Activities

Net cash used by financing activities was $(25.7) million and $(1.8) million for the years ended December 31, 2020, and 2019, respectively. The increase in cash used was due to distributions to the founders of the AltMed Group and distributions to members of the AltMed Group to assist in the tax implications of ghost income.

7. CONTRACTUAL OBLIGATIONS

The AltMed Group has lease liabilities for leases related to real estate used for dispensaries. The weighted average discount rate for the year ended December 31, 2020, was 8%. Interest expense charged to operations for right-of-use lease liabilities totaled $1.0 million.

The maturity of the contractual undiscounted lease liabilities on December 31, 2020, was as follows:

2021	2,224,879
2022	2,321,635
2023	2,399,379
2024	2,475,549
2025	2,527,179
Thereafter	11,725,547
Total undiscounted lease liabilities	23,674,168
Interest on lease liabilities	(7,477,667)
Total present value of minimum lease payments	16,196,501
Lease liability - current portion	963,050
Lease liability - noncurrent	15,233,451

8. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the AltMed Group does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the AltMed Group, including, and without limitation, such considerations as liquidity and capital resources.

9. TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2020, and 2019, amounts due from related parties consisted of:

The AltMed Group shared administrative offices with Paul B. Dickman, Inc., a Florida corporation, and shared administrative personnel with Dickman Investments, LLC, both entities controlled by a related party. As of January 1, 2020, a month-to-month rent agreement started for $5,000/month to pay for the shared space. The related party did not expect repayment of payroll costs incurred. Both entities are owned by the founders of AltMed Florida.

The Operating Agreements of POR GPS and RVC 360 as they existed at December 31, 2020 state that the AltMed Group's founders are entitled to a payment in the aggregate of $7.5 million from the contributed capital before any distributions are payable by the AltMed Group to other members. One founder agreed to forego payment in exchange for interest totaling $21,000 for the year ended December 31, 2020. By year-end, December 31, 2020, the full amount of $7.5 million has been distributed to the AltMed Group’s founders.

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Significant Accounting Policies

The AltMed Group has adopted IFRS 16 using the modified retrospective approach and, therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4 – Determining Whether an Arrangement Contains a Lease ("**IFRIC 4**").

IFRS 16 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. The lessee is then required to recognize depreciation of the right-of-use asset and interest on the lease liability. Under IAS 17 and IFRIC 4, the AltMed Group recognized lease payments as an expense on a straight-line basis over the lease term.

IFRS 16 substantially carried forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its lease as operating or finance and to account for these two types of leases differently.

Previously, the AltMed Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. The AltMed Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the AltMed Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changes on or after January 1, 2019.

Income Taxes

The AltMed Group has elected to be taxed as a partnership for U.S. federal and state income tax. Members are taxed on a proportionate share of the AltMed Group's taxable income. Therefore, no provision or liability for U.S. federal or state income taxes has been included in the combined financial statements. Any trade or business which is trafficking in a controlled substance under Schedule I or Schedule II of the U.S. *Controlled Substances Act* is prohibited from claiming any deductions or credits against such business's income for the year. Pursuant to Section 280E of the Code, the only available tax deduction for businesses engaged in the cultivation and production of medical cannabis is a deduction for cost of goods sold.

Pursuant to the *Bipartisan Act*, if selected for an audit, the streamlined audit rules for partnerships allows the IRS to assess and collect taxes at the partnership level. Additional tax assessed would be paid by the partnership at the highest individual or corporate tax rate. As of December 31, 2020, and 2019, the AltMed Group maintained no uncertain tax positions nor were interest or penalties recognized during the period under audit.

Inventory

Inventory of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost or net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell and complete at harvest which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost or net realizable value. The AltMed Group reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in costs of goods sold.

Leased Assets

At inception of a contract, the AltMed Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the AltMed Group assesses whether:

- the contract involves the use of an identified asset;
- the AltMed Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the AltMed Group has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the AltMed Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the AltMed Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The AltMed Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the AltMed Group's incremental borrowing rate. Generally, the AltMed Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the AltMed Group is reasonably certain to exercise, lease payments in an optional renewal period if the AltMed Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the AltMed Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the AltMed Group's estimate of the amount expected to be payable under a residual value guarantee, or if the AltMed Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The AltMed Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The AltMed Group recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Revenue Recognition

Revenue is recognized by the AltMed Group in accordance with IFRS 15 – *Revenue from Contracts with Customers* ("**IFRS 15**"). Through application of the standard, the AltMed Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the AltMed Group expects to be entitled in exchange for those goods or services.

In order to recognize revenue under IFRS 15, the AltMed Group applies the following five steps:

1. identify a customer along with a corresponding contract;
2. identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
3. determine the transaction price the AltMed Group expects to be entitled to in exchange for transferring promised goods or services to a customer;
4. allocate the transaction price to the performance obligation(s) in the contract; and
5. recognize revenue when or as the AltMed Group satisfies the performance obligation(s).

Under IFRS 15, revenues from the sale of cannabis are generally recognized at the point in time when control over the goods have been transferred to the customer. Payment is typically due upon transferring goods to the customer or within a specified time period permitted under the AltMed Group's credit policy.

Revenue is recognized upon the satisfaction of the performance obligation. The AltMed Group satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

Based on the AltMed Group's assessment, the adoption of this new standard had no impact on the amounts recognized in its combined financial statements.

Estimated Useful Lives & Amortization of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Biological Assets

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth of the cannabis, harvested costs, sales price and expected yields.

Impairment of Non-Financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the AltMed Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

11. FINANCIAL INSTRUMENTS & OTHER INSTRUMENTS

The AltMed Group primarily uses cash-flow from operations to fund expansion and capital needs. The exception to this policy is the purchase of AltMed Group vehicles used in delivery of products to patients and caregivers and transporting finished goods from the production facility in Apollo Beach, Florida to the retail/dispensary locations. Vehicle purchases are funded through Ford Motor Credit, where the company has a $2 million line of credit. As of the December 31, 2020, the outstanding balance with Ford Motor Credit was $942,302 compared to $383,496 as of December 31, 2019, an increase of $558,806. Continued expansion drove the need for additional vehicles. Additionally, to help fund the final expansion stage of the grow facility, the company offered closely related parties a two year Note Payable, 10% simple, annual interest where $3.67 million was raised during Q1 2020. This, along with the increase in vehicle purchases, increased the debt balance increase.

Maturities related to this debt are as follows:

2021		209,889
2022		3,896,936
2023		233,621
2024		203,743
2025		68,115
	TOTAL	4,612,303

12. U.S. Cannabis Regulatory Regime

Regulation of the Cannabis Market at the Florida State and Local Level

Legislative History

On June 16, 2014, the Florida state governor signed Senate Bill 1030, also known as the Compassionate Medical Cannabis Act of 2014 ("**CMCA**"). The CMCA legalized low THC for medical patients suffering from cancer or "a physical medical condition that chronically produces symptoms of seizures", such as epilepsy, "or severe and persistent muscle spasms". The CMCA required physician approval and determination that no other satisfactory alternative treatment options exist for that patient. The CMCA also authorized medical centers to conduct research on low THC cannabis.

On November 7, 2016, Amendment 2 was approved by 71.3% of voters and authorized Section 29 to be added to Florida's state constitution. Article X, Section 29 of the Florida Constitution shields certain qualifying patients, caregivers, physicians, and medical cannabis dispensaries and their staff from criminal prosecutions or civil sanctions under Florida law. Amendment 2 also expanded the definition of debilitating diseases to include 13, among others, HIV/AIDS, Crohn's disease and post-traumatic stress disorder and any medical condition that the physician believes will benefit from the use of medical marijuana . The FDH and Senate Bill 8-A implemented Amendment 2, which became effective on January 3, 2017. Section 29 of the Florida Constitution, together with the CMCA, provides a regulatory framework that requires licensed producers, which are statutorily defined as Medical Marijuana Treatment Centers (each, a "**MMTC**"), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

On June 9, 2017, the Florida House of Representatives and Florida Senate each passed legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017. The FDH, Office of Medical Marijuana Use (the "**OMMU**"), is the organization responsible for the regulation of Florida's medical cannabis program. Specifically, the OMMU writes and implements the FDH's rules for medical marijuana, oversees the statewide medical marijuana patient database, and licenses Florida businesses to cultivate, process and dispense medical marijuana to qualified patients.

Licenses

MMTC licenses are issued by the FDH. Applicants are required to provide comprehensive business plans with demonstrated knowledge and experience on execution, detailed facility plans, forecasted performance and robust financial resources. Technical ability on plant and medical cannabis cultivation, infrastructure, processing, dispensing and safety are also assessed.

License holders are permitted to maintain one license. Each licensee is required to cultivate, process and dispense medical cannabis. The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients. Florida allows the smoking of cannabis for medical use.

Record-Keeping/Reporting Requirements

The FDH requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed-to-sale and allows real-time, 24-hour access by the FDH to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of certain events, including when marijuana seeds are planted, when marijuana plants are harvested and destroyed and when cannabis is transported, sold, stolen, diverted, or lost. Additionally, the FDH maintains a patient and physician registry and the licensee must comply with all requirements and regulations relative to the provision of required data or proof of key events to said system in order to retain its license. Florida requires all MMTCs to abide by representations made in their original application to the State of Florida. Any changes or expansions must be requested via an amendment or variance process.

AltMed Florida uses BioTrack Seed-to-Sale software as its in-house computerized seed to sale software, which integrates with the state's program and captures the required data points for cultivation, manufacturing and retail as required in Florida's medical cannabis laws and regulations.

Inventory/Storage

The FDH requires that the MMTC license holder establish, maintain, and control a computer software tracking system that traces cannabis from seed-to-sale and allows real-time, 24-hour access by the FDH to data from all MMTC and cannabis testing laboratories. At a minimum, the T&T system will track when cannabis seeds are planted, harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. The FDH has not chosen a unified system. Therefore, each licensee can choose its own T&T system.

Security

With respect to security requirements for cultivation, processing and dispensing facilities, a MMTC must maintain a fully operational alarm system that secures all entry points and perimeter windows, and is equipped with motion detectors, pressure switches, duress, panic and hold-up alarms. The MMTC must also have a 24-hour video surveillance system that meets prescribed specifications.

Cannabis must be stored in a secured, locked room or a vault. A MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis occurs. A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system. Further, a copy of the transportation manifest must be provided to the MMTC when receiving a delivery. Each MMTC must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must always have their employee identification on them. At least two people must be in a vehicle transporting cannabis, and at least one person must remain in the vehicle while the cannabis is physically delivered.

Inspections

The OMMU may conduct announced or unannounced inspections of MMTCs to assess compliance with applicable laws and regulations. The OMMU is required to inspect a MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that have caused or which may cause an adverse effect to humans or the environment. The OMMU is required to conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices and quality assurance practices.

13. Risk Factors

The AltMed Group is subject to risks, certain of which are described in the risk factors set forth below. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment of the AltMed Group and the financial condition or operating results of the AltMed Group. Additional risks and uncertainties not presently known to the AltMed Group or that the AltMed Group currently deems immaterial may also impair the AltMed Group's business operations. The AltMed Group will face numerous challenges in the development of its business. Due to the nature of the AltMed Group and its business and present stage of the business, readers should carefully consider all such risks, including those set out in the discussion below.

Risks Specifically Related to the United States Cannabis Regulatory Regime

The United States federal government has not legalized marijuana for medical or adult-use.

The federal government of the United States regulates drugs through the CSA, which places controlled substances on one of five schedules. Currently, cannabis is classified as a Schedule I controlled substance. This means it has a high potential for abuse and currently has no accepted medical use in treatment in the United States. Schedule I substances are subject to production quotas imposed by the DEA. Thus, the federal government of the United States has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by state law.

Currently, 33 U.S. states, the District of Columbia and the U.S. territories of Guam and Puerto Rico, allow the use of medical cannabis. Additionally, the states of Alaska, California, Colorado, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, Washington, the District of Columbia, Arizona, Illinois, New Jersey and North Dakota have legalized cannabis for adult recreational use. However, since cannabis is a Schedule I controlled substance, the development of a legal cannabis industry under the laws of these states is in conflict with the CSA. In light of this conflict between state and federal law, the United States Department of Justice (the "**DOJ**") Deputy Attorney General of the Obama Administration, James Cole, issued a memorandum (the "**Cole Memorandum**"), dated August 29, 2013, providing updated guidance to federal prosecutors concerning cannabis enforcement under the CSA. The Cole Memorandum provided, in part, that when states have implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of cannabis, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of cannabis outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit cannabis trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, the Cole Memorandum provided that enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity. In contrast, if the state enforcement efforts are not sufficient to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

In 2014, the United States House of Representatives passed an amendment (commonly known as the Rohrabacher-Blumenauer Amendment, the Rohrabacher-Leahy Amendment or the "**Rohrabacher-Farr Amendment**") to the Commerce, Justice, Science, and Related Agencies Appropriations Bill, which funds the DOJ. The Rohrabacher-Farr Amendment prohibits the DOJ from using funds to prevent states with medical cannabis laws from implementing such laws. In August 2016, the U.S. Court of Appeals for the Ninth Circuit ruled in United States v. McIntosh that the Rohrabacher-Farr Amendment bars the DOJ from spending funds on the prosecution of conduct that is allowed by state medical cannabis laws, provided that such conduct is in strict compliance with applicable state law. In March 2015, bipartisan legislation titled the Compassionate Access, Research Expansion, and Respect States Act (the "**CARERS Act**") was introduced, proposing to allow states to regulate the medical use of cannabis by changing applicable federal law, including by reclassifying cannabis under the CSA to a Schedule II controlled substance and thereby changing the plant from a federally-criminalized substance to one that has recognized medical uses. More recently, the Respect State Marijuana Laws Act of 2017 has been introduced in the U.S. House of Representatives, which proposes to exclude persons who produce, possess, distribute, dispense, administer or deliver marijuana in compliance with state laws from the regulatory controls and administrative, civil and criminal penalties of the CSA.

Although these developments have been met with a certain amount of optimism in the cannabis industry, neither the CARERS Act nor the Respect State Marijuana Laws Act of 2017 have yet been adopted, and the Rohrabacher-Farr Amendment must be renewed annually and has currently been renewed until September 30, 2019. Furthermore, the ruling in United States v. McIntosh is only applicable in the Ninth Circuit, which includes the states of Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon and Washington. The Corporation plans to have, operations in states outside of the Ninth Circuit.

In early 2017, President Donald J. Trump nominated Alabama Republican Jeff Sessions as the United States Attorney General. In addition to the election of President Trump, the Republican party retained control of United States Congress. On January 4, 2018, then Attorney General Sessions issued a written memorandum (the "**Sessions Memorandum**") to all U.S. Attorneys stating that the Cole Memorandum was rescinded, effectively immediately. In particular, Attorney General Sessions stated that "prosecutors should follow the well-established principles that govern all federal prosecutions," which require "federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community." Attorney General Sessions went on to state in the Sessions Memorandum that given the Justice Department's well-established general principles, "previous nationwide guidance specific to marijuana is unnecessary and is rescinded, effective immediately." Attorney General Sessions reiterated that the cultivation, distribution and possession of marijuana continues to be a crime under the CSA.

On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, William Barr was confirmed as the new Attorney General. Mr. Barr stated during his confirmation hearings in a response to a question from Senator Cory Booker, "I'm not going to go after companies that have relied on Cole Memorandum." Mr. Barr also reconfirmed this response in writing as part of the formal confirmation proceedings.

On or about December 14, 2020, Mr. Barr announced a planned resignation from the Trump administration, effective the following week. On December 24, 2020, Deputy Attorney General Mr. Jeffrey Rosen became Acting Attorney General. On January 7, 2021, President Joe Biden announced Judge Merrick Garland as his nomination for the next U.S. Attorney General. On January 20, 2021, Robert Wilkinson replaced Mr. Jeffrey Rosen as the Acting Attorney General while Judge Garland seeks confirmation from the U.S. Senate.

On December 27, 2020, President Donald Trump signed the Consolidated Appropriations Act of 2021, which included the Rohrabacher-Farr Amendment, which prohibits the funding of federal prosecutions with respect to medical cannabis activities that are legal under state law. The Consolidated Appropriations Act of 2021 makes appropriations for the fiscal year ending September 30, 2021. There can be no assurances that the Rohrabacher-Farr Amendment will be included in future appropriations bills or budget resolutions.

President Joseph Biden has announced his nomination of Merrick Garland as U.S. Attorney General. Mr. Garland's nomination is subject to confirmation by the United States Senate. It is unclear what impact the new U.S. Attorney General will have on U.S. federal government enforcement policy. However, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could have a material adverse effect on the business, financial condition or results of operations of the Corporation. The Corporation is expected to provide products and services to state-approved cannabis cultivators and dispensary facilities. As a result, it could be deemed to be aiding and abetting illegal activities, a violation of United States federal law.

Following two special runoff elections conducted in the U.S. State of Georgia on January 5, 2021, for two U.S. Senate seats, Democrats Raphael Warnock and Jon Ossoff each received more votes than their incumbent opponents. As a result of the special elections, Democrats control 50 seats in the U.S. Senate and Republicans control 50 seats, and Vice President Kamala Harris carries the tie-breaking vote. Consequently, for the first time since January 3, 2009, Democrats now control the U.S. Senate. As a result, and in conjunction with Democrat control of the U.S. House of Representatives and the White House, cannabis legislation, including the Marijuana Opportunity Reinvestment and Expungement Act and others, may now face a realistic chance of passage. This and other legislation have the potential to de-schedule cannabis, improve access to banking and other financial resources for cannabis companies, and remove the effects of I.R.C. § 280E on cannabis businesses. There is no guarantee that any such legislation will pass.

Other Risks Specifically Related to the Business of the AltMed Group

- The AltMed Group's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of medical cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment.

- The continued development of the AltMed Group may require additional financing and there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the AltMed Group.

- The AltMed Group may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the AltMed Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the AltMed Group to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

- The AltMed Group's limited operating history may make it difficult for investors to predict future performance based on current operations.

- A drop in the retail price of medical marijuana products may negatively impact the business of the AltMed Group.

- The AltMed Group's business could be adversely affected if it fails to protect its intellectual property.

- The AltMed Group may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the AltMed Group, could subject to significant liabilities and other costs.

- The AltMed Group's ability to recruit and retain management, skilled labor and suppliers is crucial to the AltMed Group's success.

- The AltMed Group has a limited operating history.

- There is potential that the AltMed Group will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the AltMed Group.

- The AltMed Group believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the AltMed Group's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any product, or consistent with earlier publicity.

- The AltMed Group faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury.

- Greater access to medical cannabis, through competitive expansion in the marketplace and illegal markets, may decrease the number of patients registering with the AltMed Group and may cause registered patients to leave the AltMed Group.

- Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, and operating results of the AltMed Group.

- If the AltMed Group is unable to continually innovate and increase efficiencies, its ability to attract new customers may be adversely affected.

- The AltMed Group may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption.

- The AltMed Group could fail to integrate acquired companies into the business of the AltMed Group.

- The AltMed Group has, and will have, certain business arrangements with third parties, the breakdown/loss of which could impact its operations.

- The AltMed Group's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety.

- Although all growing is completed indoors under climate-controlled conditions, there can be no assurance that natural elements and weather will not have a material adverse effect on any such future production.

- The AltMed Group may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business.