CRYOMASS TECHNOLOGIES, INC.

FORM 10-K
(Annual Report)

Filed 03/24/23 for the Period Ending 12/31/22

Address	1001 BANNOCK STREET SUITE 612 DENVER, CO, 80204
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Industry	Industrial Machinery & Equipment
Sector	Industrials
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

or

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-56155

(Exact name of registrant as specified in its charter)

Nevada	**82-5051728**
(State of incorporation)	(IRS Employer Identification No.)
1001 Bannock Street, Suite 612, Denver, CO	**80204**
(Address of principal executive offices)	(Zip Code)

303-416-7208
(Registrant's telephone number, including area code)

CRYOMASS TECHNOLOGIES INC.
(Former name, former address and former fiscal year, if changed since last report)

Securities registered under Section 12(b) of the Exchange Act:
None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, par value $0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☒ No

As of June 30, 2022, the last business day of the registrant's last completed second quarter, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately $38,287,902, based on the June 30, 2022 closing price of the registrant's common stock, as reported by OTC Markets, Inc. For the purposes of this disclosure, shares of common stock held by each executive officer, director and stockholder known by the registrant to be affiliated with such individuals based on public filings and other information known to the registrant have been excluded since such persons may be deemed affiliates. This determination of affiliate status for the purpose is not necessarily a conclusive determination for other purposes.

As of March 21, 2023, the registrant had 204,216,637 shares of its common stock, par value $0.001 per share, outstanding.

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Report") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as "anticipate," "believe," "estimate," "intend," "could," "should," "would," "may," "seek," "plan," "might," "will," "expect," "predict," "project," "forecast," "potential," "continue", and negatives thereof or similar expressions. These forward-looking statements are found at various places throughout this Report and include information concerning possible or assumed future results of our operations; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future operations, future cash needs, business plans and future financial results, and any other statements that are not historical facts.

Forward-looking statements include, among others, risks relating to U.S. federal regulation, the variation in state regulation, risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; risks relating to changes in cannabis laws and regulatory uncertainty; risks relating to legal, regulatory or political change; risks relating to the market price and volatility of the cannabis sector; risks relating to the internal controls of the Company and dilution; risks relating to the global economic condition; risks relating to the value of the common stock; tax and insurance related risks; risks relating to the limited operating history of the Company and the reliance on the expertise and judgment of senior management of the Company; risks relating to competition; risks relating to the difficulty in recruiting and retaining management and key personnel and managing growth; risks relating to the unreliability of forecasts; risks relating to the inability to innovate and find efficiencies; website and operational risks; risks relating to the reliance on third-party suppliers, manufacturers and contractors; risks relating to revenue shortfalls; risks relating to the ability to obtain the necessary permits and authorizations; risks relating to potential conflicts of interest; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to the lack of U.S. bankruptcy protection, currency fluctuations and lack of earnings and dividend record; risks relating to anti-money laundering laws and regulation; risks relating to civil asset forfeiture; risks relating to the heightened scrutiny of investments in the U.S.; risks relating to the ability and constraints on marketing products; risks relating to the settlements of trades, access to banks and legality of contracts; risks relating to the unfavorable tax treatment of cannabis businesses in the U.S. and the classification of the Company for U.S. tax purposes; risks relating to the public opinion, consumer acceptance and perception of the cannabis industry; security risks; risks relating to litigation; risks inherent in an agricultural business; risks relating to the Company's reliance on licenses; risks relating to product liability and product recall; risks relating to regulatory or agency proceedings, investigations and audits; risks relating to the newly established legal regimes; and general economic risks as well as those risk factors discussed under "Risk Factors" below.

We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all of those risks, nor can we assess the impact of all of those risks on our business or the extent to which any factor may cause actual results to differ materially from those contained in any forward-looking statement. The forward-looking statements in this Annual Report on Form 10-K are based on assumptions management believes are reasonable. However, due to the uncertainties associated with forward-looking statements, you should not place undue reliance on any forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and unless required by law, we expressly disclaim any obligation or undertaking to publicly update any of them in light of new information, future events, or otherwise.

From time to time, forward-looking statements also are included in our other periodic reports on Forms 10-Q and 8-K, in our press releases, in our presentations, on our website and in other materials released to the public. Any or all of the forward-looking statements included in this Report and in any other reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

We assume no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless expressly indicated or the context requires otherwise, the terms "Cryomass Technologies," the "Company," "we," "us," and "our" refer to Cryomass Technologies Inc., a Nevada corporation, and, where appropriate, its wholly owned subsidiaries.

PART I

ITEM 1 BUSINESS

Company History

Cryomass Technologies Inc ("Cryomass Technologies" or the "Company") began as Auto Tool Technologies Inc., which was incorporated under the laws of the State of Nevada on May 10, 2011. The Company's name was changed to AFC Building Technologies Inc. effective January 10, 2014. Effective April 26, 2018, the Company changed its name to First Colombia Development Corp. Effective October 14, 2019, the Company changed its name to Redwood Green Corp. Effective September 1, 2020, the Company changed its name to Andina Gold Corp. On July 15, 2021, the Company changed its name to Cryomass Technologies Inc and subsequently changed its trading symbol changed to CRYM.

The Company's principal office is located at 1001 Bannock St., Suite 612, Denver, CO 80204, and its telephone number is 303-416-7208. The Company's website is www.cryomass.com. Information appearing on the website is not incorporated by reference into this report.

On May 10, 2018, the Company began to establish various business ventures in Colombia through its Colombian subsidiary, First Colombia Devco S.A.S ("Devco").

On July 1, 2019, the Company acquired 100% of the membership interests in General Extract, LLC, a Colorado limited liability company, in exchange for the shares of Devco. The name of this subsidiary was subsequently changed to Cryomass LLC.

On July 15, 2019, the Company entered into a Membership Interest Purchase Agreement to acquire cannabis-related intellectual property and certain other assets, but not cannabis licenses, of Critical Mass Industries LLC ("CMI"), a Colorado limited liability company.

Effective December 31, 2021, the Company disposed of all CMI-related assets and extinguished any and all related obligations. Therefore, we determined that CMI no longer qualifies as a variable interest entity ("VIE") as of December 31, 2021.

In August 2020, the Company established a wholly owned Colombian subsidiary, Andina Gold Colombia SAS for this purpose acquiring gold properties in Colombia. However, due to the untimely death of our top geologist, the Company determined that pursuit of gold exploration in Colombia was no longer a practical alternative. In Q1 2022 the respective subsidiary was closed.

On June 22, 2021, the Company entered into an Asset Purchase Agreement with Cryocann USA Corp, a California corporation ("Cryocann"), pursuant to which Company acquired substantially all the assets of Cryocann. The aggregate purchase price was $3,500,000 million in cash and 10,000,000 shares of Company common stock. As part of the Cryocann Acquisition, we retained both Cryocann employees, who have expert knowledge of the industry, related participants, customers and the acquired patented technology. Under their employment agreements, each employee may receive compensation if specific performance targets are met in association with our future operating performance when the Cryocann technology enters the market. The technology and assets acquired from Cryocann are operated from the Company's subsidiary, Cryomass LLC. The patented cryo-mechanical technology is for the separation of plant materials in the harvesting of hemp and cannabis, and potentially other high value crops such as hops. We believe this technology will reduce processing costs and increases the quality of extracted compounds. We are exploring the application of the underlying technology to a broad range of industries that handle high-value materials and that could benefit from our precision capture methods. We anticipate that cannabis and hemp will be the first in a series of such industries.

To develop and commercialize the technology, we contracted with an independent engineering and manufacturing firm to refine the design of our cryo-mechanical system for the handling of harvested hemp, cannabis and other high-value plants. The system exploits CryoMass's U.S.-patented process for the controlled application of liquid nitrogen to stabilize and separate the structural elements of gross plant material. The device currently under development is scaled for highway transportability and is being optimized for the low-cost collection of fully intact hemp and cannabis trichomes. It can be used within minutes after plants have been cut and can also efficiently capture trichomes from fresh frozen or even dried plant parts, including trim. The device's through-put capacity is expected to be approximately 600 kilograms of gross plant material per hour. The advanced design for the equipment has been completed, and testing of a prototype machine is currently underway. The engineering and manufacturing firm has indicated that it has the capacity to build 10 to 15 such devices per month.

Canadian Patent no. 3 064 896 “Cryogenic Separation of Plant Material” was filed on May 25, 2018 by two assignors, who assigned it, among other, various other intellectual property rights, to a wholly owned subsidiary of the Company as part of the Cryocann June 22, 2021 transaction. The respective Canadian patent was granted on April 19, 2022. Provided that all patent maintenance fees are paid, the Canadian patent no. 2 064 896 will expire on May 25, 2038.

In September 2021, we were granted an additional patent for our process from the Chinese Intellectual Property Office. We currently are taking steps to gain further protection for our intellectual property through the European Union Intellectual Property Office and several other international jurisdictions.

Management believes the CryoMass system will deliver a compelling combination of cost and time savings while enhancing product quality and quantity for largescale cultivators and processors of hemp and cannabis. The use of a CryoMass system – which can be trucked to and operated on the fields of most large hemp and cannabis growers or be permanently installed at a user’s processing facility – should eliminate many of the costs that come with traditional practices, especially the labor, fuel and capital costs of drying and curing hemp or cannabis that is grown for the extraction of end products. With traditional practices, harvested plants are transported to a specially constructed drying house and then treated for a week or longer under controlled conditions of temperature and humidity. It’s a costly method. With our system, harvested plants are simply fed into the front end of a CryoMass machine, and minutes later fully intact trichomes are collected at the back end of the machine. With traditional practices and their seven-to-ten days of handling and drying, a large share of a plant’s valuable trichomes break off and are lost. Then the remaining trichomes are damaged by long exposure to oxygen and by the evaporation of their volatile terpenes. The CryoMass system, on the other hand, stabilizes and collects fully intact trichomes at harvest, leaving no opportunity for such wasteful loss. Field-captured trichomes are the cleanest element of a hemp or cannabis plant because, unlike the rest of the plant, trichomes do not readily take up heavy metals, pesticides or other common soil contaminants. As a product for end-users, field-captured trichomes are closest to being contaminant free. As feedstock for manufacturers of extracts and oils, they are the key to the purest products possible.

Because the trichomes collected with CryoMass technology represent only 10% or so of a plant’s weight and volume, they are cheaper to ship and store than gross plant material. For the same reason and because trichomes are free of the waxes and other unwanted materials found in the rest of the plant, processing trichomes into oils and extracts can be far quicker, cheaper and easier than processing gross plant material. Even trichomes captured from dried or frozen plant parts deliver this cost-saving advantage to processors of oils and extracts. The three-dimensional advantage achievable with the CryoMass system – first-stage cost savings, product enhancement and downstream cost savings – can as much as double a crop’s wholesale value. And in some jurisdictions, users may enjoy a reduction in excise taxes levied on cannabis and hemp harvests, which typically are tied to the gross weight of hemp or cannabis that is removed from the field.

On November 17, 2021, we announced the completion of a $10.3 million equity financing. The financing and the earlier conversion of substantially all the company’s debt into common stock left the Company with adequate resources for our planned business development. In connection with the financing, 1,010,000 shares and 760,000 shares of CryoMass Technologies common stock were purchased by CEO Christian Noël and Chairman of the Board Delon Human, respectively, either individually or through entities controlled by them.

Market Size

Production and processing of hemp and cannabis is a huge, worldwide industry. In the U.S., for example, the wholesale value of the cannabis crop from just the 11 states permitting adult-use and medical cannabis exceeds $6 billion annually.Growth in the U.S. and in the worldwide market is likely fed in part by the growing acceptance of medicinal cannabis products and anticipated legislative changes in various jurisdictions worldwide.

Several other high-value plants, including species that are important for health and wellness products, wrap their valuable elements in trichomes. The technology we are developing for hemp and cannabis may have profitable application to those other species as well.

Recent Developments

The Company recently signed a license and lease arrangement with RedTape Core Partners LLC ("RedTape") to deploy multiple CryoMass trichome separation units at the prospective partner's facility in California and other locations, with the intention of starting commercial operations shortly. Under the terms of a multi-state license agreement, RedTape has licensed the patented process and will deploy 12 Trichome Separation systems for a total upfront investment of US$10.2 million payable in installments to CryoMass throughout 2023. CryoMass has agreed to deliver the units to RedTape according to a schedule that extends over 24 months. In addition to the installments, RedTape will pay CryoMass 50% of all net revenue generated by the units over the life of the agreement. The license agreement grants RedTape the exclusive right, subject to agreed-upon distribution and licensing milestones, to distribute the Trichome Separation units and develop the hemp and cannabis processing and extraction markets with CryoMass in states where RedTape has extensive affiliate business operations and alliances. The five states covered by the agreement are California, New York, New Jersey, Florida and Pennsylvania.

Available Information

Our website address is https://cryomass.com. We do not intend our website address to be an active link or to otherwise incorporate by reference the contents of the website into this report. The U.S. Securities and Exchange Commission (the "SEC") maintains an internet website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

ITEM 1A RISK FACTORS

You should carefully consider the risks described below together with all other information included in our public filings before making an investment decision with regard to our securities. The statements contained in or incorporated into this Prospectus that are not historic facts are forward- looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward- looking statements. While the risks described below are the ones we believe are most important for you to consider, these risks are not the only ones that we face. If any of the following events described in these risk factors actually occurs, our business, financial condition or results of operations could be harmed. In that case, the trading price of our Common Shares could decline, and you may lose all or part of your investment.

General Risk Factors

We have a limited operating history in an evolving industry, which makes it difficult to accurately assess our future growth prospects.

Although we believe our management team has extensive knowledge of the cannabis and other relevant industries and closely monitors changes in legislation, we also intend to provide equipment and services in an evolving environment that may not develop as expected. Furthermore, our operations continue to evolve under our business plan as we continually assess new strategic opportunities for our business within various areass. Assessing the future prospects of our business is challenging in light of both known and unknown risks and difficulties we may encounter. Growth prospects in the industry can be affected by a wide variety of factors including:

- Competition from other similar companies;
- Regulatory limitations on the industry we primarily supply to (cannabis agriculture) we can offer and markets we can serve;
- Other changes in the regulation of cannabis and hemp grow, harvesting and processing;
- Changes in cannabis industry demand and consumer behavior, which may affect the size of the agricultural businesses we intend to serve;
- Our ability to access adequate financing on reasonable terms and our ability to raise additional capital in order to fund our operations;
- Challenges with new machinery, services and markets; and
- Fluctuations in the commodities markets.

We may not be able to successfully address these factors, which could negatively impact our growth, harm our business and cause our operating results to be worse than expected.

Our success depends on the introduction of new products, which requires substantial expenditures.

Our long-term results depend upon our ability to introduce and market new products successfully. The success of our new products will depend on a number of factors, including:

- innovation;
- customer acceptance;
- the efficiency of our suppliers in providing component parts and of our contract manufacturing facilities in producing final products; and
- the performance and quality of our products relative to those of our competitors.

We cannot predict the level of market acceptance, or the amount of market share our new products will achieve. We may experience delays in the introduction of new products. Any delays or other problems with our new product launches will adversely affect our performance. In addition, introducing new products can result in decreases in revenues from our existing products. We expect to make substantial investments in product development and refinement. We may need more funding for product development and refinement than is readily available, which could adversely affect our business.

We face significant competition, and, if we are unable to compete successfully against other agricultural equipment manufacturers, we will lose customers and our net sales and profitability will decline.

The agricultural equipment business is highly competitive, particularly in the United States. Established and substantially larger agricultural equipment manufacturers, with substantially greater financial and other resources, have the capability to compete with us successfully. Our competitors may substantially increase the resources devoted to the development and marketing of products that compete with our products. In addition, competitive pressures in the agricultural equipment business may affect the market prices of new and used equipment, which, in turn, may adversely affect our performance.

We will require significant additional capital to fund our business plan.

The Company will be required to expend significant funds to implement its business plan. The Company anticipates that it will be required to make substantial capital expenditures for the manufacture of its equipment.

The Company's ability to obtain necessary funding for these purposes, in turn, depends upon a number of factors, including the status of the national and worldwide economy and the financial markets and the availability of capital. Capital markets worldwide were adversely affected by substantial losses by financial institutions, caused by investments in asset-backed securities and remnants from those losses continue to impact the ability for the Company to raise capital. The Company may not be successful in obtaining the required financing or, if it can obtain such financing, such financing may not be on terms that are favorable to us.

The Company's inability to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations, or prospects. Sales of substantial amounts of securities may have a highly dilutive effect on the Company's ownership or share structure. Sales of a large number of shares of the Company's Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

International, national and regional trade laws, regulations and policies and government farm programs and policies could significantly impair our profitability and growth prospects.

International, national and regional laws, regulations and policies directly or indirectly related to or restricting the import and export of the Company's products, services and technology, including protectionist policies in particular jurisdictions or for the benefit of favored industries or sectors, could harm the Company's ability to grow in international markets and subject the Company to civil and criminal sanctions. Restricted access to global markets impairs the Company's ability to export goods and services from its various manufacturing locations around the world, and limits the ability to access raw materials and high-quality parts and components at competitive prices on a timely basis. Trade restrictions could limit the Company's ability to capitalize on future growth opportunities in international markets and impair the Company's ability to expand the business by offering new technologies, products and services. These restrictions may affect the Company's competitive position. Additionally, changes in government farm programs and policies, including restrictions on cannabis and hemp cultivation and processing, can significantly influence demand for agricultural equipment.

Changing demand for certain agricultural products could have an effect on the price of farming output and consequently the demand for certain of our equipment and could also result in higher research and development costs related to changing machine requirements.

Negative economic conditions and outlook can materially weaken demand for our equipment and services, limit access to funding and result in higher funding costs.

The demand for the Company's products and services can be significantly reduced in an economic environment characterized by high unemployment, cautious consumer spending, lower corporate earnings, U.S. budget issues and lower business investment. Negative or uncertain economic conditions causing the Company's customers to lack confidence in the general economic outlook can significantly reduce their likelihood of purchasing the Company's equipment. If negative economic conditions affect the overall farm economy, there could be a similar effect on the Company's agricultural equipment sales. In addition, uncertain or negative outlook with respect to ongoing U.S. budget issues as well as general economic conditions and outlook can cause significant changes in market liquidity conditions. Such changes could impact access to funding and associated funding costs, which could reduce the Company's earnings and cash flows. Such changes could affect the ability of the Company's customers, contract manufacturers, suppliers and lenders to finance their respective businesses, to access liquidity at acceptable financing costs, if at all, the availability of supplies, materials and manufacturing facilities and on the demand for the Company's products.

We may encounter difficulties in fully exploiting the assets we acquired from Cryocann USA Corp and may not fully achieve, or achieve within a reasonable time frame, expected strategic objectives and other expected benefits of the acquisitions.

Our recent acquisition of Cryocann USA Corp assets is expected to realize strategic and other benefits, including, among other things, the opportunity to enter the agricultural equipment industry, identify customers and provide our customers with an appealing range of products and services. However, it is impossible to predict with certainty whether, or to what extent, these benefits will be realized or whether we will be able to exploit the acquired assets in a timely and effective manner. For example:

- the costs of using the assets in developing and manufacturing agricultural equipment may be higher than we expect and may require significant attention from our management;

- the asset acquisition and subsequent exploitation of the assets may result in as of yet unidentified liabilities, such as infringement of third parties' intellectual property, environmental liabilities or liabilities for violations of laws, such as the FCPA, that we did not expect;

- our ability to successfully carry out our growth strategies with the help of the acquired assets will be affected by, among other things, our ability to maintain and enhance our relationships with potential customers, our ability to manufacture and distribution products, changes in the spending patterns and preferences of customers and potential customers, fluctuating economic and competitive conditions and our ability to retain their key personnel;

- litigation or other claims in connection with the acquired assets, including claims from Cryocann USA Corp customers, current or former shareholders or other third parties; and

- our due diligence of Cryocann USA Corp may have failed to identify all liabilities associated with the acquisition. Further, the acquired assets consisted primarily of intellectual property, which does not have a market value, and we may not have correctly assessed the relative benefits and detriments of making the acquisition and may have pay acquisition consideration exceeding the value of the acquired assets.

Further acquisitions may be necessary to realize our overall corporate strategy. There can be no assurance that we will be able to identify appropriate acquisition targets, successfully acquire identified targets or successfully integrate the business of acquired companies or the assets acquired to realize the full, anticipated benefits of such acquisitions. Our ability to address these issues will determine the extent to which we are able to successfully integrate, exploit and develop the acquired assets and to realize the expected benefits of the Cryocann USA Corp. transactions. Our failure to do so could have a material adverse effect on our performance following the transaction.

Our business results depend largely on its ability to understand its customers' specific preferences and requirements, and to develop, manufacture and market products that meet customer demand.

The Company's ability to match new product offerings to customers' anticipated preferences for different types and sizes of equipment and various equipment features and functionality, at affordable prices, is critical to its success. This requires a thorough understanding of the Company's potential customers and their needs, as well as an understanding of the cannabis and hemp cultivation dynamics and of other agricultural commodities cultivation dynamics. Failure to deliver quality products that meet customer needs at competitive prices ahead of competitors could have a significant adverse effect on the Company's business.

Our business may be directly and indirectly affected by unfavorable weather conditions or natural disasters that reduce agricultural production and demand for agriculture equipment.

Poor or unusual weather conditions can significantly affect the purchasing decisions of the Company's potential customers. Natural calamities such as regional floods, hurricanes or other storms, and droughts can have significant negative effects on agricultural production. The resulting negative impact on farm income can strongly affect demand for agricultural equipment.

Changes in the availability and price of certain raw materials, components and whole goods could result in production disruptions or increased costs and lower profits on sales of our products.

The Company requires access to various materials and components at competitive prices to manufacture and distribute its products. Changes in the availability and price of these materials and components, which have fluctuated in the past and are more likely to fluctuate during times of economic volatility, can significantly increase the costs of production which could have a material negative effect on the profitability of the business, particularly if the Company, due to pricing considerations or other factors, is unable to recover the increased costs from its customers. The Company relies on suppliers and contract manufacturers to acquire materials and components to manufacture its products. Supply chain and contract manufacturing disruptions due to supplier or contract manufacturer financial distress, capacity constraints, business continuity, quality, delivery or disruptions due to weather-related or natural disaster events could affect the Company's operations and profitability.

In determining the required quantities of our products and the manufacturing schedule, we must make significant judgments and estimates that are not based on any historical data. Because of the inherent nature of estimates, there could be significant differences between our estimates and the actual amounts of products we require, which could harm our business and results of operations.

The agricultural equipment industry is highly seasonal, and seasonal fluctuations may significantly impact our performance.

The agricultural equipment business is highly seasonal, which may cause our quarterly results and our cash flow to fluctuate during the year. Farmers generally purchase agricultural equipment seasonally in conjunction with the harvesting seasons. Seasonal fluctuations can significantly impact our performance in a specific quarter, or overall.

If we are unable to hire and retain key personnel, we may not be able to implement our business plan and our business may fail.

Our future success depends to a large extent on our ability to attract, hire, train and retain qualified managerial, operational and other personnel. We face significant competition for qualified and experienced employees in our industry and from other industries and, as a result, we may be unable to attract and retain the personnel needed to successfully conduct and grow our operations. Additionally, key personnel, including members of management, may leave and compete against us. At present, we do not have all the necessary personnel to carry out our business plans. If we are unable to hire and retain key personnel, our business will be materially adversely affected.

Our growth is highly dependent on the U.S. cannabis and hemp markets. New regulations causing licensing shortages and future regulations may create other limitations that decrease the demand for our products. General regulations at state and federal in the future may adversely impact our business.

The base of cannabis growers in the U.S. has grown over the past 20 years since the legalization of cannabis for medical uses in states such as California, Colorado and Washington. The U.S. cannabis market is still in its infancy and early adopter states such as California, Colorado and Washington represent a large portion of historical industry revenues. The U.S. cannabis cultivation market is expected to be one of the fastest growing industries in the U.S. over the next five years. If the U.S. cannabis cultivation market does not grow as expected, our business, financial condition and results of operations could be adversely impacted. The California cannabis cultivation market is expected to be one of the fastest growing industries in California over the next five years. If the California cannabis cultivation market does not grow as expected, our business, financial condition and results of operations could be adversely impacted.

Cannabis remains illegal under U.S. federal law, with cannabis listed as a Schedule I substance under the United States Controlled Substances Act of 1970 (the "CSA"). Notwithstanding laws in various states permitting certain cannabis activities, all cannabis activities, including possession, distribution, processing and manufacturing of cannabis and investment in, and financial services or transactions involving proceeds of, or promoting such activities remain illegal under various U.S. federal criminal and civil laws and regulations, including the CSA, as well as laws and regulations of several states that have not legalized some or any cannabis activities to date. Compliance with applicable state laws regarding cannabis activities does not protect us from federal prosecution or other enforcement action, such as seizure or forfeiture remedies, nor does it provide any defense to such prosecution or action. Cannabis activities conducted in or related to conduct in multiple states may potentially face a higher level of scrutiny from federal authorities. Penalties for violating federal drug, conspiracy, aiding, abetting, bank fraud and/or money laundering laws may include prison, fines, and seizure/forfeiture of property used in connection with cannabis activities, including proceeds derived from such activities.

We are not currently subject directly to any state laws or regulations controlling participants in the legal cannabis industry. However, regulation of the cannabis industry does impact our potential customers in the cultivation industry and, accordingly, there can be no assurance that changes in regulation of the industry and more rigorous enforcement by federal authorities will not have a material adverse effect on us.

Legislation and regulations pertaining to the use and cultivation of cannabis are enacted on both the state and federal government level within the United States. As a result, the laws governing the cultivation and use of cannabis may be subject to change. Any new laws and regulations limiting the use or cultivation of cannabis and any enforcement actions by state and federal governments could indirectly reduce demand for our products and may impact our current and planned future operations.

Evolving federal and state laws and regulations pertaining to the use or cultivation of cannabis, as well active enforcement by federal or state authorities of the laws and regulations governing the use and cultivation of cannabis may indirectly and adversely affect our business, our revenues and our profits. Local, state and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require the end users of certain of our products or us to incur substantial costs associated with compliance or to alter our respective business plans. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results of operation and financial condition.

Certain of our products may be purchased for use for agricultural products other than cannabis and/or be subject to varying, inconsistent, and rapidly changing laws, regulations, administrative practices, enforcement approaches, judicial interpretations, future scientific research and public perception.

The public's perception of cannabis may significantly impact the cannabis industry's success. Both the medical and adult-use of cannabis are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. Among other things, such a shift in public opinion could cause state jurisdictions to abandon initiatives or proposals to legalize cultivation and sale of cannabis or adopt new laws or regulations restricting or prohibiting the cultivation of cannabis where it is now legal, thereby limiting the potential customers who are engaged in the cannabis industry.

Demand for our products may be negatively impacted depending on how laws, regulations, administrative practices, enforcement approaches, judicial interpretations, and consumer perceptions develop. We cannot predict the nature of such developments or the effect, if any, that such developments could have on our business.

Our indirect involvement in the cannabis industry could affect the public's perception of us and be detrimental to our reputation.

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Cannabis has often been associated with various other narcotics, violence and criminal activities, the risk of which is that our retailers and resellers that transact with cannabis businesses might attract negative publicity. There is also risk that the action(s) of other participants, companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact our reputation. The increased use of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views with regard to cannabis companies and their activities, whether true or not and the cannabis industry in general, whether true or not. We do not ultimately have direct control over how the cannabis industry and its suppliers is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to our overall ability to advance its business strategy and realize on its growth prospects, thereby having a material adverse impact on our business.

Businesses involved in the cannabis industry, and investments in such businesses, are subject to a variety of laws and regulations related to money laundering, financial recordkeeping and proceeds of crimes.

We sell our products through third party retailers and resellers. Investments in the U.S. cannabis industry are subject to a variety of laws and regulations that involve money laundering, financial recordkeeping and proceeds of crime, including the BSA, as amended by the Patriot Act, other anti-money laundering laws, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States. In February 2014, the Financial Crimes Enforcement Network of the Treasury Department issued a memorandum (the "FinCEN Memo") providing guidance to banks seeking to provide services to cannabis businesses. The FinCEN Memo outlines circumstances under which banks may provide services to cannabis businesses without risking prosecution for violation of U.S. federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to U.S. federal prosecutors relating to the prosecution of U.S. money laundering offenses predicated on cannabis violations of the CSA and outlines extensive due diligence and reporting requirements, which most banks have viewed as onerous. The FinCEN Memo currently remains in place, but it is unclear at this time whether the current administration will continue to follow the guidelines of the FinCEN Memo. Such requirements could negatively affect the ability of certain of the end users of our products to establish and maintain banking connections.

We are subject to extensive anti-corruption laws and regulations.

The Company's foreign operations, if and when established, must comply with all applicable laws, which may include the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act or other anti-corruption laws. These anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage regardless of whether those practices are legal or culturally expected in a particular jurisdiction. Recently, there has been a substantial increase in the global enforcement of anti-corruption laws. Although the Company has a compliance program in place designed to reduce the likelihood of potential violations of such laws, violations of these laws could result in criminal or civil sanctions and have an adverse effect on the Company's reputation, business and results of operations and financial condition.

Our business, results of operations and financial condition may be adversely affected by pandemic infectious diseases,.

Pandemic infectious diseases, such as the COVID-19 pandemic, may adversely impact our business, consolidated results of operations and financial condition. The global spread of COVID-19 has created significant volatility and uncertainty and economic disruption. The extent to which COVID-19 will continue to impact our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; the impact of the pandemic on economic activity and actions taken in response; the effect on our customers and customer demand our services, products and solutions; our ability to sell and provide its services and solutions, including as a result of travel restrictions and people working from home; the ability of our customers to pay for our services and solutions; and any closures of our offices and the offices and facilities of our customers. COVID-19, as well as measures taken by governmental authorities to limit the spread of this or similar viruses, may interfere with the ability of our employees, suppliers, and other business providers to carry out their assigned tasks or supply materials or services at ordinary levels of performance relative to the requirements of our business, which may cause us to materially curtail certain of our business operations. We require additional funding and such funding may not be available to us as a result of contracting capital markets resulting from the COVID-19 or similar pandemics. Any of these events could materially adversely affect our business, financial condition, results of operations and/or stock price.

Natural disasters, pandemic outbreaks or other health crises could disrupt business and result in lower sales and otherwise adversely affect our financial performance.

The occurrence of one or more natural disasters, climate change, pandemic outbreaks or other health crises (including but not limited to the COVID-19 outbreak), could adversely affect our business and financial performance. If any of these events result in the closure of one or more of our dispensaries, extended sick leave involving our personnel, or impact key suppliers, our operations and financial performance could be materially adversely affected through an inability to provide other support functions to our stores and through lost sales. These events also could affect consumer shopping patterns or prevent customers from reaching our dispensaries, which could lead to lost sales and higher markdowns, the temporary lack of an adequate work force in a market, the temporary or long-term disruption of product availability in our dispensaries and the temporary or long-term inability to obtain technology needed to effectively run our business.

Our business may be impacted by geopolitical events, war, terrorism, and other related business interruptions.

War, terrorism, geopolitical uncertainties, and other related business interruptions have caused and could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on the Company, its suppliers, logistics providers, manufacturing vendors and customers. The Company's business operations are subject to interruption by, among others, disasters, whether as a result of war, refugee crises, fire, power shortages, nuclear power plant accidents and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, and other events beyond its control. Such events could decrease demand for the Company's products, make it difficult or impossible for the Company to develop, prototype, make and deliver products to its customers or to receive components from its suppliers, and create delays and inefficiencies in the Company's supply chain. While the Company's suppliers are expected to maintain safe working environments and operations, an industrial accident could occur and could result in disruption to the Company's business and harm to the Company's reputation. In any event of business interruption, the Company could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

Security breaches and other disruptions to our information technology infrastructure could interfere with our operations and could compromise the Company's and its customers' and suppliers' information, exposing us to liability that would cause the Company's business and reputation to suffer.

In the ordinary course of business, the Company relies upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain, manufacturing, distribution, invoicing and collection of payments from intermediaries or other purchasers or lessees of our equipment. We use information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, we collect and store sensitive data, including intellectual property, proprietary business information and the proprietary business information of the Company's customers and suppliers, as well as personally identifiable information of our customers and employees, in third party data centers, "cloud" providers and on information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information is critical to the Company's business operations and strategy. Such third parties, as well as the Company's information technology networks, cloud and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to employee error or malfeasance or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise the respective storage networks, data centers or cloud, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations, and damage our reputation, which could adversely affect the Company's business.

Our suppliers, contract manufacturers and customers are subject to and affected by increasingly rigorous environmental, health and safety laws and regulations of federal, state and local authorities in the U.S. and various regulatory authorities with jurisdiction over the Company's operations. In addition, private civil litigation on these subjects has increased, primarily in the U.S.

Enforcement actions arising from violations of environmental, health and safety laws or regulations can lead to investigation and defense costs, and result in significant fines or penalties. In addition, new or more stringent requirements of governmental authorities could prevent or restrict the Company's operations, or those of our suppliers and customers, require significant expenditures to achieve compliance and/or give rise to civil or criminal liability. There can be no assurance that violations of such legislation and/or regulations, or private civil claims for damages to property or personal injury arising from the environmental, health or safety impacts of our operations, or those of our suppliers and customers, would not have consequences that result in a material adverse effect on our business, financial condition or results of operations.

Increasingly stringent engine emission standards could impact our ability to manufacture and distribute certain equipment, which could negatively affect business results.

The Company's equipment operations must meet increasingly stringent engine emission reduction standards, including USEPA, Interim Tier 4/Stage IIIb and Final Tier 4/Stage IV non-road diesel emission requirements in the U.S. and European Union.

We may incur increased costs due to new or more stringent greenhouse gas emission standards designed to address climate change and could be further impacted by physical effects attributed to climate change on its facilities, suppliers and customers.

There is a growing political and scientific consensus that emissions of greenhouse gases (GHG) continue to alter the composition of Earth's atmosphere in ways that are affecting and are expected to continue to affect the global climate. These considerations may lead to international, national, regional or local legislative or regulatory responses in the future. Various stakeholders, including legislators and regulators, shareholders and non-governmental organizations, as well as companies in many business sectors, including the Company, are considering ways to reduce GHG emissions. The regulation of GHG emissions from certain stationary or mobile sources could result in additional costs to the Company or its suppliers in the form of taxes or emission allowances, facilities improvements and energy costs, which would increase our operating costs through higher contract manufacturing, utility, transportation and materials costs. Increased input costs and compliance-related costs could also impact customer operations and demand for our equipment. Because the impact of any future GHG legislative, regulatory or product standard requirements on our businesses and products is dependent on the timing and design of mandates or standards, the Company is unable to predict its potential impact at this time.

Furthermore, the potential physical impacts of climate change on our suppliers and customers and therefore on our operations are highly uncertain and will be particular to the circumstances developing in various geographical regions. These may include long-term changes in temperature levels and water availability. These potential physical effects may adversely impact the demand for the Company's products and the cost, production, sales and financial performance of the Company's operations.

Our business increasingly is subject to regulations relating to privacy and data protection, and if we violate any of those regulations, we could be subject to significant claims, penalties and damages.

Increasingly, the United States, the European Union and other governmental entities are imposing regulations designed to protect the collection, maintenance and transfer of personal information. For example, the European Union adopted the General Data Protection Regulation (the "GDPR") that imposes stringent data protection requirements and greater penalties for non-compliance beginning in May 2018. The GDPR also protects a broader set of personal information than traditionally has been protected in the United States and provides for a right of "erasure." Other regulations govern the collection and transfer of financial data and data security generally. These regulations generally impose penalties in the event of violations. While we attempt to comply with all applicable cybersecurity regulations, their implementation is complex, and, if we are not successful, we may be subject to penalties and claims for damages from regulators and the impacted individuals.

Risks Relating to Our Intellectual Property

Recent laws make it difficult to predict how patents will be issued or enforced in our industry.

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. There have been numerous recent changes to the patent laws and to the rules of the United States Patent and Trademark Office (the "USPTO"), which may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. For example, the Leahy-Smith America Invents Act, which was signed into law in 2011, includes a transition from a "first-to-invent" system to a "first-to-file" system, and changes the way issued patents can be challenged. Certain changes, such as the institution of inter partes review and post-grant and derivation proceedings, came into effect in 2012. Substantive changes to patent law associated with the Leahy-Smith America Invents Act may affect our ability to obtain patents, and, if obtained, to enforce or defend them in litigation or inter partes review, or post-grant or derivation proceedings, all of which could harm our business.

We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.

Our ability to compete effectively depends in part on our rights to trademarks, patents and other intellectual property rights we own. We have not sought to register every one of our intellectual properties either in the United States or in every country in which such intellectual property may be used. Furthermore, because of the differences in foreign trademark, patent and other intellectual property or proprietary rights laws, we may not receive the same protection in other countries as we would in the United States with respect to the registered brand names and issued patents we hold. If we are unable to protect our intellectual property, proprietary information and/or brand names, we could suffer a material adverse effect on our business, financial condition and results of operations.

Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products or services infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of trademark, patent or other intellectual property infringement against us, or any other successful challenge to the use of our intellectual property, could subject us to damages or prevent us from providing certain products or services, or using certain of our recognized brand names, which could have a material adverse effect on our business, financial condition and results of operations.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submissions, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

Periodic maintenance or annuity fees on any issued patents are due to be paid to the USPTO, and/or foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payments and other similar provisions during the patent application process. While an inadvertent or unintentional lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Noncompliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, nonpayment of fees and failure to properly legalize and submit formal documents. If we or our licensors fail to maintain the patents and patent applications covering our products, our competitors might be able to enter the market, which would have a material adverse effect on our business.

From time to time, we may need to rely on licenses to proprietary technologies, which may be difficult or expensive to obtain or we may lose certain licenses which may be difficult to replace, harming our competitive position.

We may need to obtain licenses to patents and other proprietary rights held by third parties to develop, manufacture and market our products, if, for example, we sought to develop our products, in conjunction with any patented technology. If we are unable to timely obtain these licenses on commercially reasonable terms and maintain these licenses, our ability to commercially market our products, may be inhibited or prevented, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In spite of our best efforts, our licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize products and technology covered by these license agreements. If these in-licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, competitors may have the freedom to market products identical to ours.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our success depends upon our ability to develop, manufacture, market and sell our products, and to use our proprietary technologies without infringing the proprietary rights of third parties. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology, including interference or derivation proceedings and various other post-grant proceedings before the USPTO and/or non-United States opposition proceedings. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future. As a result of any such infringement claims, or to avoid potential claims, we may choose or be compelled to seek intellectual property licenses from third parties. These licenses may not be available on acceptable terms, or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees, royalties, minimum royalties and/or milestone payments and the rights granted to us could be nonexclusive, which would mean that our competitors may be able to obtain licenses to the same intellectual property. Ultimately, we could be prevented from commercializing a product and/or technology or be forced to cease some aspect of our business operations if, as a result of actual or threatened infringement claims, we are unable to enter into licenses of the relevant intellectual property on acceptable terms. Further, if we attempt to modify a product and/or technology or to develop alternative methods or products in response to infringement claims or to avoid potential claims, we could incur substantial costs, encounter delays in product introductions or interruptions in sales.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- Others may be able to construct products that are similar to our products but that are not covered by the claims of the patents that we own or have exclusively licensed;
- We or our licensors or strategic collaborators, if any, might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or have exclusively licensed;
- We or our licensors or strategic collaborators, if any, might not have been the first to file patent applications covering certain of our inventions;
- Others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- It is possible that our pending patent applications will not lead to issued patents;
- Issued patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- Our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- We may not develop additional proprietary technologies that are patentable; and
- The patents of others may have an adverse effect on our business.

Should any of these events occur, they could significantly harm our business, results of operations and prospects.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. We are not aware of any threatened or pending claims related to these matters or concerning agreements with our employees, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Intellectual property disputes could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the value of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

Risks Related to the Common Shares

The Company's Common Share price may be volatile and as a result investor could lose all or part of their investment.

In addition to volatility associated with equity securities in general, the value of an investor's investment could decline due to the impact of any of the following factors upon the market price of the Common Shares:

- disappointing results from the Company's operations or financing activities;
- decline in demand for its Common Shares;
- downward revisions in securities analysts' estimates or changes in general market conditions;
- technological innovations by competitors or in competing technologies;
- investor perception of the Company's industry or its prospects; and
- general economic trends.

Our Common Share price on the OTCQX has experienced significant price and volume fluctuations. Stock markets in general have experienced extreme price and volume fluctuations, and the market prices of securities have been highly volatile. These fluctuations are often unrelated to operating performance and may adversely affect the market price of the Common Shares. As a result, an investor may be unable to sell any Common Shares such investor acquires at a desired price.

Potential future sales under Rule 144 may depress the market price for our Common Shares.

In general, under Rule 144, a person who has satisfied a minimum holding period of between 6 months and one-year and any other applicable requirements of Rule 144, may thereafter sell such shares publicly. A significant number of the Company's currently issued and outstanding Common Shares held by existing shareholders, including officers and directors and other principal shareholders, are currently eligible for resale pursuant to and in accordance with the provisions of Rule 144. The possible future sale of the Company's Common Shares by its existing shareholders, pursuant to and in accordance with the provisions of Rule 144, may have a depressive effect on the price of its Common Shares in the over-the-counter market.

The Company's Common Shares currently deemed a "penny stock", which may make it more difficult for investors to sell their Common Shares.

The SEC has adopted regulations which generally define "penny stock" to be any equity security that has a market price less than $5.00 per Common Share or an exercise price of less than $5.00 per Common Share, subject to certain exceptions. The Company's s securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000, exclusive of their principal residence, or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade its securities. The Company believes that the penny stock rules may discourage investor interest in and limit the marketability of its Common Shares.

The Company has never paid dividends on its Common Shares.

The Company has not paid dividends on its Common Shares to date, and it does not expect to pay dividends for the foreseeable future. The Company intends to retain its initial earnings, if any, to finance its operations. Any future dividends on Common Shares will depend upon the Company's earnings, its then-existing financial requirements, and other factors, and will be at the discretion of the Board.

FINRA has adopted sales practice requirements, which may also limit an investor's ability to buy and sell the Company's Common Shares.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy the Company's Common Shares, which may limit an investor's ability to buy and sell its stock and have an adverse effect on the market for the Common Shares.

Investors' interests in the Company will be diluted and investors may suffer dilution in their net book value per share of Common Shares if we issue additional employee/director/consultant options or if we sell additional Common Shares and/or warrants to finance its operations.

In order to further expand the Company's operations and meet its objectives, any additional growth and/or expanded business activity will likely need to be financed through sale of and issuance of additional Common Shares. The Company will also in the future grant to some or all of its directors, officers, and key employees and/or consultants options to purchase Common Shares as non-cash incentives. The issuance of any equity securities could, and the issuance of any additional Common Shares will, cause the Company's existing shareholders to experience dilution of their ownership interests.

If the Company issues additional Common Shares or decides to enter into joint ventures with other parties in order to raise financing through the sale of equity securities, investors' interests in the Company will be diluted and investors may suffer dilution in their net book value per share of Common Shares depending on the price at which such securities are sold.

The issuance of additional shares of Common Shares may negatively impact the trading price of the Company's securities.

We have issued Common Shares in the past and will continue to issue Common Shares to finance our activities in the future. In addition, newly issued or outstanding options and warrants to purchase Common Shares may be exercised, resulting in the issuance of additional Common Shares. Any such issuance of additional Common Shares would result in dilution to the Company's shareholders, and even the perception that such an issuance may occur could have a negative impact on the trading price of the Common Shares.

The issuance of a large number of shares of our Common Stock could significantly dilute existing stockholders and negatively impact the market price of our Common Stock.

On January 6, 2021, the Company entered into an Equity Purchase Agreement, with Peak One providing that, upon the terms and subject to the conditions thereof, Peak One is committed to purchase, on an unconditional basis, shares of Common Stock ("Put Shares") at an aggregate price of up to $10 million over the course of the commitment period. Pursuant to the terms of the equity purchase agreement, the purchase price for each of the Put Shares equals 89% of the Market Price on such date on which the Purchase Price is calculated. The Market Price is defined in the EPA as the lesser of the (i) closing bid price of the Common Stock on the Principal Market on the Trading Day immediately preceding the respective Put Date, or (ii) the lowest closing bid price of the Common Shares on the Principal Market for any Trading Day during the Valuation Period. The Valuation Period is defined as the period of seven (7) Trading Days immediately following the Clearing Date associated with the applicable Put Notice. The Valuation Period begins on the first Trading Day following the Clearing Date. As a result, if we sell shares of Common Stock under the equity purchase agreement, we will be issuing Common Stock at below market prices, which could cause the market price of our Common Stock to decline, and if such issuances are significant in number, the amount of the decline in our market price could also be significant. In general, we are unlikely to sell shares of Common Stock under the equity purchase agreement at a time when the additional dilution to stockholders would be substantial unless we are unable to obtain capital to meet our financial obligations from other sources on better terms at such time. However, if we do, the dilution that could result from such issuances could have a material adverse impact on existing stockholders and could cause the price of our common stock to fall rapidly based on the amount of such dilution.

The Selling Securityholders may sell a large number of shares, resulting in substantial diminution to the value of shares held by existing stockholders.

Pursuant to the Equity Purchase Agreement, we are prohibited from delivering a Put Notice to Peak One to the extent that the issuance of shares would cause the Selling Securityholders to beneficially own more than 4.99% of our then-outstanding shares of common stock; provided, however, the Selling Securityholders in their sole discretion can waive this ownership limitation up to 9.99% of our then-outstanding shares of Common Stock. These restrictions however, do not prevent the Selling Stockholder from selling shares of Common Stock received in connection with the Equity Line and then receiving additional shares of Common Stock in connection with a subsequent issuance. In this way, the Selling Securityholders could sell more than 4.99% (or 9.99% if 4.99% ownership limitation is waived) of the outstanding shares of Common Stock in a relatively short time frame while never holding more than 4.99% (or 9.99% if 4.99% ownership limitation is waived) at any one time. As a result, existing stockholders and new investors could experience substantial diminution in the value of their shares of Common Stock. Additionally, we do not have the right to control the timing and amount of any sales by the Selling Securityholders of the shares issued under the Equity Line.

The Company faces risks related to compliance with corporate governance laws and financial reporting standards.

The Sarbanes-Oxley Act of 2002, as well as related new rules and regulations implemented by the SEC and the Public Company Accounting Oversight Board, require changes in the corporate governance practices and financial reporting standards for public companies. These laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 relating to internal control over financial reporting, referred to as Section 404, materially increase the Company's legal and financial compliance costs and make certain activities more time-consuming and burdensome.

Cautionary Note

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common stock.

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

ITEM 2 PROPERTIES

Executive Offices

Our executive office address is 1001 Bannock Street, Denver, CO 80204. This space is currently sufficient for our purposes, and we expect it to be sufficient for the foreseeable future. The address of agent for service in Nevada and registered corporate office is InCorp Services, Inc., 36 South 18th Avenue, Suite D, Brighton, CO 80601.

ITEM 3 LEGAL PROCEEDINGS

Legal proceedings covering a dispute arising from a past employment agreement is pending against the Company's former business partner, CMI. In Gaudio v. Critical Mass Industries, LLC et al, CMI's motion to set aside a default judgment was granted April 26, 2021 and a mandatory mediation settlement conference is scheduled for March 30, 2023. It is possible that there could be adverse developments in the Gaudio case. An unfavorable outcome or settlement of pending litigation could encourage the commencement of additional litigation against CMI or the Company. We and our subsidiaries will record provisions in the consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. At the present time, while it is reasonably possible that an unfavorable outcome in the Gaudio case may occur, (i) management is unable to estimate the possible loss or range of loss that our Company would undergo that could result from an unfavorable outcome or settlement in Gaudio; and (iii) accordingly, management has not provided any amounts in the consolidated financial statements for an unfavorable outcome in this case, if applicable. Any applicable legal advice costs are expensed as incurred.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is quoted on the OTC Markets OTCQX Trading Tier under the ticker symbol "CRYM". The following table sets forth, for the periods indicated, the high and low closing sales prices of our common stock:

Three Months Ended	2022		2021	
	High	Low	High	Low
March 31	$ 0.33	$ 0.20	$ 0.26	$ 0.13
June 30	0.54	0.20	0.45	0.15
September 30	0.38	0.22	0.35	0.17
December 31	0.28	0.17	0.64	0.21

Holders

As of March 21, 2023, there were 320 registered holders of record of our common stock, plus approximately 3,924 additional shareholders owning shares held for them beneficially in brokerage accounts, and we had 204,216,637 common shares issued and outstanding.

Dividend Policy

We have not paid any dividends since our incorporation and do not anticipate the payment of dividends in the foreseeable future. At present, our policy is to retain any earnings to develop and market our services. The payment of dividends in the future will depend upon, among other factors, our earnings, capital requirements and operating financial conditions.

Equity Compensation Plan Information

The Company adopted its 2019 Omnibus Stock Incentive Plan (the "2019 Plan"), and on January 10, 2022, the shareholders approved the 2022 Stock Incentive Plan which then replaced the 2019 Plan (collectively the "Stock Incentive Plans"). The Stock Incentive Plans provide for the issuance of stock options, stock grants and RSUs to employees, directors and consultants. The primary purpose of the Stock Incentive Plans is to enhance the ability to attract, motivate, and retain the services of qualified employees, officers and directors. Any stock incentives granted under the Stock Incentive Plans will be at the discretion of the Compensation Committee of the Board of Directors.

During 2021, the Company granted 6,650,000 restricted stock units (RSU's) and 5,000,000 vested stock options to directors, employees, and consultants. 6,903,172 RSUs vested, leaving 2,200,003 RSUs and 8,500,000 stock options outstanding as of December 31, 2021. During 2022, the Company granted 2,064,386 restricted stock units (RSU's) to directors, employees, and consultants. 3,442,116 RSUs vested and 50,000 RSUs were forfeited, leaving 772,273 outstanding as of December 31, 2022. The Company awarded no stock options in 2022. As of December 31, 2022, there were 8,500,000 stock options vested and outstanding.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

We did not sell any equity securities which were not registered under the Securities Act during the year ended December 31, 2022 that were not otherwise disclosed in this annual report on Form 10-K, in our quarterly reports on Form 10-Q, or in our current reports on Form 8-K filed during the year ended December 31, 2022.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during our fourth quarter of our fiscal year ended December 31, 2022.

ITEM 6 [RESERVED]

Not applicable.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The following discussion and analysis of the results of operations and financial condition for the years ended December 31, 2022 and 2021 should be read in conjunction with our consolidated financial statements and the notes to those consolidated financial statements that are included elsewhere in this Annual Report on Form 10-K. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. See "Forward-Looking Statements" at the beginning of this report.

General Overview

Cryomass Technologies Inc ("Cryomass Technologies" or the "Company") began as Auto Tool Technologies Inc., which was incorporated under the laws of the State of Nevada on May 10, 2011. The Company's name was changed to AFC Building Technologies Inc. effective January 10, 2014. Effective April 26, 2018, the Company changed its name to First Colombia Development Corp. Effective October 14, 2019, the Company changed its name to Redwood Green Corp. Effective September 1, 2020, the Company changed its name to Andina Gold Corp. On July 15, 2021, the Company changed its name to Cryomass Technologies Inc and subsequently changed its trading symbol to CRYM.

The Company's principal office is located at 1001 Bannock St., Suite 612, Denver, CO 80204, and its telephone number is 303-416-7208. The Company's website is www.cryomass.com. Information appearing on the website is not incorporated by reference into this report. On May 10, 2018, the Company began to establish various business ventures in Colombia through its Colombian subsidiary, First Colombia Devco S.A.S ("Devco").

On July 1, 2019, the Company acquired 100% of the membership interests in General Extract, LLC, a Colorado limited liability company, in exchange for the shares of Devco. The name of this subsidiary was subsequently changed to Cryomass LLC.

On July 15, 2019, the Company entered into a Membership Interest Purchase Agreement to acquire cannabis-related intellectual property and certain other assets, but not cannabis licenses, of Critical Mass Industries LLC ("CMI"), a Colorado limited liability company.

Effective December 31, 2021, the Company disposed of all CMI-related assets and extinguished any and all related obligations. Therefore, we determined that CMI no longer qualifies as a variable interest entity ("VIE") as of December 31, 2021.

In August 2020, the Company established a wholly owned Colombian subsidiary, Andina Gold Colombia SAS for this purpose acquiring gold properties in Colombia. However, due to the untimely death of our top geologist, the Company determined that pursuit of gold exploration in Colombia was no longer a practical alternative. In Q1 2022 the respective subsidiary was closed.

On June 22, 2021, the Company entered into an Asset Purchase Agreement with Cryocann USA Corp, a California corporation ("Cryocann"), pursuant to which Company acquired substantially all the assets of Cryocann. The aggregate purchase price was $3,500,000 million in cash and 10,000,000 shares of Company common stock As part of the Cryocann Acquisition, we retained both Cryocann employees, who have expert knowledge of the industry, related participants, customers and the acquired patented technology. Under their employment agreements, each employee may receive compensation if specific performance targets are met in association with our future operating performance when the Cryocann technology enters the market. The technology and assets acquired from Cryocann are operated from the Company's subsidiary, Cryomass LLC. The patented cryo-mechanical technology is for the separation of plant materials in the harvesting of hemp and cannabis, and potentially other high value crops such as hops. We believe this technology will reduce processing costs and increases the quality of extracted compounds. We are exploring the application of the underlying technology to a broad range of industries that handle high-value materials and that could benefit from our precision capture methods. We anticipate that cannabis and hemp will be the first in a series of such industries.

To develop and commercialize the technology, we contracted with an independent engineering and manufacturing firm to refine the design of our cryo-mechanical system for the handling of harvested hemp, cannabis and other high-value plants. The system exploits CryoMass's U.S.-patented process for the controlled application of liquid nitrogen to stabilize and separate the structural elements of gross plant material. The system, which we now call the CryoMass Trichome Separation System is fully developed and optimized for the low-cost collection of fully intact hemp and cannabis trichomes. It can be used within minutes after plants have been cut and can also efficiently capture trichomes from fresh frozen or even dried plant parts, including trim. The device's through-put capacity is to be approximately 350 kilograms of gross plant material per hour. The advanced design for the equipment has been completed, and testing of a prototype machine is currently underway. The engineering and manufacturing firm has indicated that it has the capacity to build up to 15 such devices per quarter. The first functional "beta" machine has completed field testing. The Company recently signed a license and lease arrangement with a third party to deploy multiple CryoMass trichome separation units at the prospective partner's facility in California and other locations, with the intention of starting commercial operations shortly.

Management believes the CryoMass system will deliver a compelling combination of cost and time savings while enhancing product quality and quantity for largescale cultivators and processors of hemp and cannabis. The use of a CryoMass system – which can be trucked to and operated on the fields of most large hemp and cannabis growers or be permanently installed at a user's processing facility – should eliminate many of the costs that come with traditional practices, especially the labor, fuel and capital costs of drying and curing hemp or cannabis that is grown for the extraction of end products. With traditional practices, harvested plants are transported to a specially constructed drying house and then treated for a week or longer under controlled conditions of temperature and humidity. It's a costly method. With our system, harvested plants are simply fed into the front end of a CryoMass trichome separation system, and minutes later fully intact trichomes are collected at the back end of the unit. With traditional practices and their seven-to-ten days of handling and drying, a large share of a plant's valuable trichomes break off and are lost. Then the remaining trichomes are damaged by long exposure to oxygen and by the evaporation of their volatile terpenes. The CryoMass system, on the other hand, stabilizes and collects fully intact trichomes at harvest, leaving no opportunity for such wasteful loss. Field-captured trichomes are the cleanest element of a hemp or cannabis plant because, unlike the rest of the plant, trichomes do not readily take up heavy metals, pesticides or other common soil contaminants. As a product for end-users, field-captured trichomes are closest to being contaminant free. As feedstock for manufacturers of extracts and oils, they are the key to the purest products possible.

Because the trichomes collected with CryoMass technology represent only 10% or so of a plant's weight and volume, they are cheaper to ship and store than gross plant material. For the same reason and because trichomes are free of the waxes and other unwanted materials found in the rest of the plant, processing trichomes into oils and extracts can be far quicker, cheaper and easier than processing gross plant material. Even trichomes captured from dried or frozen plant parts deliver this cost-saving advantage to processors of oils and extracts. The three-dimensional advantage achievable with the CryoMass system – first-stage cost savings, product enhancement and downstream cost savings – can as much as double a crop's wholesale value. And in some jurisdictions, users may enjoy a reduction in excise taxes levied on cannabis and hemp harvests, which typically are tied to the gross weight of hemp or cannabis that is removed from the field.

Production and processing of hemp and cannabis is a huge, worldwide industry. In the U.S., for example, the wholesale value of the cannabis crop from just the 11 states permitting adult-use and medical cannabis exceeds $6 billion annually. Growth in the U.S. and in the worldwide market is likely fed in part by the growing acceptance of medicinal cannabis products and anticipated legislative changes in various jurisdictions worldwide.

Several other high-value plants, including species that are important for health and wellness products, wrap their valuable elements in trichomes. The technology we are developing for hemp and cannabis may have profitable application to those other species as well.

In September 2021, we were granted an additional patent for our process from the Chinese Intellectual Property Office. We currently are taking steps to gain further protection for our intellectual property through the European Union Intellectual Property Office and several other international jurisdictions.

On November 17, 2021, we announced the completion of a $10.3 million equity financing. The financing and the earlier conversion of substantially all the company's debt into common stock left the Company with adequate resources for our planned business development. In connection with the financing, 1,010,000 shares and 760,000 shares of CryoMass Technologies common stock were purchased by CEO Christian Noël and Chairman of the Board Delon Human, respectively, either individually or through entities controlled by them.

On January 16, 2023, we entered into a Patent License and Equipment Rental Agreement with Redtape Core Partners, LLC. The text of the agreement redated to protect confidential and competitively sensitive information is attached hereto as Exhibit 10.20.

Update on COVID-19

In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, China, which has spread throughout the world, including the United States. On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 a "Public Health Emergency of International Concern," and on March 11, 2020, it characterized the outbreak as a "pandemic". The impact of COVID-19 developments and uncertainty with respect to the economic effects of the pandemic has introduced significant volatility in the financial markets.

To date, COVID-19 has surfaced in nearly all regions around the world and resulted in travel restrictions, both domestic and international, closing of borders and business slowdowns or shutdowns in affected areas. As a result, COVID-19 has impacted the Company's business. Although deemed an essential business during the pandemic, many dispensaries and cannabis manufacturers have suspended or reduced operations on a temporary basis due to matters associated with COVID-19. While activities resumed in full in 2022, there are continued threats of short-notice, temporary restrictions that may impact our business.

The COVID-19 pandemic and responses to this crisis, including actions taken by federal, state and local governments, have had an impact on the operations of the Company, including, without limitation, the following: reduced staffing due to employee suspected conditions and social distancing measures; constraints on productivity; management and staff non-essential business-related travel was constrained due to stay-at-home orders; some employees have shifted to remote work resulting in loss of productivity; consumers visiting dispensaries operated under license impacted by stay-at-home orders. Management continues to monitor the COVID-19 pandemic situation and federal, state and local recommendations and will provide updates as appropriate.

Our Current Business

Our business portfolio includes the accounts of Cryomass LLC (formerly known as General Extract), which is controlled by the Company through its 100% ownership interest. The Company dissolved its previously reported VIE relationship with Critical Mass Industries Inc., as of December 31, 2021.

On June 23, 2021, the Company consummated purchase of assets of Cryocann USA Corp through its wholly-owned subsidiary Cryomass LLC. We have finalized research and development work of our patented technology. We have completed commercial-scale testing of the system and have been targeting specific markets and industries to employ this ground-breaking technology.

The Company recently signed a license and lease arrangement with RedTape Core Partners LLC ("RedTape") to deploy multiple CryoMass trichome separation units at the prospective partner's facility in California and other locations, with the intention of starting commercial operations shortly. Under the terms of a multi-state license agreement, RedTape has licensed the patented process and will deploy 12 Trichome Separation systems for a total upfront investment of US$10.2 million payable in installments to CryoMass throughout 2023. CryoMass has agreed to deliver the units to RedTape according to a schedule that extends over 24 months. In addition to the installments, RedTape will pay CryoMass 50% of all net revenue generated by the units over the life of the agreement. The license agreement grants RedTape the exclusive right, subject to agreed-upon distribution and licensing milestones, to distribute the Trichome Separation units and develop the hemp and cannabis processing and extraction markets with CryoMass in states where RedTape has extensive affiliate business operations and alliances. The five states covered by the agreement are California, New York, New Jersey, Florida and Pennsylvania.

Management believes the CryoMass system will deliver a compelling combination of cost and time savings while enhancing product quality and quantity for largescale cultivators and processors of hemp and cannabis. The use of a CryoMass system should eliminate many of the costs that come with traditional practices, especially the labor, fuel and capital costs of drying and curing hemp or cannabis that is grown for the extraction of end products. With traditional practices, harvested plants are transported to a specially constructed drying house and then treated for a week or longer under controlled conditions of temperature and humidity. It's a costly method. With our system, harvested plants are simply fed into the front end of a CryoMass trichome separation system, and minutes later fully intact trichomes are collected at the back end of the unit. With traditional practices and their seven-to-ten days of handling and drying, a large share of a plant's valuable trichomes break off and are lost. Then the remaining trichomes are damaged by long exposure to oxygen and by the evaporation of their volatile terpenes. The CryoMass system, on the other hand, stabilizes and collects fully intact trichomes at harvest, leaving no opportunity for such wasteful loss. Field-captured trichomes are the cleanest element of a hemp or cannabis plant because, unlike the rest of the plant, trichomes do not readily take up heavy metals, pesticides or other common soil contaminants. As a product for end-users, field-captured trichomes are closest to being contaminant free. As feedstock for manufacturers of extracts and oils, they are the key to the purest products possible.

Because the trichomes collected from CryoMass system represent only 10% or so of a plant's weight and volume, they are cheaper to ship and store than gross plant material. For the same reason and because trichomes are free of the waxes and other unwanted materials found in the rest of the plant, processing trichomes into oils and extracts can be far quicker, cheaper and easier than processing gross plant material. Even trichomes captured from dried or frozen plant parts deliver this cost-saving advantage to processors of oils and extracts. The three-dimensional advantage achievable with the CryoMass system – first-stage cost savings, product enhancement and downstream cost savings – can as much as double a crop's wholesale value. And in some jurisdictions, users may enjoy a reduction in excise taxes levied on cannabis and hemp harvests, which typically are tied to the gross weight of hemp or cannabis that is removed from the field.

Results of Operations for the Years Ended December 31, 2022 and 2021

The following table shows our results of operations for the years ended December 31, 2022 and 2021. The historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Years Ended December 31,		Change	
	2022	2021	Dollars	Percentage
Net sales	$ -	$ -	$ -	-%
Cost of goods sold, inclusive of depreciation	-	-	-	-%
Gross profit / (loss)	-	-	-	-%
Total operating expenses	10,311,810	7,991,827	2,319,983	29%
Loss from operations	(10,311,810)	(7,991,827)	(2,319,983)	29%
Total other expenses	(132,669)	(2,142,815)	2,010,146	-94%
Net loss from continuing operations, before taxes	(10,444,479)	(10,134,642)	(309,837)	3%
Income taxes	(21,788)	-	(21,788)	-100%
Net loss from continuing operations	(10,422,691)	(10,134,642)	(288,049)	-3%
Net income / (loss) from disc. Operations, net of tax	$ -	$ (2,725,001)	$ 2,725,001	-100%
Net loss	$ (10,422,691)	$ (12,859,643)	$ 2,436,952	-19%

The following table shows our results of operations for the years ended December 31, 2022 and 2021 specifically relating to our variable interest entity, CMI, which is classified as discontinued operations above. The historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Years Ended December 31,		Change	
	2022	2021	Dollars	Percentage
Net sales	$ -	$ 5,891,894	$ (5,891,894)	-100%
Cost of goods sold, inclusive of depreciation	-	4,132,696	(4,132,696)	-100%
Gross profit	-	1,759,198	(1,759,198)	-100%
Total operating expenses	-	1,402,437	(1,402,437)	-100%
Gain from operations	-	356,761	(356,761)	-100%
Total other expenses	-	(49,803)	49,803	-100%
Loss on disposal of discontinued operations	-	-	-	-100%
Net income / (loss), before taxes	-	306,958	(306,958)	-100%
Income taxes	-	-	-	-100%
Net income / (loss)	$ -	$ 306,958	$ 306,958	-100%

Net Sales and Cost of Goods Sold

There were no net sales related to continuing operations for the year ended December 31, 2022. CMI net sales were $5,891,894 for the year ended December 31, 2021, of which $4,032,719 was related to medical retail, $1,864,314 was related to medical wholesale, $12,791 was related to recreational wholesale, and $(17,930) was related to other revenues. Revenue generating activities for discontinued operations are attributable to CMI. The overall decrease in CMI net sales for the year ended December 31, 2022, compared to the year ended December 31, 2021 was $5,891,894, or 100% which is attributable to the Company's disposal of its discontinued operations as of December 31, 2021.

There were no cost of goods sold related to continuing operations for the year ended December 31, 2022. CMI's cost of goods sold were $4,132,696 for the year ended December 31, 2021, representing a decrease of $4,132,696 or 100%. This decrease is attributable to the Company's disposal of its discontinued operations as of December 31, 2021. CMI's cost of goods sold for the year ended December 31, 2021 primarily consisted of allocated salaries and wages of employees directly related to the production process, allocated depreciation directly related to the production process, cultivation supplies, rent and utilities.

Operating Expenses

Operating expenses encompass personnel costs, general and administrative expenses, and legal and professional fees. Total operating expenses were $10,311,810 for the year ended December 31, 2022 as compared to $7,991,827 for the year ended December 31, 2021. The increase of $2,319,983, or 29%, was primarily attributable to the following changes in operating expenses of:

- Legal and professional fees - $1,767,519 increase
- General and administrative expenses - $1,616,812 increase
- Depreciation and amortization expense - $118,738 increase

The increase of $1,616,812, or 41%, in general and administrative expenses is due to an increase in bad debt expense, which primarily results from the Company deeming its loans receivable from CMI as uncollectible at the end of 2022. The increase of $1,767,519, or 233%, in legal and professional fees resulted from investor relations services from one vendor. The increase of $118,738, or 272%, in depreciation and amortization expense primarily resulted from the commencement of the Company's depreciation of its machinery and equipment as well as the amortization of its in-process research and development.

CMI operating expenses encompass personnel costs, general and administrative, legal and professional fees, and amortization expense. Total operating expenses for CMI were $0 and $1,402,437 for the years ended December 31, 2022 and 2021 respectively, representing a decrease of $1,402,437, or 100%. This decrease was attributable to the Company's disposal of its discontinues operations as of December 31,2021.

Other Expense

Other expense for the year ended December 31, 2022 consisted of $147,014 interest expense and $14,345 gain on foreign exchange. Other expense for the year ended December 31, 2021 consisted of $2,189,959 interest expense and $47,144 gain on foreign exchange. The decrease in interest expense was predominantly the result of recognizing and fully amortizing a debt discount of $1,444,542 associated with a convertible note in 2021. The increase in gain on foreign exchange predominantly relates to a payable agreement with Cryomass LLC's supplier.

CMI's other expense for the year ended December 31, 2021 consisted of $49,803 interest expense, which primarily relates to the related party note.

Net Loss

For the foregoing reasons, we had a net loss of $10,422,691 for the year ended December 31, 2022, or $0.05 net loss per common share – basic and diluted, compared to a net loss of $12,859,643 for the year ended December 31, 2021, or $0.08 net loss per common share – basic and diluted.

Liquidity, Capital Resources and Cash Flows

The Company believes that its available cash balance as of the date of this filing will not be sufficient to fund its anticipated level of operations for at least the next twelve months. The Company believes that, at the present time, its ability to continue operations depends on cash expected to be available from lease payments and royalty payments in connection with future revenue generation, as well as possible debt and equity investment sources, to fund its anticipated level of operations for at least the next twelve months. As of December 31, 2022, the Company had working capital of $878,031 and cash balance of $2,016,057. The Company estimates that it needs approximately $4,000,000 to cover overhead costs and capital expenditure requirements ranging from zero to $6,600,000 depending on how many trichome separation units are ordered over the next twelve months. The Company believes that the Company will continue to incur losses for the immediate future. The Company expects to finance future cash needs from the results of operations and, depending on the results of operations, the Company will need additional equity or debt financing until the Company can achieve profitability and positive cash flows from operating activities from, for example, our recently signed lease and license agreement. As of December 31, 2022, one trichome separation unit has been delivered and is expected to begin producing revenue in the second quarter of 2023. Since the operating expenses of the unit are required to be covered by the licensee and not the Company, the royalty payment would be free cash flow which could be used to cover operating expenses. However, there can be no assurance that the Company will receive sufficient operating cash flow from our licensing agreement or otherwise that we will be able to attract the necessary financing.

COVID-19 has resulted in, and may continue to result in, significant disruption of financial markets, which may reduce the Company's ability to access capital or its customers' ability to pay the Company for past or future purchases, which could negatively affect the Company's liquidity. The Company believes that the cash balances and cash from operations will be sufficient to satisfy its cash needs for the next few months until it can obtain new long-term financing or other sources of capital. If we are unable to attain additional financing, we will have to seek additional strategic alternatives and relief from our additional liabilities accumulated during COVID-19.

The impact of COVID-19 developments and uncertainty with respect to the economic effects of the pandemic have introduced significant volatility in the financial markets. The uncertainties associated with COVID-19 related to our industry present risk and doubt about the Company's ability to continue as a going concern.

Going Concern

The Company believes that there is substantial doubt about the Company's ability to continue as a going concern. Our financial statements for the year ended December 31, 2022 have been prepared on a going concern basis and contain an additional explanatory paragraph which identifies issues that raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Capital Resources

The following table summarizes total current assets, liabilities and working capital for the periods indicated:

	December 31,	
	2022	**2021**
Current assets	$ 2,166,496	$ 6,530,222
Current liabilities	1,288,465	1,882,419
Working capital	$ 878,031	$ 4,647,803

As of December 31, 2022 and 2021, we had a cash balance of $2,016,057 and $5,772,839, respectively.

Summary of Cash Flows

	For the Years Ended December 31,	
	2022	**2021**
Net cash used in operating activities	$ (4,766,864)	$ (5,600,512)
Net cash used in investing activities	$ (1,018,669)	$ (2,803,244)
Net cash provided by financing activities	$ 2,028,751	$ 13,846,756

Net cash used in operating activities

Net cash used in operating activities was $4,766,864 during the year ended December 31, 2022. This included a net loss of $10,422,691, a non-cash charge related to the amortization of debt discount of $72,917, a non- cash charge related to depreciation and amortization of $157,001, a non-cash charge related to bad debt expense of $4,218,831, a non-cash charge related to the fair value of common stock issued of $590,625, a non-cash charge related to stock-based compensation of $603,463, and a non-cash charge related to deferred income tax of $21,788. This was partially offset by net changes in accounts receivable, prepaid expenses, inventories, accounts payable and accrued expenses, and taxes payable of $34,778.

Net cash used in operating activities was $5,600,512 during the year ended December 31, 2021. This included a net loss of $10,134,642, a non- cash charge related to depreciation and amortization of $43,663, a non-cash charge related to the amortization of debt discount of $1,547,181, a non-cash charge related to bad debt expense of $540,000, a non-cash charge related to the fair value of common stock issued pursuant to service and advisory agreements of $1,011,075, a payable extinguishment for services not provided of $318,970, a non-cash charge related to stock-based compensation of $2,653,271, a non-cash charge related to deferred income tax expense of $(14,926), and cash used in operating activities from discontinued operations of $501,609. This was partially offset by net changes in prepaid expenses and accounts payable and accrued expenses of $1,063,495.

Net cash used in investing activities

Net cash used in investing activities was $1,018,669 during the year ended December 31, 2022, due to the purchase of property and equipment, purchase of intangible assets, and issuance of loan receivable.

Net cash used in investing activities was $2,803,244 during the year ended December 31, 2021, due to the purchase of property and equipment and the CryoCann transaction.

Net cash provided by financing activities

Net cash provided by financing activities for the year ended December 31, 2022 was $2,028,751, which consisted of $256,876 proceeds from the issuance of common stock, $21,875 proceeds from common stock to be issued, and $1,750,000 proceeds from notes payable.

Net cash provided by financing activities for the year ended December 31, 2021 was $13,846,756, which consisted primarily of $10,308,000 proceeds from the issuance of common stock and $4,900,000 proceeds from notes payable, primarily offset by repayment of the seller's note associated with the CryoCann transaction.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to intangibles, accounting for acquisitions, revenue recognition, income taxes, useful life and recoverability of long-lived assets and deferred income tax asset valuations. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Accounting for Acquisitions

In accordance with the guidance for business combinations, the Company determines whether a transaction or other event is a business combination, which requires that the acquired assets and liabilities assumed constitute a business. Each business combination is then accounted for by applying the acquisition method. If the assets acquired are not a business, the Company accounts for the transaction or other event as an asset acquisition. Under both methods, the Company recognizes the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity. In addition, for transactions that are business combinations, the Company evaluates the existence of goodwill or a gain from a bargain purchase. The Company capitalizes acquisition-related costs and fees associated with asset acquisitions and immediately expenses acquisition-related costs and fees associated with business combinations.

Revenue Recognition

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contacts with Customers* ("ASC 606"), the Company recognizes revenue when the customer obtains control of promised goods or services, in an amount that reflects the consideration which is expected to be received in exchange for those goods or services. The Company recognizes revenue following the five-step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenues when (or as) the Company satisfies a performance obligation.

Revenue is recognized upon completion of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. Taxes collected from customers, which are subsequently remitted to governmental authorities, are excluded from revenue.

Variable Interest Entities

The Company accounts for variable interest entities in accordance with FASB ASC Topic 810, *Consolidation*. Management evaluates the relationship between the Company and VIEs and the economic benefit flow of the contractual arrangement with the VIEs. Management determines if the Company is the primary beneficiary of a VIE through a qualitative analysis that identifies which variable interest holder has the controlling financial interest in the VIE. The variable interest holder who has both of the following has the controlling financial interest and is the primary beneficiary: (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. In performing our analysis, we consider all relevant facts and circumstances, including: the design and activities of the VIE, the terms of the contracts the VIE has entered into, the nature of the VIE's variable interests issued and how they were negotiated with or marketed to potential investors, and which parties participated significantly in the design or redesign of the entity. Previously, management concluded that the Company was the primary beneficiary of CMI and consolidated the financial results of this entity.

Effective December 31, 2021, the Company entered into an asset purchase agreement involving its VIE with Critical Mass Industries, Inc. and John Knapp, the sole shareholder of Critical Mass Industries, Inc., to divest its discontinued operations, where the buyer assumes all assets and liabilities from the Company. Therefore, with regards to both criteria discussed above, the Company no longer has the power to direct activities, absorb losses, or receive benefits from the VIE and as such ceased to consolidate with CMI.

Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted ASC 740, *Income Taxes* as of its inception. ASC 740 prescribes the procedures for recognition and measurement of tax positions taken or expected to be taken in income tax returns. Pursuant to ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward. The Company currently carries a deferred tax asset on its balance sheet.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable for a smaller reporting company.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, and shareholders' equity and cash flows for each of the two years in the years ended December 31, 2022 and 2021, together with the related notes and the report of our independent registered public accounting firm, are set forth on pages F-1 to F-29 of this report.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

We have carried out an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosures. Based upon that evaluation, our Company's CEO and CFO concluded that our Company's disclosure controls and procedures were not effective as of December 31, 2022.

Management has not formally documented its procedures and controls and as such does not have a sufficient basis to assess its internal controls over financial reporting. Management identified that it did not maintain adequately designed internal control over the preparation and oversight of:

- month-end and period-end financial close processes.
- non-routine or complex transactions.
- the adoption of new accounting standards.

Management's Report on Internal Control Over Financial Reporting

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2022, the end of the annual period covered by this report and according to the criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Based on that evaluation, management has concluded that the Company did not maintain effective internal control over financial reporting as of the fiscal year ended December 31, 2022 due to the existence of significant deficiency in the internal control over financial reporting described below.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management has determined that we did not maintain effective internal controls over financial reporting as of the fiscal year ended December 31, 2022 due to the existence of the following significant deficiencies identified by management:

- Due to the Company's size, there is insufficient segregation of duties to prevent or detect on a timely basis a misstatement of our annual or interim financial statements.
- Information technology controls are ineffective or lacking, An IT strategic plan and general controls related to access, change management, segregation of duties, contingency planning, information security, business applications, and interfaces are not yet adequately implemented, updated and monitored.
- A top-down risk assessment has not yet been performed and documented by management to identify, analyze, and assess risks related to operations, external financial and non-financial reporting, internal reporting, compliance, fraud or other changes that could significantly impact the internal control environment.
- Internal controls and related activities that could mitigate financial statement risks within key business processes have either not been established or are not fully adequate, documented, and/or maintained. Also, various regulatory compliance issues currently exist at an entity-level related to the control environment component specific to non-performance and/or insufficient/incomplete performance, document maintenance, review and approval, and the enforcement of individual accountability.
- Documented accounting and other standard rules, guidelines, policies and procedures for key functions within the organization (HR, Payroll, Finance, Sales, IT, etc) have either not been established, are not complete, and/or are not consistently being utilized and monitored against control activities for compliance and ICFR effectiveness.
- A whistle-blower program has not yet been established for the anonymous reporting, appropriate tracking, investigating, monitoring, and resolving of alleged wrongdoing, personnel complaints and grievances, without retribution.
- Recurring, formalized employee communication and training on internal controls and the company's commitment to ICFR has not yet been established. Additionally, a permanent, independent internal audit solution has not yet been established to perform an ongoing evaluation of the company's key controls and ICFR, continuous monitoring of corrective actions, and regular reporting of internal control deficiencies and overall effectiveness of the company's internal control environment.

We intend to continue to evaluate and strengthen our internal control over financial reporting. These efforts require significant time and resources. If we are unable to establish adequate internal control over financial reporting, we may encounter difficulties in the audit or review of our financial statements by our independent registered public accounting firm, which in turn may have a material adverse effect on our ability to prepare financial statements in accordance with GAAP and to comply with our SEC reporting obligations.

Management has engaged the services of an experienced expert in internal controls who has been evaluating our current system and implement a more effective system to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act have been recorded, processed, summarized and reported accurately. Our management intends to develop or improve procedures to address the current deficiencies to the extent possible by the end of fiscal 2023.

Management utilizes external experts to assist the Company with technical accounting expertise needs as deemed necessary and has engaged a consultant to perform a formal assessment and remediation of its internal control's framework. However, no assurance can be made at this point that the implementation of such controls and procedures will be completed in a timely manner or that they will be adequate once implemented.

Attestation report of Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting because we are not an "accelerated filer" or a "large accelerated filer". Our management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K.

Management's Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer (who is also the Company's principal executive officer), and our chief financial officer (who is also the Company's principal financial and accounting officer) to allow for timely decisions regarding required disclosure. Thus, in accordance with Rules 13a-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2022, which is the end of the period covered by this Form 10-K. Based on the evaluation of these disclosure controls and procedures, and in light of the significant deficiency found in our internal controls over financial reporting, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective. The ineffectiveness of our disclosure controls and procedures was due to a significant deficiency identified in our internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the fiscal year ended December 31, 2022. We have not been able to remediate the significant deficiency described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and 2021. Our remediation efforts will continue to be implemented throughout our 2023 fiscal year. We believe that the controls that we will be implementing will improve the effectiveness of our internal control over financial reporting. As we continue to evaluate and work to improve our internal control over financial reporting, we may determine to take additional measures to address the significant deficiency or determine to supplement or modify certain of the remediation measures described above.

ITEM 9B OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

None.

PART III

For Part III, the information set forth in our definitive Proxy Statement for our Annual Meeting of Shareholders to be filed within 120 days after December 31, 2022, herby is incorporated by reference into this Report.

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

Our directors and executive officers and their respective ages, positions, and biographical information are set forth below.

Name	Position	Age
Christian Noël	Chief Executive Officer & Director	46
Philip Mullin	Chief Financial Officer	69
Patricia Kovacevic	General Counsel, Corporate Secretary	52
Dr. Delon Human	Chairman of the Board	60
Mario Gobbo	Director	69
Mark Radke	Director	68
Simon Langelier	Director	65

Christian Noël, Chief Executive Officer & Director

Christian Noel is a trusted investor and business strategist, who has held senior positions in financial and investment organizations in Montreal, Canada, for the last 21 years. During his career, he has acquired extensive experience in risk management, tax planning, wealth management , and financial strategy design and execution.

In 2005 he joined Richardson GMP as Vice-President and Partner. Richardson GMP is a non-bank organization that specializes in portfolio management for high-net-worth individuals and families.

In 2014 Christian was admitted as a portfolio manager of GVC Ltd, a boutique wealth management firm based in Montreal, and was subsequently named Partner. At GVC, he developed a deep understanding of the nascent cannabis industry, building a team to analyze investment opportunities in all facets of the cannabis value chain, thereby providing clients with a superior range of services.

Christian expertise spans many different industries and has performed numerous due diligence activities over the last 20 years. He specializes in small and mid-cap companies as well as sophisticated alternative investment strategies. Christian is fluent in English and French and possesses a vast network of relationships in North American, European, and other regional capital markets.

Philip Mullin, Chief Financial Officer

Philip Mullin has 30 years' experience as CFO, COO, and in consulting and turnarounds for businesses with revenues of less than $100 million and has served as Chief Financial Officer of the Company since June, 2019. Mr. Mullin was previously managing director of Somerset Associates LLC, a CFO, accounting, tax and financial consulting company. Between 2009 and 2019, he operated primarily in consulting and interim CFO roles in multiple sectors including fintech, blockchain, drones, recycling, medical marijuana, and electrical power generation. From 2003-09, Mr. Mullin was a partner of Tatum Partners, a human capital firm engaged in providing CFO services. Within Tatum, Mr. Mullin served in numerous leadership roles: from 2006-09, as CFO of Zi Corporation, a leading software development company specializing in mobile phones, which was sold in April 2009 to Nuance Communications; from 2003-06, as interim CFO of Homax Products, Vice President Finance of Yakima Products, and as a consultant in several engagements in industrial construction, manufacturing and air transportation. From 2001-03, he served as turnaround consultant to companies in the telecom sector; from 1995-2001, he was engaged in various C-level capacities in a public entity that was restructured and eventually became International DisplayWorks, a manufacturer of LCD displays based in Rocklin, California with operations in Shenzhen, China, which was later sold to Flextronics.

Mr. Mullin began his career in banking in 1982 after completing his MBA from University of Western Ontario Richard Ivey School of Business in London, Ontario, Canada and BA in Economics from Wilfrid Laurier University, in Waterloo, Ontario, Canada.

Patricia Kovacevic, General Counsel & Head of External Affairs

An experienced legal and compliance department leader, Patricia I. Kovacevic's career comprises leading senior legal and regulatory positions with FDA-regulated multinationals, including Philip Morris International and Lorillard, as well as partner roles with large law firms.

Her expertise includes corporate law, compliance, M&A, US and global food, drug, nicotine and consumer goods regulation, cannabis/CBD regulation, external affairs and the legal framework applicable to marketing, media communications, investigations, FCPA, trade sanctions, privacy, intellectual property, product development and launch. She also led cross-disciplinary teams engaged in scientific research efforts. She has served on various trade association bodies and conference advisory boards. Ms. Kovacevic authored several articles on nicotine regulation, co-authored an academic treatise, "The Regulation of E-Cigarettes" and is often invited as a keynote speaker or panelist before global conferences and government agencies public hearings.

Patricia Kovacevic is an attorney admitted to practice in New York, before the U.S. Tax Court, before the U.S. Court of International Trade and before the Supreme Court of the United States. She holds a Juris Doctor (Doctor of Law) degree from Columbia Law School in New York and completed the Harvard Business School "Corporate Leader" executive education program. Ms. Kovacevic speaks several languages, including French, Italian, Spanish, Romanian and Croatian.

Dr. Delon Human, Chairman of the Board

Dr. Delon Human, M.B.Ch.B., M.Prax.Med, MFGP, DCH, MBA serves as President of the Board of Directors of Cryomass Technologies Inc

He is an experienced global business leader, published author and health & technology consultant. He serves as President of Health Diplomats, a specialized health, technology and nutrition consulting group, operating worldwide. Health Diplomats clients include Fortune 500 companies such as Johnson & Johnson, Pfizer, Nestlé, McDonald's, Nicoventures, BAT, ABInBev, foundations such as the IKEA Foundation, Rockefeller Foundation, PepsiCo Foundation; governments such as Ireland, South Africa, Kuwait and Taiwan and NGOs such as the International Food and Beverage Alliance (IFBA).

From 2016 to 2020, he served as Director (Vice-Chairman) of the Board of Pharmacielo, a biopharmaceutical health & wellness company, from its early phase, to its listing on the Toronto Stock Exchange. Since August 2019, he has also served on the board of Redwood Green Corporation (now called Cryomass Technologies Inc), from December 2019 as Chairman of the Board. This company is listed on the USA OTCQX stock exchange. In addition, he serves on the board of the Fio Corporation, a big data and medical diagnostics company.

He has acted as adviser to three WHO Directors-General and to UN Secretary-General Ban Ki Moon. Up to 2014 he served as Secretary-General and Special Envoy to WHO / UN of the International Food and Beverage Alliance, a group of leading food and non-alcoholic beverage companies with a global presence (including Unilever, Nestlé, McDonald's, Coca-Cola, PepsiCo, Ferrero, Mars, General Mills, Mondeléz and the Bel Group). He serves on the Board of Directors / Advisory Boards of selected health, wellness and medical diagnostics companies.

Up to 2005, Dr. Human served as secretary general of the World Medical Association (WMA), the global representative body for physicians. He was instrumental in the establishment of the World Health Professions Alliance, an alliance of the global representative bodies of physicians, nurses, pharmacists, dentists and physical therapists. During 2006 he was elected to serve as the secretary-general of the Africa Medical Association (AfMA). He is a fellow of the Russian and Romanian Academies of Medical Sciences. He is a published author, international lecturer and health care consultant specializing in global health strategy, corporate and product transformation, harm reduction, access to healthcare and health communication. He authored the book "Wise Nicotine" in 2009, in which the preferred future for tobacco harm reduction and the emergence of next generation nicotine products was described. Editor of the book "Caring Physicians of the World", a project in collaboration with Pfizer Inc.

He was a clinician for two decades, part of the pediatric endocrinology research and diabetes unit at the John Radcliffe Hospital and was involved in the establishment of several medical centers, a hospital and emergency clinic in South Africa.

Dr. Human qualified as a physician in South Africa and completed his postgraduate studies in family medicine and child health in South Africa and Oxford, England. His business studies (MBA) were completed at the Edinburgh Business School.

Mario Gobbo, Director

Mario Gobbo has 35 years of banking and corporate finance experience in healthcare and energy. His expertise encompasses venture capital and private equity as well as investment banking and strategic advisory services. Mr. Gobbo was acting CFO of Xcovery, a cancer-based biotech company and currently serves on the Supervisory Board and is Chair of Cinkarna Celje, a fine chemicals for paints (titanium dioxide) company in Celje, Slovenia. Until recently, he was on the board of Zavarovalnica Triglav, the largest Slovene insurance company spearheading healthcare insurance in Central Europe and was Chairman of the Board and is Chair of the Audit Committee of Helix BioPharma, a Toronto-listed biotech company developing interesting novel complex biomolecules to combat various cancers. As an executive director, he was also on the board of Lazard Brothers, London.

While Managing Director for Health Care Capital Markets and Advisory with Natixis Bleichroeder in New York, from 2006 to 2009, he secured transactions for the bank's M&A and equity capital markets pharmaceuticals and life sciences group. He obtained mandates for several IPOs and follow-on transactions on NASDAQ, as well as advisory assignments for health care and medical devices companies. When with the International Finance Corporation, a World Bank Group institution dealing with private sector investments, the team he led completed several highly successful equity and loan investments in biotech and generic pharmaceutical companies and funds in India, Latin America, China and Central Europe. From 1993 to 2001, he was with Lazard in London, where he created and managed their Central and Eastern European operations, including Turkey. Mr. Gobbo advised on M&A, fundraising and privatization efforts for several key firms in the region.

Mario Gobbo holds a Bachelor of Arts in Organic Chemistry from Harvard College, a Master of Science in Biochemistry from the University of Colorado and an MBA, a Master of Business Economics and a PhD (Management) from the Wharton School of the University of Pennsylvania.

Mark Radke, Director

Mark Radke is a lawyer with a distinguished career in the area of financial services, specializing in federal securities regulation. As the Chief of Staff of the Securities and Exchange Commission under Chairman Harvey Pitt, he was responsible for that agency's rulemaking in response to the Sarbanes Oxley Act. In private practice, as partner at several multinational law firms, he has represented corporations, brokerage and accounting firms, hedge funds and individuals on corporate governance, compliance, and regulatory issues involving not only the SEC but other federal and state regulators.

He was active in advising clients on legislative initiatives that lead to the Dodd-Frank Act of 2010, and in subsequent efforts to extend, implement or amend various components of that and other federal securities legislation.

As an adjunct professor at the Georgetown University Law Center, he has taught classes in aspects of securities regulation since 1999. He holds a B.A., University of Washington, J.D., University of Baltimore, LI.M., Securities Regulation, Georgetown University Law Center.

Simon Langelier, Director

Simon Langelier had a 30-year career with industry leader Philip Morris International, serving in several senior positions, including President Eastern Europe, Middle East & Africa, President Eastern Asia and President of Next Generation Products & Adjacent Businesses. He was also Managing Director in numerous countries in Europe as well as Colombia.

Between June 2017 and February 2023 Mr. Langelier was a non-executive director at Imperial Brands PLC, a British multinational company with a comprehensive portfolio of traditional and non-combustible tobacco and nicotine products. He also served as Chairman of the Board of PharmaCielo Ltd from August 2015 through June 2021.

Mr. Langelier is currently an Honorary Professorial Fellow at Lancaster University in the U.K, a member of the Dean's Council of that university's Management School and a BSc Management Sciences graduate from the same institution.

Information Concerning the Board of Directors and Certain Committees

The Board of Directors currently consists of five directors, four of whom the Board of Directors has determined are independent within the meaning of the rules of the OTCQX, which the Company has adopted as its definition of independence in the Audit Committee Charter. The Board of Directors held four regularly scheduled meetings during the 2022 fiscal year. Each of the directors attended all meetings of the Board of Directors and committees on which they served during the 2022 fiscal year. The Board of Directors does not have a formal policy governing director attendance at its annual meeting of stockholders.

The standing committees of the Board of Directors are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, each of which was formed in 2019.

Audit Committee. The purpose of the Audit Committee is to oversee (i) the integrity of our financial statements and disclosures, (ii) our compliance with legal and regulatory requirements, (iii) the qualifications, independence and performance of our independent auditing firm (the "External Auditor"), (iv) the performance of our External Auditors, (v) our internal control systems, and (vi) our procedures for monitoring compliance with our Code of Business Conduct and Ethics.

The Audit Committee held four formal meetings during fiscal year 2022. The current members of the Audit Committee are Messrs. Gobbo (Chair) and Radke.

The Board of Directors has determined that each member of the Audit Committee meets the independence standards set forth in Rule 10A-3 promulgated under the Exchange Act and the independence standards set forth in the rules of the OTCQX. The Board of Directors has determined that Mr. Gobbo qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K, promulgated under the Exchange Act.

The Audit Committee operates under a written charter that is reviewed annually. Under the charter, the Audit Committee is required to pre-approve the audit and non-audit services to be performed by our independent registered public accounting firm.

Our Audit Committee meets on a regular basis, at least quarterly and more frequently as necessary. Our Audit Committee's primary function is to assist our Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information to be provided to stockholders and others, reviewing our system of internal controls, which management has established, overseeing the audit and financial reporting process, including the preapproval of services performed by our independent registered public accounting firm, and overseeing certain areas of risk management.

Compensation Committee. The Compensation Committee reviews the compensation strategy of the Company and consults with the Chief Executive Officer, as needed, regarding the role of our compensation strategy in achieving our objectives and performance goals and the long-term interests of our stockholders. The Compensation Committee has direct responsibility for approving the compensation of our Chief Executive Officer and makes recommendations to the Board with respect to our other executive officers. The term "executive officer" has the same meaning specified for the term "officer" in Rule 16a-1(f) under the Exchange Act.

Our Chief Executive Officer sets the compensation of anyone whose compensation is not set by the Board and reports to the Board regarding the basis for any such compensation if requested by it.

The Compensation Committee may retain compensation consultants, outside counsel and other advisors as the Board deems appropriate to assist it in discharging its duties.

The Compensation Committee held one formal meeting during fiscal year 2022. The members of the Compensation Committee are Dr. Human (Chair), and Mr. Langelier.

The Compensation Committee operates under a written charter that is reviewed annually.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee identifies and recommends to the Board individuals qualified to be nominated for election to the Board and recommends to the Board the members and Chairperson for each Board committee.

In addition to stockholders' general nominating rights provided in our Bylaws, stockholders may recommend director candidates for consideration by the Board. The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders if the recommendations are sent to the Board in accordance with the procedures in the bylaws. All director nominations submitted by stockholders to the Board for its consideration must include all of the required information set forth in our Bylaws.

Director Qualifications. In selecting nominees for director, without regard to the source of the recommendation, the Nominating and Corporate Governance Committee believes that each director nominee should be evaluated based on his or her individual merits, taking into account the needs of the Company and the composition of the Board. Members of the Board should have the highest professional and personal ethics, consistent with our values and standards and Code of Ethics. At a minimum, a nominee must possess integrity, skill, leadership ability, financial sophistication, and capacity to help guide us. Nominees should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on their experiences. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to responsibly perform all director duties. In addition, the Nominating and Corporate Governance Committee considers all applicable statutory and regulatory requirements and the requirements of any exchange upon which our common stock is listed or to which it may apply in the foreseeable future.

Evaluation of Director Nominees. The Nominating and Corporate Governance Committee will typically employ a variety of methods for identifying and evaluating nominees for director. The Nominating and Corporate Governance Committee regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current directors, stockholders, or other companies or persons. The Nominating and Corporate Governance Committee does not evaluate director candidates recommended by stockholders differently than director candidates recommended by other sources. Director candidates may be evaluated at regular or special meetings of the Nominating and Corporate Governance Committee and may be considered at any point during the year.

We do not have a formal policy with regard to the consideration of diversity in identifying director nominees, but the Nominating and Corporate Governance Committee strives to nominate directors with a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills, and expertise to oversee our businesses. In evaluating director nominations, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience, and capability on the Board. In connection with this evaluation, the Audit and Executive Oversight Committee will make a determination of whether to interview a prospective nominee based upon the Board's level of interest. If warranted, one or more members of the Nominating and Corporate Governance Committee, and others as appropriate, will interview prospective nominees in person or by telephone. After completing this evaluation and any appropriate interviews, the Nominating and Corporate Governance Committee will recommend the director nominees after consideration of all its directors' input. The director nominees are then selected by a majority of the independent directors on the Board, meeting in executive session and considering the Nominating and Corporate Governance Committee's recommendations.

The Nominating and Corporate Governance Committee did not hold any meetings during the fiscal year 2022. The members of the Nominating and Corporate Governance Committee are Messrs. Radke (Chair) and Mr. Langelier.

The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee meets the independence standards set forth in Rule 10A-3 promulgated under the Exchange Act and the independence standards set forth in the New York Stock Exchange.

The Nominating and Corporate Governance Committee operates under a written charter that is reviewed annually.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who beneficially own 10% or more of a class of securities registered under Section 12 of the Exchange Act to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Directors, executive officers and greater than 10% stockholders are required by the rules and regulations of the SEC to furnish the Company with copies of all reports filed by them in compliance with Section 16(a).

During the fiscal year ended December 31, 2019, the Company and its officers, directors and 10% shareholders ("Reporting Persons") were not subject to the insider trading reports under Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"). On March 23, 2020 the Company became a reporting company under the Exchange Act and from that date Reporting Persons will be responsible for such filings. At time of filing, all such reports that should have been filed have been filed.

Code of Ethics and Business Conduct

We have adopted a Code of Ethics that applies to all employees including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Code of Ethics is designed to deter wrongdoing and promote: (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in our other public communications; (iii) compliance with applicable governmental laws, rules and regulations; (iv) the prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and (v) accountability for adherence to the code. Our Code of Ethics is available on our website at cryomass.com.

Legal Proceedings

Legal proceedings covering a dispute arising from a past employment agreement is pending against the Company's former business partner, CMI. In Gaudio v. Critical Mass Industries, LLC et al, CMI's motion to set aside a default judgment was granted April 26, 2021 and a mandatory mediation settlement conference is scheduled for March 30, 2023. It is possible that there could be adverse developments in the Gaudio case. An unfavorable outcome or settlement of pending litigation could encourage the commencement of additional litigation against CMI or the Company. We and our subsidiaries will record provisions in the consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. At the present time, while it is reasonably possible that an unfavorable outcome in the Gaudio case may occur, (i) management is unable to estimate the possible loss or range of loss that our Company would undergo that could result from an unfavorable outcome or settlement in Gaudio; and (iii) accordingly, management has not provided any amounts in the consolidated financial statements for an unfavorable outcome in this case, if applicable. Any applicable legal advice costs are expensed as incurred.

Family Relationships

There are no family relationships among our directors or executive officers.

Involvement in Certain Legal Proceedings

None of our directors, executive officers, promoters or control persons has been involved in any events requiring disclosure under Item 401(f) of Regulation S-K, except as follows:

ITEM 11 EXECUTIVE COMPENSATION

The following table sets forth, for the years indicated, all compensation paid, distributed or earned for services, including salary and bonus amounts, rendered in all capacities by the Company's named executive officers during the years ended December 31, 2022 and December 31, 2021. The information contained below represents compensation earned by the Company's officers for their work related to the Company:

Name and Position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Total compensation ($)
Christian Noel, Chief Executive Officer	2022	387,000	148,945	-	535,945
	2021	240,000	981,000	-	1,221,000
Christopher Hansen, Chief Executive Officer	2022	-	-	-	-
	2021	75,000	70,000	-	145,000
Philip Mullin, Chief Financial Officer	2022	290,400	182,500	-	472,900
	2021	264,000	54,000	-	318,000
Patricia Kovacevic, General Counsel & Head of External Affairs	2022	266,200	76,445	-	342,645
	2021	230,083	13,500	258,003	501,586

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table provides information regarding the incentive plan awards for each named executive officer outstanding as of December 31, 2022:

Outstanding Share Awards and Option Awards as of December 31, 2022

	Option-based Awards[1]			Share-based Awards	
Name and Position	Number of securities underlying unexercised options (#)	Option exercise price ($)	Value of unexercised in-the-money options as at December 31, 2022	Number of shares or units of shares that have not vested	Market or payout value of share awards that have not vested
Christian Noel, Chief Executive Officer	N/A	N/A	N/A	N/A	N/A
Philip Mullin, Chief Financial Officer	2,000,000	0.16	50,200	-	-
Patricia Kovacevic, General Counsel & Head of External Affairs	1,000,000	0.29	-	-	-

The following table provides information regarding the value vested or earned on incentive plan awards during the year ended December 31, 2022:

Incentive Plan Awards – Value Vested or Earned During the Year

Name and Position	Option-based awards-Value vested during the year[1] ($)	Share-based awards-Value vested during the year ($)
Christian Noel, Chief Executive Officer	N/A	130,850
Philip Mullin, Chief Financial Officer	N/A	240,000
Patricia Kovacevic, General Counsel & Head of External Affairs	N/A	63,475

Re-pricing of Options

We did not re-price any options previously granted to our executive officers during the fiscal years ended December 31, 2022 and 2021.

Director Compensation

The general policy of the Board is that compensation for independent directors should be a fair mix between cash and equity-based compensation. Additionally, the Company reimburses directors for reasonable expenses incurred during the course of their performance. There are no long-term incentive or medical reimbursement plans. the Company does not pay directors, who are part of management, for Board service in addition to their regular employee compensation. The Board determines the amount of director compensation. The board may appoint a compensation committee to take on this role.

Director Compensation Table

The following table provides information regarding compensation paid to the Company's directors (other than a director who was a named executive officer) during the year ended December 31, 2022:

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Total ($)
Dr. Delon Human	$ 32,000	$ 186,100	$ -	$ 218,100
Mario Gobbo	32,000	186,100	-	218,100
Mark Radke	32,000	186,100	-	218,100
Simon Langelier	30,578	-		30,578

2019 Omnibus Stock Incentive Plan

The Company adopted its 2019 Omnibus Stock Incentive Plan (the "2019 Plan"), which was then replaced by the 2022 Stock Incentive plan when it was approved by the shareholders on January 10, 2022 (collectively the Stock Incentive Plans"), provides for the issuance of stock options, stock grants and RSUs to employees, directors and consultants. The primary purpose of the Stock Incentive Plans is to enhance the ability to attract, motivate, and retain the services of qualified employees, officers and directors. Any RSUs granted under the Stock Incentive Plans will be at the discretion of the Compensation Committee of the Board of Directors.

2022 Stock Incentive plan

General

The board of directors of the Company have adopted the 2022 Stock Incentive Plan (Incentive Plan), ratified by the Company's stockholders at the January 10, 2022 Annual Meeting of Stockholders. The purpose of the Incentive Plan is to advance the interests of the Company and its stockholders by enabling the Company and its subsidiaries to attract and retain qualified individuals to perform services, to provide incentive compensation for such individuals in a form that is linked to the growth and profitability of the Company and increases in stockholder value, and to provide opportunities for equity participation that align the interests of recipients with those of its stockholders.

The Incentive Plan will permit the board of directors of the Company, or a committee or subcommittee thereof, to grant to eligible employees, non-employee directors and consultants of the Company and its subsidiaries non-statutory and incentive stock options, stock appreciation rights (SARs), restricted stock awards, restricted stock units (RSUs), deferred stock units, performance awards, non-employee director awards, and other stock-based awards. Subject to adjustment, the maximum number of shares of Common Stock to be authorized for issuance under the Incentive Plan is 14.6% of the outstanding shares of Common Stock.

The Incentive Plan was approved by a majority vote of shareholders on January 10, 2022.

Summary of the Incentive Plan

The following is a summary of the principal features of the Incentive Plan. The summary is qualified in its entirety by reference to the full text of the Incentive Plan, which is set forth in Exhibit 10.6.

Purpose

The purpose of the Incentive Plan is to advance the interests of the Company and its stockholders by enabling the Company and its subsidiaries to attract and retain qualified individuals to perform services, to provide incentive compensation for such individuals in a form that is linked to the growth and profitability of the Company and increases in stockholder value, and to provide opportunities for equity participation that align the interests of recipients with those of its stockholders.

Administration

The board of directors of the Company will administer the Incentive Plan. The board has the authority under the Incentive Plan to delegate plan administration to a committee of the board or a subcommittee thereof. The board of directors of the Company or the committee of the board to which administration of the Incentive Plan has been delegated is referred to as the Committee. Subject to certain limitations, the Committee will have broad authority under the terms of the Incentive Plan to take certain actions under the plan.

To the extent permitted by applicable law, the Committee may delegate to one or more of its members or to one or more officers of the Company such administrative duties or powers, as it may deem advisable. The Committee may authorize one or more directors or officers of the Company to designate employees, other than officers, non-employee directors, or 10% stockholders of the Company, to receive awards under the Incentive Plan and determine the size of any such awards, subject to certain limitations.

No Re-pricing

The Committee may not, without prior approval of the the Company stockholders, effect any re-pricing of any previously granted “underwater” option or SAR by: (i) amending or modifying the terms of the option or SAR to lower the exercise price or grant price; (ii) canceling the underwater option or SAR in exchange for (A) cash; (B) replacement options or SARs having a lower exercise price or grant price; or (C) other awards; or (iii) repurchasing the underwater options or SARs and granting new awards under the Incentive Plan. An option or SAR will be deemed to be “underwater” at any time when the fair market value of Common Stock is less than the exercise price of the option or the grant price of the SAR.

Stock Subject to the Incentive Plan

Subject to adjustment (as described below), the maximum number of shares of Common Stock authorized for issuance under the Incentive Plan is 30,000,000 shares.

Shares that are issued under the Incentive Plan or that are subject to outstanding awards will be applied to reduce the maximum number of shares remaining available for issuance under the Incentive Plan only to the extent they are used; provided, however, that the full number of shares subject to a stock-settled SAR or other stock-based award will be counted against the shares authorized for issuance under the Incentive Plan, regardless of the number of shares actually issued upon settlement of such SAR or other stock-based award. Any shares withheld to satisfy tax withholding obligations on awards issued under the Incentive Plan, any shares withheld to pay the exercise price or grant price of awards under the Incentive Plan and any shares not issued or delivered as a result of the "net exercise" of an outstanding option or settlement of a SAR in shares will not be counted against the shares authorized for issuance under the Incentive Plan and will be available again for grant under the Incentive Plan. Shares subject to awards settled in cash will again be available for issuance pursuant to awards granted under the Incentive Plan. Any shares related to awards granted under the Incentive Plan that terminate by expiration, forfeiture, cancellation or otherwise without the issuance of the shares will be available again for grant under the Incentive Plan. Any shares repurchased by the Company on the open market using the proceeds from the exercise of an award will not increase the number of shares available for future grant of awards. To the extent permitted by applicable law, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or a subsidiary or otherwise will not be counted against shares available for issuance pursuant to the Incentive Plan. The shares available for issuance under the Incentive Plan may be authorized and unissued shares or treasury shares.

Adjustments

In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture or extraordinary dividend (including a spin off) or other similar change in the corporate structure or shares of Common Stock, the Committee will make the appropriate adjustment or substitution. These adjustments or substitutions may be to the number and kind of securities and property that may be available for issuance under the Incentive Plan. In order to prevent dilution or enlargement of the rights of participants, the Committee may also adjust the number, kind, and exercise price or grant price of securities or other property subject to outstanding awards.

Eligible Participants

Awards may be granted to employees, non-employee directors and consultants of the Company or any of its subsidiaries. A "consultant" for purposes of the Incentive Plan is one who renders services to the Company or its subsidiaries that are not in connection with the offer and sale of its securities in a capital raising transaction and do not directly or indirectly promote or maintain a market for its securities.

Types of Awards

The Incentive Plan will permit the Company to grant non-statutory and incentive stock options, stock appreciation rights, restricted stock awards, restricted stock units, deferred stock units, performance awards, non-employee director awards and other stock-based awards. Awards may be granted either alone or in addition to or in tandem with any other type of award.

Stock Options. Stock options entitle the holder to purchase a specified number of shares of Common Stock at a specified price, which is called the exercise price, subject to the terms and conditions of the stock option grant. The Incentive Plan permits the grant of both non-statutory and incentive stock options. Incentive stock options may be granted solely to eligible employees of the Company or its subsidiary. Each stock option granted under the Incentive Plan must be evidenced by an award agreement that specifies the exercise price, the term, the number of shares underlying the stock option, the vesting and any other conditions. The exercise price of each stock option granted under the Incentive Plan must be at least 100% of the fair market value of a share of Common Stock as of the date the award is granted to a participant. Fair market value under the plan means, unless otherwise determined by the Committee, the closing sale price of Common Stock, as reported on the Nasdaq Stock Market, on the grant date. The Committee will fix the terms and conditions of each stock option, subject to certain restrictions, such as a ten-year maximum term.

Stock Appreciation Rights. A stock appreciation right, or SAR, is a right granted to receive payment of cash, stock or a combination of both, equal to the excess of the fair market value of shares of Common Stock on the exercise date over the grant price of such shares. Each SAR granted must be evidenced by an award agreement that specifies the grant price, the term, and such other provisions as the Committee may determine. The grant price of a SAR must be at least 100% of the fair market value of Common Stock on the date of grant. The Committee will fix the term of each SAR, but SARs granted under the Incentive Plan will not be exercisable more than 10 years after the date the SAR is granted.

Restricted Stock Awards, Restricted Stock Units and Deferred Stock Units. Restricted stock awards, restricted stock units, or RSUs, and/or deferred stock units may be granted under the Incentive Plan. A restricted stock award is an award of Common Stock that is subject to restrictions on transfer and risk of forfeiture upon certain events, typically including termination of service. RSUs or deferred stock units are similar to restricted stock awards except that no shares are actually awarded to the participant on the grant date. Deferred stock units permit the holder to receive shares of Common Stock or the equivalent value in cash or other property at a future time as determined by the Committee. The Committee will determine, and set forth in an award agreement, the period of restriction, the number of shares of restricted stock awards or the number of RSUs or deferred stock units granted, the time of payment for deferred stock units and other such conditions or restrictions.

Performance Awards. Performance awards, in the form of cash, shares of Common Stock, other awards or a combination of both, may be granted under the Incentive Plan in such amounts and upon such terms as the Committee may determine. The Committee shall determine, and set forth in an award agreement, the amount of cash and/or number of shares or other awards, the performance goals, the performance periods and other terms and conditions. The extent to which the participant achieves his or her performance goals during the applicable performance period will determine the amount of cash and/or number of shares or other awards earned by the participant.

Non-Employee Director Awards. The Committee at any time and from time to time may approve resolutions providing for the automatic grant to non-employee directors of non-statutory stock options or SARs. The Committee may also at any time and from time-to-time grant on a discretionary basis to non-employee directors non-statutory stock options or SARs. In either case, any such awards may be granted singly, in combination, or in tandem, and may be granted pursuant to such terms, conditions and limitations as the Committee may establish in its sole discretion consistent with the provisions of the Incentive Plan. The Committee may permit non-employee directors to elect to receive all or any portion of their annual retainers, meeting fees or other fees in restricted stock, RSUs, deferred stock units or other stock-based awards in lieu of cash. Under the Incentive Plan the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of awards granted to a non-employee director as compensation for services as a non-employee director during any fiscal year of the Company may not exceed $250,000 (increased to $350,000 with respect to any director serving as Chairman of the Board or Lead Independent Director or in the fiscal year of a director's initial service as a director).

Other Stock-Based Awards. Consistent with the terms of the plan, other stock-based awards may be granted to participants in such amounts and upon such terms as the Committee may determine.

Dividend Equivalents. With the exception of stock options, SARs and unvested performance awards, awards under the Incentive Plan may, in the Committee's discretion, earn dividend equivalents with respect to the cash or stock dividends or other distributions that would have been paid on the shares of Common Stock covered by such award had such shares been issued and outstanding on the dividend payment date. However, no dividends or dividend equivalents may be paid on unvested awards. Such dividend equivalents will be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as determined by the Committee.

Termination of Employment or Other Service

The Incentive Plan provides for certain default rules in the event of a termination of a participant's employment or other service. These default rules may be modified in an award agreement or an individual agreement between the Company and a participant. If a participant's employment or other service with the Company is terminated for cause, then all outstanding awards held by such participant will be terminated and forfeited. In the event a participant's employment or other service with the Company is terminated by reason of death, disability or retirement, then:

- All outstanding stock options (excluding non-employee director options in the case of retirement) and SARs held by the participant will, to the extent exercisable, remain exercisable for a period of one year after such termination, but not later than the date the stock options or SARs expire;

- All outstanding stock options and SARs that are not exercisable and all outstanding restricted stock will be terminated and forfeited; and

- All outstanding unvested RSUs, performance awards and other stock-based awards held by the participant will terminate and be forfeited. However, with respect to any awards that vest based on the achievement of performance goals, if a participant's employment or other service with the Company or any subsidiary is terminated prior to the end of the performance period of such award, but after the conclusion of a portion of the performance period (but in no event less than one year), the Committee may, in its sole discretion, cause shares to be delivered or payment made with respect to the participant's award, but only if otherwise earned for the entire performance period and only with respect to the portion of the applicable performance period completed at the date of such event, with proration based on the number of months or years that the participant was employed or performed services during the performance period.

In the event a participant's employment or other service with the Company is terminated by reason other than for cause, death, disability or retirement, then:

- All outstanding stock options (including non-employee director options) and SARs held by the participant that then are exercisable will remain exercisable for three months after the date of such termination, but will not be exercisable later than the date the stock options or SARs expire;

- All outstanding restricted stock will be terminated and forfeited; and

- All outstanding unvested RSUs, performance awards and other stock-based awards will be terminated and forfeited. However, with respect to any awards that vest based on the achievement of performance goals, if a participant's employment or other service with the Company or any subsidiary is terminated prior to the end of the performance period of such award, but after the conclusion of a portion of the performance period (but in no event less than one year), the Committee may, in its sole discretion, cause shares to be delivered or payment made with respect to the participant's award, but only if otherwise earned for the entire performance period and only with respect to the portion of the applicable performance period completed at the date of such event, with proration based on the number of months or years that the participant was employed or performed services during the performance period.

Modification of Rights upon Termination

Upon a participant's termination of employment or other service with the Company or any subsidiary, the Committee may, in its sole discretion (which may be exercised at any time on or after the grant date, including following such termination) cause stock options or SARs (or any part thereof) held by such participant as of the effective date of such termination to terminate, become or continue to become exercisable or remain exercisable following such termination of employment or service, and restricted stock, RSUs, deferred stock units, performance awards, non-employee director awards and other stock-based awards held by such participant as of the effective date of such termination to terminate, vest or become free of restrictions and conditions to payment, as the case may be, following such termination of employment or service, in each case in the manner determined by the Committee; provided, however, that no stock option or SAR may remain exercisable beyond its expiration date any such action by the Committee adversely affecting any outstanding award will not be effective without the consent of the affected participant, except to the extent the Committee is authorized by the Incentive Plan to take such action.

Forfeiture and Recoupment

If a participant is determined by the Committee to have taken any action while providing services to the Company or within one year after termination of such services, that would constitute "cause" or an "adverse action," as such terms are defined in the Incentive Plan, all rights of the participant under the Incentive Plan and any agreements evidencing an award then held by the participant will terminate and be forfeited. The Committee has the authority to rescind the exercise, vesting, issuance or payment in respect of any awards of the participant that were exercised, vested, issued or paid, and require the participant to pay to the Company, within 10 days of receipt of notice, any amount received or the amount gained as a result of any such rescinded exercise, vesting, issuance or payment. the Company may defer the exercise of any stock option or SAR for up to six months after receipt of notice of exercise in order for the Board to determine whether "cause" or "adverse action" exists. The Company is entitled to withhold and deduct future wages or make other arrangements to collect any amount due.

In addition, if the Company is required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, then any participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 will reimburse the Company for the amount of any award received by such individual under the Incentive Plan during the 12 month period following the first public issuance or filing with the SEC, as the case may be, of the financial document embodying such financial reporting requirement. The Company also may seek to recover any award made as required by the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other clawback, forfeiture or recoupment provision required by applicable law or under the requirements of any stock exchange or market upon which Common Stock is then listed or traded or any policy adopted by the Company.

Effect of Change in Control

Generally, a change in control will mean:

- The acquisition, other than from the Company, by any individual, entity or group of beneficial ownership of 50% or more of the then outstanding shares of Common Stock;

- The consummation of a reorganization, merger or consolidation of the Company with respect to which all or substantially all of the individuals or entities who were the beneficial owners of Common Stock immediately prior to the transaction do not, following the transaction, beneficially own more than 50% of the outstanding shares of common stock and voting securities of the corporation resulting from the transaction; or

- A complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

Subject to the terms of the applicable award agreement or an individual agreement between the Company and a participant, upon a change in control, the Committee may, in its discretion, determine whether some or all outstanding options and SARs shall become exercisable in full or in part, whether the restriction period and performance period applicable to some or all outstanding restricted stock awards and RSUs shall lapse in full or in part and whether the performance measures applicable to some or all outstanding awards shall be deemed to be satisfied. The Committee may further require that shares of stock of the corporation resulting from such a change in control, or a parent corporation thereof, be substituted for some or all of the shares of Common Stock subject to an outstanding award and that any outstanding awards, in whole or in part, be surrendered to the Company by the holder, to be immediately cancelled by the Company, in exchange for a cash payment, shares of capital stock of the corporation resulting from or succeeding the Company or a combination of both cash and such shares of stock.

Term, Termination and Amendment

Unless sooner terminated by the Board, the Incentive Plan will terminate at midnight on the day before the ten year anniversary of its effective date. No award will be granted after termination of the Incentive Plan, but awards outstanding upon termination of the Incentive Plan will remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Incentive Plan.

Subject to certain exceptions, the Board has the authority to suspend or terminate the Incentive Plan or terminate any outstanding award agreement and the Board has the authority to amend the Incentive Plan or amend or modify the terms of any outstanding award at any time and from time to time. No amendments to the Incentive Plan will be effective without approval of the Company' stockholders if: (a) stockholder approval of the amendment is then required pursuant to Section 422 of the Code, the rules of the primary stock exchange on which Common Stock is then traded, applicable U.S. state and federal laws or regulations and the applicable laws of any foreign country or jurisdiction where awards are, or will be, granted under the Incentive Plan; or (b) such amendment would: (i) materially increase benefits accruing to participants; (ii) modify the re-pricing provisions of the Incentive Plan; (iii) increase the aggregate number of shares of Common Stock issued or issuable under the Incentive Plan; (iv) increase any limitation set forth in the Incentive Plan on the number of shares of Common Stock which may be issued or the aggregate value of awards which may be made, in respect of any type of award to any single participant during any specified period; (v) modify the eligibility requirements for participants in the Incentive Plan; or (vi) reduce the minimum exercise price or grant price as set forth in the Incentive Plan. No termination, suspension or amendment of the Incentive Plan or an award agreement shall adversely affect any award previously granted under the Incentive Plan without the written consent of the participant holding such award.

Federal Income Tax Information

The following is a general summary, as of the date of this prospectus/proxy statement, of the federal income tax consequences to participants and the Company of transactions under the Incentive Plan. This summary is intended for the information of stockholders considering how to vote at the Annual Meeting and not as tax guidance to participants in the Incentive Plan, as the consequences may vary with the types of grants made, the identity of the participant and the method of payment or settlement. The summary does not address the effects of other federal taxes or taxes imposed under state, local or foreign tax laws. Participants are encouraged to seek the advice of a qualified tax advisor regarding the tax consequences of participation in the Incentive Plan.

Tax Consequences of Awards

Incentive Stock Options. With respect to incentive stock options, generally, the participant is not taxed, and the Company is not entitled to a deduction, on either the grant or the exercise of an incentive stock option so long as the requirements of Section 422 of the Code continue to be met. If the participant meets the employment requirements and does not dispose of the shares of Common Stock acquired upon exercise of an incentive stock option until at least one year after date of the exercise of the stock option and at least two years after the date the stock option was granted, gain or loss realized on sale of the shares will be treated as long-term capital gain or loss. If the shares of Common Stock are disposed of before those periods expire, which is called a disqualifying disposition, the participant will be required to recognize ordinary income in an amount equal to the lesser of (i) the excess, if any, of the fair market value of Common Stock on the date of exercise over the exercise price, or (ii) if the disposition is a taxable sale or exchange, the amount of gain realized. Upon a disqualifying disposition, the Company will generally be entitled, in the same tax year, to a deduction equal to the amount of ordinary income recognized by the participant, assuming that a deduction is allowed under Section 162(m) of the Code.

Non-Statutory Stock Options. The grant of a stock option that does not qualify for treatment as an incentive stock option, which is generally referred to as a non-statutory stock option, is generally not a taxable event for the participant. Upon exercise of the stock option, the participant will generally be required to recognize ordinary income in an amount equal to the excess of the fair market value of Common Stock acquired upon exercise (determined as of the date of exercise) over the exercise price of the stock option, and the Company will be entitled to a deduction in an equal amount in the same tax year, assuming that a deduction is allowed under Section 162(m) of the Code. At the time of a subsequent sale or disposition of shares obtained upon exercise of a non-statutory stock option, any gain or loss will be a capital gain or loss, which will be either a long-term or short-term capital gain or loss, depending on how long the shares have been held.

SARs. The grant of an SAR will not cause the participant to recognize ordinary income or entitle the Company to a deduction for federal income tax purposes. Upon the exercise of an SAR, the participant will recognize ordinary income in the amount of the cash or the value of shares payable to the participant (before reduction for any withholding taxes), and the Company will receive a corresponding deduction in an amount equal to the ordinary income recognized by the participant, assuming that a deduction is allowed under Section 162(m) of the Code.

Restricted Stock, RSUs, Deferred Stock Units and Other Stock-Based Awards. The federal income tax consequences with respect to restricted stock, RSUs, deferred stock units, performance shares and performance stock units, and other stock unit and stock-based awards depend on the facts and circumstances of each award, including, in particular, the nature of any restrictions imposed with respect to the awards. In general, if an award of stock granted to the participant is subject to a "substantial risk of forfeiture" (e.g., the award is conditioned upon the future performance of substantial services by the participant) and is nontransferable, a taxable event occurs when the risk of forfeiture ceases or the awards become transferable, whichever first occurs. At such time, the participant will recognize ordinary income to the extent of the excess of the fair market value of the stock on such date over the participant's cost for such stock (if any), and the same amount is deductible by the Company, assuming that a deduction is allowed under Section 162(m) of the Code. Under certain circumstances, the participant, by making an election under Section 83(b) of the Code, can accelerate federal income tax recognition with respect to an award of stock that is subject to a substantial risk of forfeiture and transferability restrictions, in which event the ordinary income amount and the Company' deduction, assuming that a deduction is allowed under Section 162(m) of the Code, will be measured and timed as of the grant date of the award. If the stock award granted to the participant is not subject to a substantial risk of forfeiture or transferability restrictions, the participant will recognize ordinary income with respect to the award to the extent of the excess of the fair market value of the stock at the time of grant over the participant's cost, if any, and the same amount is deductible by us, assuming that a deduction is allowed under Section 162(m) of the Code. If a stock unit award or other stock-based award is granted but no stock is actually issued to the participant at the time the award is granted, the participant will recognize ordinary income at the time the participant receives the stock free of any substantial risk of forfeiture (or receives cash in lieu of such stock) and the amount of such income will be equal to the fair market value of the stock at such time over the participant's cost, if any, and the same amount is then deductible by the Company, assuming that a deduction is allowed under Section 162(m) of the Code.

Withholding Obligations

The Company is entitled to withhold and deduct from future wages of the participant, to make other arrangements for the collection of, or to require the participant to pay to the Company, an amount necessary for it to satisfy the participant's federal, state or local tax withholding obligations with respect to awards granted under the Incentive Plan. Withholding for taxes may be calculated based on the maximum applicable tax rate for the participant's jurisdiction or such other rate that will not trigger a negative accounting impact on the Company. The Committee may permit a participant to satisfy a tax withholding obligation by withholding shares of Common Stock underlying an award, tendering previously acquired shares, delivery of a broker exercise notice or a combination of these methods.

Code Section 409A

A participant may be subject to a 20% penalty tax, in addition to ordinary income tax, at the time a grant becomes vested, plus an interest penalty tax, if the grant constitutes deferred compensation under Section 409A of the Code and the requirements of Section 409A of the Code are not satisfied.

Code Section 162(m)

Pursuant to Section 162(m) of the Code, the annual compensation paid to an individual who is a "covered employee" is not deductible by the Company to the extent it exceeds $1 million. The Tax Cut and Jobs Act, signed into law on December 22, 2017, amended Section 162(m), effective for tax years beginning after December 31, 2017, (i) to expand the definition of a "covered employee" to include any person who was the Chief Executive Officer or the Chief Financial Officer at any time during the year and the three most highly compensated officers (other than the Chief Executive Officer or the Chief Financial Officer) who were employed at any time during the year whether or not the compensation is reported in the Summary Compensation Table included in the proxy statement for the Company' Annual Meeting; (ii) to treat any individual who is considered a covered employee at any time during a tax year beginning after December 31, 2106 as remaining a covered employee permanently; and (iii) to eliminate the performance-based compensation exception to the $1 million deduction limit.

Excise Tax on Parachute Payments

Unless otherwise provided in a separate agreement between a participant and the Company, if, with respect to a participant, the acceleration of the vesting of an award or the payment of cash in exchange for all or part of an award, together with any other payments that such participant has the right to receive from the Company, would constitute a "parachute payment" then the payments to such participant will be reduced to the largest amount as will result in no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code. Such reduction, however, will only be made if the aggregate amount of the payments after such reduction exceeds the difference between the amount of such payments absent such reduction minus the aggregate amount of the excise tax imposed under Section 4999 of the Code attributable to any such excess parachute payments. If such provisions are applicable and if an employee will be subject to a 20% excise tax on any "excess parachute payment" pursuant to Section 4999 of the Code, the Company will be denied a deduction with respect to such excess parachute payment pursuant to Section 280G of the Code.

New Plan Benefits

It is not presently possible to determine the benefits or amounts that will be received by or allocated to participants under the Incentive Plan or would have been received by or allocated to participants for the last completed fiscal year if the Incentive Plan had then been in effect because awards under the Incentive Plan will be made at the discretion of the Committee.

Vote Required for Approval

The approval of the Incentive Plan Proposal received the affirmative vote of the holders of a majority of the shares of Common Stock cast by the stockholders represented in person or by proxy and entitled to vote thereon at the Annual Meeting of Stockholders held on January 10, 2022. Abstentions and broker non-votes will not be counted for purposes of determining whether this proposal has been approved.

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each director (other than a director who was a named executive officer) outstanding as of December 31, 2022:

Outstanding Share Awards and Options Awards

	Option-based Awards			Share-based Awards	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Value of unexercised in-the-money options as at December 31, 2022**	**Number of shares or units of shares that have not vested**	**Market or payout value of share awards that have not vested**
Dr. Delon Human	1,500,000	0.16	37,650	485,529	89,871
Mario Gobbo	N/A	N/A	N/A	285,529	52,851
Mark Radke	N/A	N/A	N/A	285,529	52,851
Simon Langelier	N/A	N/A	N/A	177,395	32,836

Directors and Officers Liability Insurance

As of December 31, 2022, the Corporation maintained $3,000,000 of group liability insurance for the protection of the directors and officers of the Corporation. In the fiscal year ended December 31, 2022, the Corporation paid an annual premium of $308,508 for such policy.

Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit-sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options, restricted share units and deferred share units may be granted at the discretion of the Board or a committee thereof.

Indebtedness of Directors, Senior Officers, Executive Officers and Other Management

None of our directors or executive officers or any associate or affiliate of our Company during the last two fiscal years, is or has been indebted to our Company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

Termination Benefits

We do not have agreements with any named executives that would result in payments to them solely upon a change in control of Cryomass Technologies Inc. However, under the employment and severance agreements with named executives, three named executives would be entitled to severance benefits upon termination of employment under certain circumstances. Further, our Compensation Committee retains discretion to provide additional benefits to senior executives upon termination or resignation if it determines the circumstances so warrant.

As of the date hereof, Ms. Patricia Kovacevic's employment agreement provides that Ms. Kovacevic shall receive continued payments from the Company in the event of disability, death, termination for any reason or no reason except for cause (including resignation) of the named executive officer with the Company, for the duration of the term of the respective employment agreement, and shall be given credit under any RSU agreement as if she remained employed with the Company for the term of the employment agreement for the purposes of vesting thereunder.

As of the date hereof, Mr. Philip Blair Mullin's employment agreement provides that Mr. Mullin shall receive certain payments from the Company in the event of disability, death, termination for other than for cause of the named executive officer with the Company, for the duration of the term of the respective employment agreement, and shall be given credit under any RSU agreement as if he remained employed with the Company for the term of the employment agreement for the purposes of vesting thereunder.

As of the date hereof, Mr. Christian Noel's employment agreements provides that Mr. Noel shall receive certain payments from the Company in the event of disability, death, termination for other than for cause of the named executive officer with the Company, for the duration of the term of the respective employment agreement, and shall be given credit under any RSU agreement as if he remained employed with the Company for the term of the employment agreement for the purposes of vesting thereunder.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of March 21, 2023 by (a) each shareholder who is known to us to own beneficially 5% or more of our outstanding Common Stock, (b) all directors, (c) our executive officers and (d) all executive officers and directors as a group. Except as otherwise indicated, all persons listed below have (i) sole voting power and investment power with respect to their shares of Common Stock, except to the extent that authority is shared by spouses under applicable law, and (ii) record and beneficial ownership with respect to their shares of Common Stock.

For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares of Common Stock that such person has the right to acquire within 60 days of March 21, 2023. For purposes of computing the percentage of outstanding shares of our Common Stock held by each person or group of persons named above, any shares that such person or persons has the right to acquire within 60 days of March 21, 2023 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership. Unless otherwise identified, the address of our directors and officers is c/o Cryomass Technologies Inc., 1001 Bannock St, Suite 612, Denver, CO 80204.

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percentage of Class (2)
Alexander Massa	47,205,000(3)	23.1
9318-2582 Quebec Inc 8000 boul Langelier #407 Montreal, Quebec H1P 3K2	12,550,000(4)	6.1
Steve Cimini	12,500,000(9)	6.1
Christian Noël	9,482,932(5)	4.6
Delon Human	3,420,000(6)	1.7
Philip Mullin	2,875,900(7)	1.4
Patricia Kovacevic	1,397,000(8)	0.7
Mario Gobbo	400,000	0.2
Mark Radke	400,000	0.2
Simon Langelier	400,000	0.2
All directors and officers as a group (7 persons)	18,375,432	9.0

(1) Unless otherwise indicated, the address of the beneficial owner is c/o the Company, 1001 Bannock Street, Suite 612, Denver, CO 80204.

(2) Based on 204,216,637 shares outstanding

(3) Alexander Massa has voting and investment control over 22,500,000 shares and exercisable warrants to purchase 22,500,00 shares held by CRYM Co-Invest, LP, 602,500 shares and 500,000 exercisable warrants to purchase shares held by Ham Senior Inc., and 602,500 shares and exercisable warrants to purchase 500,000 shares held by Hungry Asset Monster Inc. The address for CRYM Co-Invest, LP is One World Trade Center, Suite 83G, New York, NY 10007 and the address for Ham Senior Inc. and Hungry Asset Monster Inc. is 50 North Laura Street, Jacksonville, FL 32202.

(4) Patrick Varin has voting and investment control over 6,275,000 shares and exercisable warrants to purchase 6,275,000 shares held by 9318-2582 Quebec Inc.

(5) Mr. Noël is beneficial owner of 909,471 shares and exercisable warrants to purchase 760,000 shares held by Trichome Capital Inc. and exercisable warrants to purchase 250,000 shares.

(6) Dr. Human is the beneficial holder of fully-vested stock options to purchase 1,500,000 shares, exercisable at $0.16 per share, expiring in 2030, and is the beneficial owner of 760,000 shares and exercisable warrants to purchase 760,000 shares held by Health Diplomats Pte Ltd.

(7) Mr. Mullin is the beneficial holder of fully-vested stock options to purchase 2,000,000 shares, exercisable at $0.16 per share, expiring in 2030.

(8) Ms. Kovacevic is the beneficial holder of fully-vested stock options to purchase 1,000,000 shares, exercisable at $0.29 per share, expiring in 2031.

(9) Mr. Cimini has dispositive control of 10,000,000 common shares held by Cryocann USA Crop, warrants exercisable at $0.40 per share to purchase 250,000 shares, expiring in 2024, and stock options exercisable at $0.18 per share to purchase 2,000,000 shares, expiring in 2031.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Review, Approval or other transactions, transactions with family members – loans, debt conversion, private placement, ratification of transactions with related persons

We have adopted a code of ethics and we rely on our board to review related party transactions on an ongoing basis to prevent conflicts of interest. Our Board reviews a transaction in light of the affiliations of the director, officer or employee and the affiliations of such person's immediate family. Transactions are presented to our Board for approval before they are entered into or, if this is not possible, for ratification after the transaction has occurred. If our Board finds that a conflict of interest exists, then it will determine the appropriate remedial action, if any. Our Board approves or ratifies a transaction if it determines that the transaction is consistent with the best interests of the Company. During the year-ended December 31, 2021, the Board reviewed and approved a loan to the Company made by Christian Noel, its CEO. There were no other such transactions or requests for review during the fiscal years ended December 31, 2022 and December 31, 2021.

Director Independence

The Board of Directors currently consists of five directors, four of whom the Board of Directors has determined are independent within the meaning of the rules of the OTCQX, which the Company has adopted as its definition of independence in the Audit Committee Charter.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table shows the fees paid or accrued by us for the audit and other services provided for the fiscal periods shown.

	2022	2021
Borgers:		
Audit and Non-Audit Fees		
Audit fees	$ 375,860	$ 274,000
Audit-related fees	54,000	54,000
Tax fees	-	-
All other fees	-	-
Total	$ 429,860	$ 328,000

The Audit Committee pre-approves all audit and non-audit services to be performed by the independent registered public accounting firm in accordance with the rules and regulations promulgated under the Exchange Act. The Board pre-approved 100% of the audit, audit-related and tax services performed by the independent registered public accounting firm for the fiscal years ended December 31, 2022 and 2021. The percentage of hours expended on the principal accountant's engagement to audit the Company's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employee was 0%.

PART IV

ITEM 15 EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

Our consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and shareholders' equity and cash flows for each of the two years in the years ended December 31, 2022 and 2021, together with the related notes and the report of our independent registered public accounting firm, are set forth on pages F-1 to F-29 of this report.

(b) Exhibits

Exhibit Number	Description
(3)	**Articles of Incorporation and Bylaws**
3.1	Articles of Incorporation (incorporated by reference to our Registration Statement on Form S- 1 filed on May 9, 2012).
3.2	Bylaws (incorporated by reference to our Registration Statement on Form S-1 filed on May 9, 2012).
3.3	Certificate of Amendment (incorporated by reference to our Current Report on Form 8-K filed on January 13, 2014).
3.4	Certificate of Change filed with the Nevada Secretary of State on April 12, 2018 with an effective date of April 26, 2018. (incorporated by reference to our Current Report on Form 8-K filed on May 2, 2018)
3.5	Articles of Merger filed with the Nevada Secretary of State on April 12, 2018 with an effective date of April 26, 2018. (incorporated by reference to our Current Report on Form 8-K filed on May 2, 2018)
3.6	Articles of Merger filed with the Nevada Secretary of State on October 14, 2019 (incorporated by reference to our Current Report on Form 8-K filed on October 18, 2019)
3.7	Articles of Merger filed with the Nevada Secretary of State on September 1, 2020 (incorporated by reference to our Current Report on Form 8-K filed on September 3, 2020)
3.8	Articles of Merger filed with the Nevada Secretary of State on July 23, 2021 (incorporated by reference to our Current Report on Form 8-K filed on July 27, 2021)
(10)	**Material Contracts**
10.1	Asset Purchase Agreement between Andina Gold Corp, General Extract LLC, Cryocann USA Corporation, Steve Cimini and Matt Armstrong dated June 22, 2021 (incorporated by reference to our Current Report on Form 8-K filed on June 28, 2021)
10.2	Asset Purchase Agreement Among Critical Mass Industries LLC, Critical Mass Industries, Inc., John Knapp, Good Meds, Inc. and Cryomass Technologies Inc dated December 31, 2021 (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.3	Mutual Termination Agreement by and among Critical Mass Industries LLC, Critical Mass Industries, Inc., John Knapp, and Good Meds, Inc dated December 31, 2021 (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.4	Restated and Amended Administrative Services Agreement by and among Critical Mass Industries LLC, Critical Mass Industries, Inc., John Knapp, and Good Meds, Inc dated December 31, 2021 (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.5	2019 Omnibus Equity Incentive Plan (incorporated by reference to our Annual Report on Form 10-K for December 31, 2020)
10.6	2022 Stock Incentive Plan (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.7	Christian Noel Employment Agreement (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)

10.8	Amendment to Christian Noel Employment Agreement dated December 13, 2021 (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.9	Philip Mullin Revised Employment Agreement (incorporated by reference to our Annual Report on Form 10-K for December 31, 2020)
10.10	Amendment to Philip Mullin Revised Employment Agreement (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.11	Patricia Kovacevic Third Amended Employment Agreement (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.12	Amendment to Patricia Kovacevic Third Employment Agreement (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.13	Form of Convertible Note (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.14	Form of Warrant- August 1, 2020 (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.15	Form of Warrant- April 2021 (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.16	Form of Warrant-October 2021 (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.17	Form of Warrant-November 2021 (incorporated by reference to our Registration Statement on Form S- 1 filed on February 14, 2022)
10.18	Equity Purchase Agreement with Peak One Opportunity Fund, L.P. (incorporated by reference to our Registration Statement on Form S-1 filed on April 27, 2022)
10.19	Amendment No. 1 to Equity Purchase Agreement with Peak One Opportunity Fund, L.P. (incorporated by reference to our Registration Statement on Form S-1 filed on April 27, 2022)
10.20	Patent License and Equipment Rental Agreement by and between Cryomass Technologies Inc and RedTape Core Partners LLC and Affiliates dated January 16, 2023
21	**Subsidiaries of the Registrant (incorporated by reference to our Registration Statement on Form S-1 filed on June 17, 2022)**
(31)	**Rule 13a-14(a)/15d-14(a) Certifications**
31.1*	Section 302 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer.
31.2*	Section 302 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer and Principal Accounting Officer.
(32)	**Section 1350 Certifications**
32.1*	Section 906 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer.
32.2*	Section 906 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer and Principal Accounting Officer.
(101)*	**Interactive Data Files**
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* *Filed herewith.*

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRYOMASS TECHNOLOGIES INC.
(Registrant)

Dated: March 24, 2023

/s/ Christian Noël
Christian Noël
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christian Noël Christian Noël	Chief Executive Officer (Principal Executive Officer)	March 24, 2023
/s/ Philip Mullin Philip Mullin	Chief Financial Officer (Principal Accounting Officer)	March 24, 2023
/s/ Dr. Delon Human Dr. Delon Human	President of the Board of Directors	March 24, 2023
/s/ Mario Gobbo Mario Gobbo	Director	March 24, 2023
/s/ Mark Radke Mark Radke	Director	March 24, 2023
/s/ Simon Langelier Simon Langelier	Director	March 24, 2023

CRYOMASS TECHNOLOGIES INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Cryomass Technologies Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cryomass Technologies Inc. (the "Company") as of December 31, 2022 and 2021 and the related consolidated statements of operations, shareholders' equity, and cash flows for the two years in the period ended December 31, 2022, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the two years in the period ended December 31, 2022 and 2021, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

Critical Audit Matter

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments.

We determined that there are no critical audit matters.

/S BF Borgers CPA PC (PCAOB ID 5041)
We have served as the Company's auditor since 2021
Lakewood, CO
March 24, 2023

CRYOMASS TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2022	**2021**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,016,057	$ 5,772,839
Deferred tax asset	21,788	-
Prepaid expenses	128,651	757,383
Total current assets	2,166,496	6,530,222
Loan receivable	-	3,600,000
Property and equipment, net	525,855	225,000
Goodwill	1,190,000	1,190,000
Intangible assets, net	3,980,582	4,038,600
Total assets	$ 7,862,933	$ 15,583,822
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,288,465	$ 1,882,419
Total current liabilities	1,288,465	1,882,419
Notes payable	2,000,000	177,083
Total liabilities	3,288,465	2,059,502
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock, $0.001 par value, 100,000 shares authorized, no shares issued and outstanding respectively	-	-
Common stock, $0.001 par value, 500,000,000 shares authorized, 202,651,205 and 196,949,801 shares issued and outstanding at December 31, 2022 and 2021, respectively	202,652	196,950
Additional paid-in capital	43,163,579	41,916,207
Common stock to be issued	219,765	-
Accumulated deficit	(39,011,528)	(28,588,837)
Total shareholders' equity	4,574,468	13,524,320
Total liabilities and shareholders' equity	$ 7,862,933	$ 15,583,822

The accompanying notes are an integral part of these consolidated financial statements.

CRYOMASS TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2022	**2021**
Net sales	$ -	$ -
Cost of goods sold	-	-
Gross profit	-	-
Operating expenses:		
Personnel costs	2,003,506	3,207,110
General and administrative	5,600,038	3,983,226
Legal and professional fees	2,525,347	757,828
Research and development	20,518	-
Depreciation and amortization	162,401	43,663
Total operating expenses	10,311,810	7,991,827
Loss from operations	(10,311,810)	(7,991,827)
Other income (expenses):		
Interest expense	(147,014)	(2,189,959)
Gain / (loss) on foreign exchange	14,345	47,144
Total other expenses	(132,669)	(2,142,815)
Net loss from continuing operations, before taxes	(10,444,479)	(10,134,642)
Income taxes	(21,788)	-
Net loss from continuing operations	(10,422,691)	(10,134,642)
Net gain / (loss) from discontinued operations, net of tax (including loss on disposal of $3,021,724)	-	(2,725,001)
Net loss	$ (10,422,691)	$ (12,859,643)
Comprehensive loss from discontinued operations	-	-
Comprehensive loss	$ (10,422,691)	$ (12,859,643)
Net loss per common share:		
Loss from continuing operations - basic and diluted	$ (0.05)	$ (0.06)
Gain / (loss) from discontinued operations - basic and diluted	$ -	$ (0.02)
Loss per common share - basic and diluted	$ (0.05)	$ (0.08)
Weighted average common shares outstanding—basic and diluted	200,884,333	157,509,715

The accompanying notes are an integral part of these consolidated financial statements.

CRYOMASS TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-In	Common Stock to be	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Issued	Deficit	Equity
Balance at December 31, 2020	97,005,817	$ 97,006	$ 19,138,947	**$ 98,535**	**$ (15,729,194)**	**$ 3,605,294**
Share issuance from sale of common stock	53,191,819	53,192	9,556,368	(98,535)	-	9,511,025
Share issuance related to CryoCann asset purchase	10,000,000	10,000	1,794,500	-	-	1,804,500
Share issuance pursuant to employment agreements	6,701,586	6,702	894,000	-	-	900,702
Share issuance in exchange for extinguishment of debt	27,121,119	27,095	5,381,308	-	-	5,408,403
Share issuance in exchange for services	2,837,333	2,837	965,175	-	-	968,012
Share issuance for interest on note payable	92,127	118	49,823	-	-	49,941
Stock-based compensation - shares	-	-	784,364	-	-	784,364
Stock-based compensation - options	-	-	968,205	-	-	968,205
Beneficial Conversion Feature of Note Payable	-	-	515,763	-	-	515,763
Fair value of warrants issued	-	-	1,867,754	-	-	1,867,754
Net loss	-	-	-	-	(12,859,643)	(12,859,643)
Balance at December 31, 2021	196,949,801	$ 196,950	$ 41,916,207	**$ -**	**$ (28,588,837)**	**$ 13,524,320**
Share issuance in exchange for services	1,687,502	1,687	588,938	21,875	-	612,500
Stock-based compensation	2,885,529	2,886	402,687	197,890	-	603,463
Shares issued from warrants exercised	220,500	221	65,930	-	-	66,151
Share issuance from sale of common stock	1,000,000	1,000	213,134	-	-	214,134
Share cancellation related to interest on not payable	(92,127)	(92)	(23,317)	-	-	(23,409)
Net loss	-	-	-	-	(10,422,691)	(10,422,691)
Balance at December 31, 2022	202,651,205	$ 202,652	$ 43,163,579	**$ 219,765**	**$ (39,011,528)**	**$ 4,574,468**

The accompanying notes are an integral part of these consolidated financial statements.

CRYOMASS TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (10,422,691)	$ (10,134,642)
Adjustments to reconcile net loss to net cash used in operating activities from continuing operations:		
Amortization of debt discount	72,917	1,547,181
Depreciation and amortization expense	157,001	43,663
Bad debt expense	4,218,831	540,000
Fair value of common stock issued pursuant to service and advisory agreements	590,625	1,011,075
Payable extinguishment for services not provided	-	318,970
Stock-based compensation expense	603,463	2,653,271
Deferred income tax expense	(21,788)	(14,926)
Change in operating assets and liabilities:		
Prepaid expenses	628,732	(696,908)
Accounts payable and accrued expenses	(593,954)	(366,587)
Net cash used in operating activities from continuing operations	(4,766,864)	(5,098,903)
Net (used in) / provided by operating activities from discontinued operations	-	(501,609)
Net cash used in operating activities	(4,766,864)	(5,600,512)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Payment for CryoCann asset purchase	-	(1,000,000)
Payoff of CryoCann loan agreement at closing	-	(1,247,684)
Issuance of loans receivable	(618,831)	-
Purchase of property and equipment	(300,855)	(225,000)
Purchase of intangible assets	(98,983)	-
Net cash used in investing activities from continuing operations	(1,018,669)	(2,472,684)
Net cash used in investing activities from discontinued operations	-	(330,560)
Net cash used in investing activities	(1,018,669)	(2,803,244)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable, related parties	-	237,590
Repayment of notes payable, related parties	-	(237,590)
Proceeds from issuance of common stock	256,876	10,308,000
Proceeds from common stock subscribed and to be issued	21,875	-
Proceeds from loans payable, current	-	286,441
Repayment of loans payable, current	-	(698,800)
Proceeds from notes payable	1,750,000	4,900,000
Repayment of seller note for acquisition	-	(1,173,016)
Related party note disbursement	-	(281,771)
Net cash provided by financing activities from continuing operations	2,028,751	13,340,854
Net cash provided by financing activities from discontinued operations	-	505,902
Net cash provided by financing activities	2,028,751	13,846,756
Net increase / (decrease) in cash from continuing operations	(3,756,782)	5,769,267
Net decrease in cash from discontinued operations	-	(326,267)
Cash at beginning of period	5,772,839	329,839
Cash at end of period	$ 2,016,057	$ 5,772,839
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 16,592	$ 449,068
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued pursuant to separation agreement	$ -	$ -
Common stock issued pursuant to vesting of restricted stock units	$ 1,168,600	$ 2,851,103

The accompanying notes are an integral part of these consolidated financial statements.

CRYOMASS TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF THE BUSINESS

Cryomass Technologies Inc ("Cryomass Technologies" or the "Company") designs, manufactures and is developing the strategy to commercialize patented cryo-mechanical systems for the harvesting and refinement of hemp, cannabis, and potentially other high value crops such as hops. The system exploits CryoMass's U.S.-patented process for the controlled application of liquid nitrogen to stabilize and separate the structural elements of gross plant material. The device currently under development can be operated at a cultivation site or be installed at a processing facility and is being optimized for the collection of fully intact hemp and cannabis trichomes. The first functional "beta" machine has completed field testing. The Company recently signed a license and lease arrangement with a third party to deploy multiple CryoMass trichome separation units at the prospective partner's facility in California and other locations, with the intention of starting commercial operations shortly.

The Company's principal office is located at 1001 Bannock St., Suite 612, Denver, CO 80204, and its telephone number is 303-416-7208. The Company's website is www.cryomass.com. Information appearing on the website is not incorporated by reference into this prospectus.

The Company over its history has explored a number of different business opportunities.
On May 10, 2018, the Company began to establish various business ventures in Colombia through its Colombian subsidiary, First Colombia Devco S.A.S ("Devco").

On July 1, 2019, the Company acquired 100% of the membership interests in General Extract, LLC, a Colorado limited liability company, in exchange for the shares of Devco. The name of this subsidiary was subsequently changed to Cryomass LLC.

On July 15, 2019, the Company entered into a Membership Interest Purchase Agreement to acquire cannabis-related intellectual property and certain other assets, but not cannabis licenses, of Critical Mass Industries LLC ("CMI"), a Colorado limited liability company.

Effective December 31, 2021, the Company disposed of all CMI-related assets and extinguished any and all related obligations. Therefore, we determined that CMI no longer qualifies as a variable interest entity ("VIE") as of December 31, 2021.

In August 2020, the Company established a wholly owned Colombian subsidiary, Andina Gold Colombia SAS for this purpose acquiring gold properties in Colombia. However, due to the untimely death of our top geologist, the Company determined that pursuit of gold exploration in Colombia was no longer a practical alternative. In Q1 2022 the respective subsidiary was closed.

On June 22, 2021, the Company entered into an Asset Purchase Agreement with Cryocann USA Corp, a California corporation ("Cryocann"), pursuant to which Company acquired substantially all the assets of Cryocann. The aggregate purchase price was $3,500,000 million in cash and 10,000,000 shares of Company common stock As part of the Cryocann Acquisition, we retained both Cryocann employees, who have expert knowledge of the industry, related participants, customers and the acquired patented technology. Under their employment agreements, each employee may receive compensation if specific performance targets are met in association with our future operating performance when the Cryocann technology enters the market. The technology and assets acquired from Cryocann are operated from the Company's subsidiary, Cryomass LLC. The patented cryo-mechanical technology is for the separation of plant materials in the harvesting of hemp and cannabis, and potentially other high value crops such as hops. We believe this technology will reduce processing costs and increases the quality of extracted compounds. We are exploring the application of the underlying technology to a broad range of industries that handle high-value materials and that could benefit from our precision capture methods. We anticipate that cannabis and hemp will be the first in a series of such industries.

To develop and commercialize the technology, we contracted with an independent engineering and manufacturing firm to refine the design of our cryo-mechanical system for the handling of harvested hemp, cannabis and other high-value plants. The system exploits CryoMass's U.S.-patented process for the controlled application of liquid nitrogen to stabilize and separate the structural elements of gross plant material. The device currently under development is scaled for highway transportability and is being optimized for the low-cost collection of fully intact hemp and cannabis trichomes. It can be used within minutes after plants have been cut and can also efficiently capture trichomes from fresh frozen or even dried plant parts, including trim. The device's through-put capacity is expected to be approximately 600 kilograms of gross plant material per hour. The advanced design for the equipment has been completed, and testing of a prototype machine is currently underway. The engineering and manufacturing firm has indicated that it has the capacity to build 10 to 15 such devices per month.

The first functional "beta" machine has completed field testing. The Company recently signed a license and lease arrangement with a third party to deploy multiple CryoMass trichome separation units at the prospective partner's facility in California and other locations, with the intention of starting commercial operations shortly.

Management believes the CryoMass system will deliver a compelling combination of cost and time savings while enhancing product quality and quantity for largescale cultivators and processors of hemp and cannabis. The use of a CryoMass system – which can be trucked to and operated on the fields of most large hemp and cannabis growers or be permanently installed at a user's processing facility – should eliminate many of the costs that come with traditional practices, especially the labor, fuel and capital costs of drying and curing hemp or cannabis that is grown for the extraction of end products. With traditional practices, harvested plants are transported to a specially constructed drying house and then treated for a week or longer under controlled conditions of temperature and humidity. It's a costly method. With our system, harvested plants are simply fed into the front end of a CryoMass machine, and minutes later fully intact trichomes are collected at the back end of the machine. With traditional practices and their seven-to-ten days of handling and drying, a large share of a plant's valuable trichomes break off and are lost. Then the remaining trichomes are damaged by long exposure to oxygen and by the evaporation of their volatile terpenes. The CryoMass system, on the other hand, stabilizes and collects fully intact trichomes at harvest, leaving no opportunity for such wasteful loss. Field-captured trichomes are the cleanest element of a hemp or cannabis plant because, unlike the rest of the plant, trichomes do not readily take up heavy metals, pesticides or other common soil contaminants. As a product for end-users, field-captured trichomes are closest to being contaminant free. As feedstock for manufacturers of extracts and oils, they are the key to the purest products possible.

Because the trichomes collected with CryoMass technology represent only 10% or so of a plant's weight and volume, they are cheaper to ship and store than gross plant material. For the same reason and because trichomes are free of the waxes and other unwanted materials found in the rest of the plant, processing trichomes into oils and extracts can be far quicker, cheaper and easier than processing gross plant material. Even trichomes captured from dried or frozen plant parts deliver this cost-saving advantage to processors of oils and extracts. The three-dimensional advantage achievable with the CryoMass system – first-stage cost savings, product enhancement and downstream cost savings – can as much as double a crop's wholesale value. And in some jurisdictions, users may enjoy a reduction in excise taxes levied on cannabis and hemp harvests, which typically are tied to the gross weight of hemp or cannabis that is removed from the field.

Production and processing of hemp and cannabis is a huge, worldwide industry. In the U.S., for example, the wholesale value of the cannabis crop from just the 11 states permitting adult-use and medical cannabis exceeds $6 billion annually. Growth in the U.S. and in the worldwide market is likely fed in part by the growing acceptance of medicinal cannabis products and anticipated legislative changes in various jurisdictions worldwide.

And that may only be chapter one of the Company's story. Several other high-value plants, including species that are important for health and wellness products, wrap their valuable elements in trichomes. The technology we are developing for hemp and cannabis may have profitable application to those other species as well. We intend to find out.

In September, we were granted an additional patent for our process from the Chinese Intellectual Property Office. We currently are taking steps to gain further protection for our intellectual property through the European Union Intellectual Property Office and several other international jurisdictions.

On November 17th we announced the completion of a $10.3 million equity financing. The financing and the earlier conversion of substantially all the company's debt into common stock left the Company with a strong balance sheet and adequate resources for our planned business development during the coming twelve months. In connection with the financing, 1,010,000 shares and 760,000 shares of CryoMass Technologies common stock were purchased by CEO Christian Noël and Chairman of the Board Delon Human, respectively.

2. VARIABLE INTEREST ENTITY

Pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Section 810, *Consolidation* ("ASC 810"), the Company is required to include in its consolidated financial statements, the financial statements of its variable interest entity ("VIE"). ASC 810 requires a VIE to be consolidated if that company is subject to a majority of the risk of loss for the VIE or is entitled to receive a majority of the VIE's residual returns. VIEs are those entities in which a company, through contractual arrangements, bears the risk of, and enjoys the rewards normally associated with ownership of the entity, and therefore the company is the primary beneficiary of the entity.

Under ASC 810, a reporting entity has a controlling financial interest in a VIE, and must consolidate that VIE, if the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support provided by any parties, including equity holders. Beginning July 15, 2019, the Company consolidated Critical Mass Industries LLC DBA Good Meds ("CMI" and/or "Good Meds") as a VIE pursuant to certain intellectual property, administrative and consulting agreements in which the Company is deemed the primary beneficiary of CMI. Accordingly, the results of CMI were included in the accompanying consolidated financial statements.

Effective December 31, 2021, we entered into a restated and amended administrative services agreement, terminated our license and marketing agreements, and restated the asset purchase agreement with CMI and affiliates. As a result of these agreements, we disposed of all CMI-related assets and extinguished any and all related obligations. For clarity, we have no management or operations decision-making right or responsibility, nor any access to future economic benefits from operation of the assets. Therefore, upon commencing these agreements, we determined that CMI no longer qualified as a variable interest entity as of December 31, 2021.

CMI Assets & Liabilities

Description	As of December 31, 2022	As of December 31, 2021
Current assets		
Cash and cash equivalents	$ -	$ -
Accounts receivable, net	-	-
Inventory, net	-	-
Total current assets	-	-
Total assets	$ -	$ -
Current liabilities		
Accounts payable and accrued expenses	$ -	$ -
Total current liabilities	-	-
Total liabilities	-	-
Net assets	$ -	$ -

CMI Statement of Operations

Description	For the Years Ended December 31, 2022	2021
Net sales	$ -	$ 5,891,894
Cost of goods sold, inclusive of depreciation	-	4,132,696
Gross profit	$ -	$ 1,759,198
Operating expenses		
Personnel costs	-	428,728
Sales and marketing	-	816,683
General and administrative	-	112,934
Legal and professional fees	-	44,092
Amortization expense	-	-
Total operating expenses	-	1,402,437
Gain from operations	$ -	$ 356,761
Other income / (expense)		
Interest expense	-	(49,803)
Goodwill impairment	-	-
Intangibles impairment	-	-
Other income	-	-
Total other income / (expense)	-	(49,803)
Loss on disposal of discontinued operations	-	(3,021,724)
Net income / (loss), before taxes	-	(2,714,766)
Income taxes	-	(10,235)
Net income / (loss), net of taxes	$ -	$ (2,725,001)

As a result of new agreements entered with CMI on December 31, 2021, we disposed of all CMI-related assets and extinguished any and all related obligations in exchange for a $3,600,000 promissory note due to us no later than December 31, 2023, which was deemed uncollectible during the year ended December 31, 2022.

3. GOING CONCERN UNCERTAINTY, FINANCIAL CONDITIONS AND MANAGEMENT'S PLANS

The Company believes that there is substantial doubt about the Company's ability to continue as a going concern. The Company believes that its available cash balance as of the date of this filing will not be sufficient to fund its anticipated level of operations for at least the next twelve months. The Company believes that, at the present time, its ability to continue operations depends on cash expected to be available from lease payments and royalty payments in connection with future revenue generation, or possibly from debt or equity investments, to fund its anticipated level of operations for at least the next twelve months. As of December 31, 2022, the Company had working capital of $878,031 and cash balance of $2,016,057. The Company estimates that it needs approximately $4,000,000 to cover overhead costs and has capital expenditure requirements ranging from zero to $6,600,000 depending on how many trichome separation units are ordered over the next twelve months. The Company believes that the Company will continue to incur losses for the immediate future. The Company expects to finance future cash needs from the results of operations and, depending on the results of operations, the Company may need additional equity or debt financing until the Company can achieve profitability and positive cash flows from operating activities from, for example, our recently signed lease and license agreement. As of December 31, 2022, one trichome separation unit has been delivered and is expected to begin producing revenue in the second quarter of 2023. Since the operating expenses of the unit are required to be covered by the licensee and not the Company, the royalty payment would be free cash flow which could be used to cover operating expenses. However, there can be no assurance that the Company will receive sufficient operating cash flow from our licensing agreement or that we will be able to attract the necessary financing.

The continuation of our company as a going concern is dependent upon the continued financial support from our shareholders, the ability of our company to obtain necessary equity or debt financing to continue operations, and ultimately the attainment of profitable operations. For the year ended December 31, 2022, our company used $4,766,864 of cash for operating activities, incurred a net loss of $10,422,691 and has an accumulated deficit of $(39,011,528) since inception.

On March 11, 2020, the 2019 novel coronavirus ("COVID-19) was characterized as a "pandemic." The Company's operations were impacted during the year in the United States. The impact of COVID-19 developments and uncertainty with respect to the economic effects of the pandemic has introduced significant volatility in the financial markets.

The Company assessed certain accounting matters that require consideration of forecasted financial information, including, but not limited to, the carrying value of the Company's goodwill, intangible assets, and other long-lived assets, and valuation allowances in context with the information reasonably available to the Company and the unknown future impacts of COVID-19 as of December 31, 2022 and through the date of this report. The Company's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to the Consolidated Financial Statements in future

reporting periods.

The COVID-19 pandemic and responses to this crisis, including actions taken by federal, state and local governments, have had an impact on the operations of the company, including, without limitation, the following: reduced staffing due to employee suspected conditions and social distancing measures; constraints on productivity; management and staff non-essential business-related travel was constrained due to stay-at-home orders; most employees have shifted to remote work resulting in loss of productivity; consumers visiting dispensaries operated under license impacted by stay-at-home orders. Management continues to monitor the COVID-19 pandemic situation and federal, state and local recommendations and will provide updates as appropriate.

Our financial statements for the year ended December 31, 2022 have been prepared on a going concern basis and contain an additional explanatory paragraph which identifies issues that raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with GAAP. The consolidated financial statements include the accounts of the Cryomass Technologies Inc, Cryomass LLC, and CMI, a VIE for which the Company was deemed to be the primary beneficiary. CMI was no longer included in the consolidated financial statements as of or for the period subsequent to December 31, 2021. All significant intercompany balances and transactions have been eliminated in consolidation. The Company operates as one segment from its corporate headquarters in Colorado.

Effective December 31, 2021, the Company entered into an asset purchase agreement involving its VIE with Critical Mass Industries, Inc. and John Knapp, the sole shareholder of Critical Mass Industries, Inc., to divest its discontinued operations, where the buyer assumes all assets and liabilities from the Company. Therefore, with regards to both criteria discussed above, the Company no longer has the power to direct activities, absorb losses, or receive benefits from the VIE and as such ceased to consolidate CMI’s financial results with its own.

Use of Estimates

The preparation of the Company’s consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to determining the fair value of the assets acquired and liabilities assumed in acquisition, determining the useful lives and potential impairment of long-lived assets and potential impairment of goodwill. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates when there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Reclassifications

Certain items in the interim consolidated financial statements were reclassified from prior periods for presentation purposes.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturities of three months or less at the time of issuance to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. Periodically, the Company maintains deposits in accredited financial institutions in excess of federally insured limits. The Company deposits its cash in financial institutions that it believes have high credit quality and has not experienced any losses on such accounts. Aside from this, the Company does not believe it is exposed to any unusual credit risk.

Purchase Accounting for Acquisitions

We apply the acquisition method of accounting for a business combination. In general, this methodology requires us to record assets acquired and liabilities assumed at their respective fair values at the date of acquisition. Any amount of the purchase price paid that is in excess of the estimated fair value of the net assets acquired is recorded as goodwill. For certain acquisitions, we also record a liability for contingent consideration based on estimated future business performance. We monitor our assumptions surrounding these estimated future cash flows and, if there is a significant change, would record an adjustment to the contingent consideration liability and a corresponding adjustment to either income or expense. We determine fair value using widely accepted valuation techniques, primarily discounted cash flow and market multiple analyses. These types of analyses require us to make assumptions and estimates regarding industry and economic factors, the profitability of future business strategies, discount rates and cash flow.

If actual results are not consistent with our assumptions and estimates, or our assumptions and estimates change due to new information, we may be exposed to an impairment charge in the future.

Variable Interest Entities

The Company accounts for variable interest entities in accordance with FASB ASC Topic 810, *Consolidation*. Management evaluates the relationship between the Company and VIEs and the economic benefit flow of the contractual arrangement with the VIEs. Management determines if the Company is the primary beneficiary of a VIE through a qualitative analysis that identifies which variable interest holder has the controlling financial interest in the VIE. The variable interest holder who has both of the following has the controlling financial interest and is the primary beneficiary: (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. In performing our analysis, we consider all relevant facts and circumstances, including: the design and activities of the VIE, the terms of the contracts the VIE has entered into, the nature of the VIE's variable interests issued and how they were negotiated with or marketed to potential investors, and which parties participated significantly in the design or redesign of the entity. As a result of such evaluation, management concluded that the Company was the primary beneficiary of CMI and therefore consolidated the financial results of the entity through December 31, 2021. Effective December 31, 2021, the Company entered into an asset purchase agreement involving its VIE with Critical Mass Industries, Inc. and John Knapp, the sole shareholder of Critical Mass Industries, Inc., to divest its discontinued operations in cannabis cultivation, where the buyer assumes all assets and liabilities from the Company. Therefore, with regards to both criteria discussed above, the Company no longer has the power to direct activities, absorb losses, or receive benefits from the VIE and as such ceased to consolidate with CMI.

Discontinued Operations

The Company had no revenues from discontinued operations for the years ended December 31, 2022. For the year ended December 31, 2021, the Company's revenue consisted of sales of cannabis and ancillary products to both retail consumers and wholesale customers through its relationship with a VIE, CMI. Revenue for retail customers was recognized upon completion of the transaction in the point of sale system and satisfaction of the sale by providing the corresponding inventory at the retail location. Revenue for wholesale customers was recognized upon acceptance of the physical goods and confirmation by acceptance of the inventory in the regulatory marijuana enforcement tracking reporting compliance ("METRC") system. Revenue was recognized upon transfer of control of promised products to customers, generally as risk of loss passes, in an amount that reflected the consideration CMI expected to receive in exchange for those products. Taxes collected from customers, which was subsequently remitted to governmental authorities, were excluded from revenue.

Retail customer loyalty liabilities were recognized in the period in which they were incurred and were often retired without being utilized. Shipping and handling costs were expensed as incurred and are included in cost of sales.

CMI operated in a highly regulated environment in which state regulatory approval was required prior to the customer being able to purchase the product, either through the Colorado Marijuana Enforcement Division for wholesale clients or the Colorado Department of Public Health and Environment for medical patients.

Expenses

Operating Expenses

Operating expenses encompass personnel costs, research and development expenses, general and administrative expenses, professional and legal fees and depreciation and amortization related to the property and equipment and intangibles acquired through the acquisition of Cryocann. Personnel costs consist primarily of consulting expense and administrative salaries and wages. General and administrative expenses are comprised of travel expenses, accounting expenses, stock-based compensation, and board fees. Professional services are principally comprised of outside legal and professional fees.

Discontinued Operations

Cost of Goods Sold, Net of Depreciation and Amortization

Cost of goods sold primarily consisted of allocated salaries and wages of employees directly related with the production process, allocated depreciation and amortization directly related to the production process, cultivation supplies, rent and utilities.

Other Expense, net

Other expense, net consisted of interest expense, other income and (loss) gain on foreign exchange.

Stock-Based Compensation

The fair value of restricted stock units ("RSUs") granted are measured on the grant date using the closing price of the Company's common shares on the grant date. For stock options, the Company engages a valuation firm to calculate the grant date fair value of the options issued. The Company accounts for forfeitures as they occur, rather than estimating expected forfeitures over the course of a vesting period. All stock-based compensation costs are recorded in general and administrative expenses in the consolidated statements of operations.

Property and Equipment, net

Purchase of property and equipment are recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the consolidated statements of operations. Depreciation and amortization expense is recognized using the straight-line method over the estimated useful life of each asset, as follows:

	Estimated Useful Life
Computer equipment	3 – 5 years
Furniture and fixtures	5 – 7 years
Machinery and equipment	15 years
Leasehold improvements	Shorter of lease term or 15 years

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of an acquired entity over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed in a business combination.

Indefinite-lived intangible assets established in connection with business combinations consist of in process research and development and internal-use software. Intangible assets with indefinite lives are recorded at their estimated fair value at the date of acquisition. Once in process research and development is placed in service, it will be amortized over the estimated useful life. Internal-use software costs recognized as an intangible asset relates to capitalizable costs of computer software obtained for internal-use as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-40-30-1. All other internal-use software costs are expensed as incurred by the Company. Amortization will be recorded straight-line over the estimated useful life of the software once the software is ready for its intended use. As of December 31, 2022, our internal-use software was not ready for its intended use. The estimated useful life for internal-use software will be determined and periodically reassessed based on considerations for obsolescence, technology, competition, and other economic factors.

Intangible assets with finite lives are recorded at their estimated fair value at the date of acquisition and are amortized over their estimated useful lives using the straight-line method. Amortization of assets ceases upon designation as held for sale. The estimated useful lives of intangible assets are detailed in the table below:

	Estimated Useful Life
Patent	120 months
In process research and development	104 months

Impairment of Goodwill and Intangible Assets

Goodwill

Goodwill is not amortized, but instead is tested annually at December 31 for impairment and upon the occurrence of certain events or substantive changes in circumstances.

We account for the impairment of goodwill under the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Update 2017-04 ("ASU 2017-04"), "*Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*" and FASB Accounting Standards Codification (ASC) 350-20-35, *Intangibles – Goodwill and Other – Goodwill*.

The Company performs impairment testing for goodwill by performing the following steps: 1) evaluate the relevant events or circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, 2) if yes to step 1, calculate the fair value of the reporting unit and compare it with its carrying amount, including goodwill, 3) recognize impairment, limited to the total amount of goodwill allocated to that reporting unit, equal to the excess of the carrying value of a reporting unit over its fair value.

Management concluded that there were no events indicative of goodwill impairment during the year ended December 31, 2022.

Indefinite-Lived Intangible Assets and Intangible Assets Subject to Amortization

Indefinite-lived intangible assets and intangible assets subject to amortization are not amortized, but instead are tested annually at December 31 for impairment and upon the occurrence of certain events or substantive changes in circumstances.

We account for the impairment of indefinite-lived intangible assets under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350-30-35, *Intangibles – Goodwill and Other – General Intangibles Other Than Goodwill*. Following this guidance, the Company compares the estimated fair value of the indefinite-lived intangible assets to its carrying value. If the carrying value exceeds the fair value, the Company recognizes impairment equal to that excess.

We account for the impairment of intangible assets subject to amortization under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-10-35, *Property, Plant, and Equipment*. Following this guidance, the Company compares the estimated fair value of the intangible assets subject to amortization to its carrying value. If the carrying value exceeds the fair value, the Company recognizes impairment equal to that excess.

Management concluded that there were no events indicative of identifiable intangible asset impairment during the year ended December 31, 2022

Contingencies

An initial right-of-use ("ROU") asset and corresponding liability of $1,411,461 was recognized upon the CMI Transaction. The Company adopted ASU Topic 842 January 1, 2019, but had no reportable operating leases at that point in time. As of December 31, 2022, our ROU assets and liabilities associated with CMI were no longer included on the consolidated balance sheets.

Income Taxes

The Company uses the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is likely that the deferred tax assets will not be realized. We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, our policy will be to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the consolidated financial statements.

Fair Value Measurements

Certain assets and liabilities of the Company are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.

- Level 2 — Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

- Level 3 — Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The carrying values reported in the consolidated balance sheets for cash, prepaid expenses, inventories, accounts payable, and notes payable approximate fair values because of the immediate or short-term maturities of these financial instruments. There were no other assets or liabilities that require fair value to be recalculated on a recurring basis.

The fair value of beneficial conversion features associated with convertible notes and the fair value of warrants are calculated utilizing level 2 inputs.

When multiple instruments are issued in a single transaction, the total proceeds from the transaction should be allocated among the individual freestanding instruments identified. The allocation occurs after identifying (1) all the freestanding instruments and (2) the subsequent measurement basis for those instruments. The subsequent measurement basis helps inform how the proceeds should be allocated. After the proceeds are allocated to the freestanding instruments, those instruments should be further evaluated for embedded features that may need to be bifurcated or separated.

If debt or stock is issued with detachable warrants, the guidance in ASC 470-20-25-2 (applied by analogy to stock) requires that the proceeds be allocated to the two instruments based on their relative fair values. This method is generally appropriate if debt or stock is issued with any other freestanding instrument that is classified in equity (such as a detachable forward contract) or as a liability but not subject to subsequent fair value accounting.

Given that our convertible notes and common stock that were issued with warrants are both not subject to subsequent fair value accounting treatment, Management determined the relative fair value method shall be used for allocating the proceeds of the transaction. Under the relative fair value method, the instrument being analyzed is allocated a portion of the proceeds based on its fair value to the sum of the fair value of all the instruments covered in the allocation. Management additionally evaluates the facts and circumstances to determine whether the principal balance of convertible notes approximate their fair value, which we have concluded for all convertible notes issued.

As a result of our fair value calculations, we recognized $928,779 and $515,763 of additional paid in capital associated with the value of the warrants and beneficial conversion, respectively, resulting in a total notes payable discount of $1,444,542, which was completely amortized in 2021. As such, no debt discount amortization was recognized during the year ended December 31, 2022.

Net Loss per Share

The Company follows ASC 260, *Earnings Per Share*, which requires presentation of basic and diluted earnings per share ("EPS") on the face of the income statement for all entities with complex capital structures. Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive. There were 772,273 unvested RSU's considered potentially dilutive securities outstanding as of December 31, 2022 and 2,200,003 unvested RSU's considered potentially dilutive securities outstanding as of December 31, 2021. Diluted net loss per share is the same as basic net loss per share for each period.

Recent Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging— Contracts in Entity's Own Equity (Subtopic 815-40)*. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock. The accounting model for beneficial conversion features is removed. The ASU is effective for smaller reporting companies for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company determined that this update will impact its consolidated financial statements, but has not yet determined the impact.

5. BUSINESS COMBINATIONS

On June 22, 2021, the Company entered into an Asset Purchase Agreement with Cryocann USA Corp, a California corporation ("Cryocann"), pursuant to which Company acquired substantially all the assets of Cryocann (the "Cryocann Acquisition"). The aggregate purchase price was $3,500,000 million in cash and 10,000,000 shares of Company common stock and a promissory note was issued for $1,252,316 payable by Company to Cryocann on October 15, 2021, which represents the remaining Purchase Price of $2,500,000 minus the amount owed by Cryocann under a Loan Agreement dated April 23, 2021 by and between Cryocann and the Company.

The Company concluded that the Cryocann Acquisition qualified as a business combination under ASC 805. The Company's allocation of the purchase price was calculated as follows:

Cash	$ 2,247,684
Common stock	1,804,500
Promissory Note	1,220,079
Total purchase price	$ 5,272,263

Description	Fair Value	Weighted average useful life (in years)
Assets acquired:		
Intangible assets:		
In process research and development	3,209,000	Indefinite
Patent	873,263	10
Goodwill	1,190,000	
Total assets acquired	$ 5,272,263	

As if the acquisition occurred on January 1, 2021, as reported in our pro forma basis, our net loss would have been $9,209,433 and our net loss per common share would have been $0.05 for the year ended December 31, 2021. Our net sales would have remained unchanged during the period. These pro forma results are not necessarily indicative of the results that actually would have occurred if the acquisition had occurred on the first day of the periods presented, nor does the pro forma financial information purport to represent the results of operations for future periods.

The following table below represents the revenue, net loss and loss per share effect of the acquired company, as reported in our pro forma basis as if the acquisition occurred on January 1, 2021. These pro forma results are not necessarily indicative of the results that actually would have occurred if the acquisition had occurred on the first day of the periods presented, nor does the pro forma financial information purport to represent the results of operations for future periods.

	For the Years Ended December 31,	
	2022	2021
Net sales	$ -	$ 7,641,737
Net loss	$ (10,422,691)	$ (12,417,483)
Net loss per common share	$ (0.05)	$ (0.08)

6. DISCONTINUED OPERATIONS

In June 2020, the Company's board of directors adopted a plan to exit the cultivation, manufacturing of infused products and retail distribution businesses through the termination of its VIE relationship with CMI. The Company determined that this event represented a strategic shift having a major effect on the Company's operations and financial results.

The consolidated statements of operations include the following operating results related to these CMI discontinued operations:

	Year Ended December 31,	
	2022	2021
Net sales	$ -	$ 5,891,894
Cost of goods sold, inclusive of depreciation	-	4,132,696
Gross profit	-	1,759,198
Operating expenses:		
Personnel costs	-	428,728
Sales and marketing	-	816,683
General and administrative	-	112,934
Legal and professional fees	-	44,092
Amortization expense	-	-
Total operating expenses	-	1,402,437
Gain from operations	-	356,761
Other income (expenses):		
Interest expense	-	(49,803)
Goodwill impairment	-	-
Intangibles impairment	-	-
Other income	-	-
Total other income (expenses)	-	(49,803)
Loss on disposal of discontinued operations	-	(3,021,724)
Net gain / (loss) from discontinued operations, before taxes	-	(2,714,766)
Income taxes	-	(10,235)
Net gain / (loss) from discontinued operations	$ -	$ (2,725,001)

As discussed in Note 2, we disposed of all CMI-related assets and extinguished any and all related obligations, resulting in a loss on disposal of discontinued operations of $3,021,724 in 2021.

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, of $525,855 and $225,000 as of December 31, 2022 and 2021, respectively, consisted entirely of machinery and equipment.

On October 24, 2022, our machinery and equipment was able to produce a commercially viable unit and we began depreciating the machine at that time.

	December 31, 2022	December 31, 2021
Leasehold improvements	$ -	$ -
Machinery and equipment	531,255	225,000
Furniture and fixtures	-	-
Construction in progress	-	-
	531,255	225,000
Less: Accumulated depreciation	(5,400)	-
	$ 525,855	$ 225,000

Depreciation expense for the years ended December 31, 2022 and 2021 was $5,400 and $0, respectively.

8. GOODWILL AND INTANGIBLE ASSETS

The carrying value of goodwill was $1,190,000 and $1,190,000, as of December 31, 2022 and December 31, 2021, respectively.

The following tables summarize information relating to the Company's identifiable intangible assets as of December 31, 2022 and December 31, 2021, respectively.

	As of December 31, 2022			
	Estimated Useful Life (Years)	Gross Amount	Accumulated Amortization	Carrying Value
Amortized				
Patent	120 months	873,263	(130,989)	742,274
Indefinite-lived				
In-process research and development	104 months	3,209,000	(69,675)	3,139,325
Internal use software	Indefinite	98,983	-	98,983
Total identifiable intangible assets		**$ 4,181,246**	**$ (200,664)**	**$ 3,980,582**

	As of December 31, 2021			
	Estimated Useful Life (Years)	Gross Amount	Accumulated Amortization	Carrying Value
Amortized				
Patent	120 months	873,263	(43,663)	829,600
Indefinite-lived				
In-process research and development	104 months	3,209,000	-	3,209,000
Total identifiable intangible assets		**$ 4,082,263**	**$ (43,663)**	**$ 4,038,600**

Amortization expense was $157,001 and $43,663 for the years ended December 31, 2022 and 2021, respectively.

9. LOAN RECEIVABLE

As a result of new agreements entered with CMI on December 31, 2021, as further detailed in Note 1 above, we received a $6,600,000 promissory note due to us no later than December 31, 2023, of which we determined the net realizable value of the gross amount of the note was $3,600,000. In consideration of the loan receivable, we conveyed to CMI, any and all manufacturing, grow equipment, and retail-related assets and other assets Seller owned in the state of Colorado and were used by CMI subsidiaries in the course of business, including client lists and appertaining intellectual property, as well as all liabilities related to these assets. During the first quarter of 2022, the Company issued an additional $620,000 in loans to CMI. During the fourth quarter of 2022, the Company deemed the full loan receivable balance to be uncollectible and therefore it is no longer included on the consolidated balance sheets as of December 31, 2022.

10. DEBT

On July 27, 2020, the Company entered into a subscription agreement consisting of 1) a convertible note and 2) warrants. The 1) convertible note had a face value of $250,000, matured August 1, 2022, and accrues interest at 8% per annum. The note was convertible into 2,500,000 shares of the Company's common stock at a conversion price of $0.10 per share. The beneficial conversion feature was accounted for in accordance with *ASC 470-20 Debt with Conversion and Other Options* and the resulting debt discount was amortized over the life of the note. The note was fully repaid on August 10, 2022. As of December 31, 2021, the net carrying amount was $177,083, which consisted of the $250,000 convertible note and $72,917 unamortized debt discount. The warrants were exercisable to purchase an additional 2,500,000 shares of common stock at $0.25 per share and expired on August 1, 2022.

On August 26, 2020, the Company entered into a $600,000 loan agreement, which accrued interest at 84% per annum. On January 25, 2021, the Company refinanced this loan at 93.6%, to obtain additional funding. The loan was fully repaid on April 27, 2021.

On March 18, 2021, the Company entered into a $225,000 note payable, which accrued interest at 15% per annum. The note was fully repaid on May 7, 2021.

Between March 29, 2021 and July 6, 2021, the Company entered into a series of similar subscription agreements with either domestic or non-US accredited investors, respectively (each, a "Initial Tranche Subscription Agreement (US)" and, respectively, "Initial Tranche Subscription Agreement (non-US)") pursuant to which the Company issued and sold to certain accredited investors, in the initial tranche of a non-brokered private placement (the "Private Placement"), an aggregate 3,000 units ("Units"), each Unit representing (i) one $1,000 principal amount term note providing for an optional conversion into shares of Company common stock at a price of $0.20 per share (each the "Initial Convertible Term Note") and (ii) a common share warrant for the purchase of 5,000 shares of Company common stock at an exercise price of $0.40 per share (each an "Initial Warrant"), for aggregate net proceeds of $3,000,000. The Initial Convertible Term Notes would have matured on March 31, 2022 had they not all been converted and the Initial Warrants expire unless exercised by March 31, 2023. Interest accrued on these notes at a rate of 12% per annum payable on a quarterly basis.

Between May 11, 2021 and July 6, 2021, the Company entered into a series of substantially similar subscription agreements with either domestic or non-US investors (each, a "Subscription Agreement (US)", and, respectively, "Subscription Agreement (non-US)") pursuant to which the Company issued and sold to certain accredited investors, in the second tranche of the Private Placement, an aggregate 1,900 units ("Units"), each Unit representing (i) one $1,000 principal amount term note (each a "Convertible Term Note") providing for an optional conversion into shares of Company common stock at a price of $0.20 per share and (ii) a common share warrant for the purchase of 5,000 shares of Company common stock at an exercise price of $0.40 per share (each a "Warrant"), for additional aggregate net proceeds of $1,900,000. The Convertible Term Notes and Warrants had a maturity of September 30, 2022 and the Warrants expire unless exercised by April 30, 2023. Interest accrued at a rate of 12% per annum payable on a quarterly basis.

All notes were converted during the fourth quarter of 2021.

On August 20, 2021, the Company entered into a $300,000 loan agreement, which accrued interest at 91.23% per annum. Payment was due on a weekly basis up to the maturity date of May 27, 2022. The loan was fully repaid on October 19, 2021.

On September 15, 2022, the Company entered into a $2,000,000 loan agreement which accrues interest at 12% per annum, payable quarterly. The full principal amount is due on October 1, 2024.

11. RELATED PARTY TRANSACTIONS

In conjunction with the Cryocann Acquisition, the Company received a promissory note from Matt Armstrong, an employee of the Company, for $281,771. This note receivable was issued as part of an employment agreement with Matt Armstrong, effective June 22, 2021, and was offset against his signing bonus on October 15, 2021. There was no interest associated with the note.

On August 19, 2021, the Company entered into a loan agreement of $237,590 with its Chief Executive Officer, Christian Noel. The note accrued interest at 14% per annum and was repaid on October 22, 2021.

On November 15, 2021, the Company issued 250,000 common shares and warrants, respectively, to Christian Noel in exchange for $50,000. In addition, the Company issued 760,000 common shares and warrants, respectively, to Trichome Capital Inc. in exchange for $152,000. Christian Noel has voting and investment control of Trichome Capital Inc.

On November 15, 2021, the Company issued 760,000 common shares and warrants, respectively, to Health Diplomats Pte Ltd in exchange for $152,000. Delon Human, one of our independent directors, owns 100% of Health Diplomats Pte Ltd.

On September 15, 2022, the Company entered into a loan agreement of $2,000,000 with CRYM Co-Invest, for which Alexander Massa, a 10% beneficial owner of the Company, has investment control. The note accrues interest at 12% per annum and matures on October 1, 2024.

12. SHAREHOLDERS' EQUITY

From June to August 2019, the Company completed a private placement for the sale of its common stock. The Company issued 14,325,005 shares of common stock for gross proceeds of $7,162,503, or $0.50 per share, minus equity issuance costs of $72,096.

In July 2019, the Company issued 13,553,233 shares of common stock in connection with the CMI Transaction (refer to Note 6).

During the year ended December 31, 2019, the Company issued 790,000 shares of common stock pursuant to advisory agreements. The fair value of $395,000 was included in legal and professional fees in the consolidated statements of operations.

In February 2020, the Company issued 400,000 shares of common stock pursuant to accelerated vesting of RSU's upon the resignation of a former executive.

In February 2020, the Company issued 200,000 shares of common stock pursuant to accelerated vesting of RSU's upon the resignation of a former board member.

In March 2020, the Company issued 1,175,549 shares of common stock to a former executive per a separation agreement.

In June 2020, four shareholders submitted 15,050,000 shares of common stock for cancellation pursuant to prior agreements among certain shareholders. Accordingly, the Company cancelled 15,050,000 shares of common stock.

In July 2020, the Company issued 10,000 shares of common stock to a former employee per a separation agreement.

In July 2020, one shareholder submitted 300,000 shares of common stock for cancellation pursuant to prior agreements. Accordingly, the Company cancelled 300,000 shares of common stock.

In August 2020, the Company issued 60,000 shares of common stock in order to raise capital.

In August 2020, the Company issued 757,895 shares of common stock to former board members per a separation agreement.

From October to December 2020, the Company issued 3,535,665 shares of common stock in order to raise capital.

From January to March 2021, the Company issued 1,491,819 shares of common stock in order to raise capital.

From April to June 2021, the Company issued 10,000,000 shares of common stock related to the CryoCann transaction, 6,903,172 shares of common stock pursuant to employment agreements, 2,500,000 shares of common stock in exchange for the extinguishment of debt, and 633,125 shares of common stock in exchange for services.

From July to September 2021, the Company issued 798,414 shares of common stock in order to raise capital, 633,707 shares of common stock in exchange for services, and 92,127 shares of common stock for interest payment on a note payable.

From October to December 2021, the Company issued 50,700,000 shares of common stock in order to raise capital, 1,570,501 shares of common stock in exchange for services, and 24,621,119 shares of common stock in exchange for extinguishment of debt.

From January to March 2022, the Company issued 458,334 shares of common stock in exchange for services, 550,000 shares of common stock for 2021 management performance bonuses, 185,529 shares of common stock for director compensation, and 1,000,000 shares of common stock for 2020 RSU grants vesting in January 2022.

From April to June 2022, the Company issued 687,501 shares of common stock in exchange for services, 1,000,000 shares of common stock related to director and management compensation, and 220,500 shares of common stock for exercise of warrants.

From July to September 2022, the Company issued 416,667 shares of common stock in exchange for services, 1,000,000 shares from sale of common stock, and 150,000 shares related to vesting of employee RSU grants. Additionally, 92,127 shares were cancelled related to an interest payment that was paid in cash.

From September to December 2022, the Company issued 125,000 shares of common stock in exchange for services.

Restricted Stock Unit Awards

The Company adopted its 2019 Omnibus Stock Incentive Plan (the "2019 Plan"), which provides for the issuance of stock options, stock grants and RSUs to employees, directors and consultants. The primary purpose of the 2019 Plan is to enhance the ability to attract, motivate, and retain the services of qualified employees, officers and directors. Any RSUs granted under the 2019 Plan will be at the discretion of the Compensation Committee of the Board of Directors. On January 10, 2022, the shareholders approved the 2022 Stock Incentive Plan which then replaced the 2019 Plan.

A summary of the Company's RSU award activity for the year ended December 31, 2022 is as follows:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2021	2,200,003	$ 0.45
Granted	2,064,386	0.29
Vested	(3,442,116)	0.40
Forfeited	(50,000)	0.17
Outstanding at December 31, 2022	772,273	$ 0.30

The total fair value of RSUs vested during the years ending December 31, 2022 and 2021 was $1,168,600 and $2,851,102, respectively. As of December 31, 2022 and 2021, there was $132,747 and $78,676, respectively, of unrecognized stock-based compensation cost related to non-vested RSU's, which is expected to be recognized over the remaining vesting period.

Stock-based compensation expense relating to RSU's was $603,463 and $1,685,066 for the years ending December 31, 2022 and 2021, respectively. Stock-based compensation for the year ending December 31, 2022 consisted of equity awards forfeited, granted and vested to employees, directors and consultants of the Company in the amount of $249,507, $349,110, and $4,846, respectively. Expenses for stock-based compensation is included on the accompanying consolidated statements of operations in general and administrative expense.

Stock Option Awards

A summary of the Company's stock option activity for the year ended December 31, 2022 is as follows:

	Stock Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2021	8,500,000	$ 0.18	9.2	$ 1,579,108
Granted and vested	-	-	-	-
Forfeited	-	-	-	-
Outstanding at December 31, 2022	8,500,000	$ 0.18	8.5	$ 1,579,108

During the years ended December 31, 2022 and 2021, the Company issued 0 and 5,000,000, respectively, of stock options to certain employees, which vested immediately, for a total fair value of $0 and $968,205, respectively. Stock-based compensation expense relating to stock options was $0 and $968,205, respectively.

During the year ended December 31, 2021, the Company issued warrants with the option to purchase 73,950,000 common shares at an exercise price of $0.40 per share. Of these warrants, 15,000,000 shares expire on March 31, 2023, 9,500,000 expire on April 30, 2023, 1,000,000 expire on September 17, 2023, 9,000,000 expire on October 15, 2023, 9,510,000 expire on October 26, 2023, 190,000 expire on November 2, 2023, 4,560,000 expire on November 10, 2023, 1,940,000 expire on November 15, 2023, 750,000 expire on November 17, 2023, and 22,500,000 expire on November 10, 2024. During the year ended December 31, 2022, 220,500 warrants were exercised at $0.30 per share.

The fair value of these warrants is $1,867,960, which is reflected in additional paid in capital.

13. INCOME TAXES

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in the tax laws and rates on the date of enactment. The Company recognizes interest and penalties related to unrecognized tax benefits within income tax expense.

The provision (benefit) for income taxes for the years ended December 31, 2022 and 2021 consists of:

	2022	2021
Current (benefit) provision		
Federal	$ -	$ -
State	-	-
Total Current	-	-
Deferred (benefit) provision		
Federal	$ (6,262)	$ 3,724
State	(15,527)	6,511
Total Deferred	$ (21,788)	$ 10,235
Total Provision	$ (21,788)	$ 10,235

The statutory federal income tax rate (21 percent) for the years ended December 31, 2022 and 2021 is reconciled to the effective income tax rate as follows:

	2022		2021	
	Tax	Percentage	Tax	Percentage
Income Taxes At Statutory Federal Income Tax Rate	$ (2,193,341)	21.00%	$ (2,202,256)	21.00%
State Taxes, Net Of Federal Income Tax Benefit	(15,527)	(0.15)	6,511	(0.06)
Return to Provision Adjustment - Permanent Items	(433,010)	4.15	-	0.00
Deferred Only Adjustment	(360,713)	3.45	-	0.00
Change in Valuation Allowance	2,984,005	(28.57)	1,838,803	(17.53)
Section 280E Expense Disallowance	-	0.00	367,177	(3.50)
Other	(3,203)	0.03	1	0.00
Effective tax	$ 10,235	(0.10)%	$ 10,235	(0.10)%

Deferred tax assets and liabilities by type at December 31, 2022 and 2021 are as follows:

Deferred Tax Assets (Liabilities):	2022	2021
Stock Compensation	$ 122,132	$ (7,335)
Stock Compensation - Options	256,288	259,057
Accrued Salary	-	44,384
Trademark/Trade Name	(73,637)	(8,033)
Developed Manufacturing Process - Extraction	-	(53,747)
Customer Relationships	-	1,947
Patent	-	3,589
In-Process Research & Development - CryoCann	(61,490)	(26,376)
Goodwill - CMI	-	179,892
In-Process Research & Development - CMI	89,619	98,135
Goodwill - CryoCann	(16,862)	3,490
NOL - Federal Pre-2018	43,367	43,367
NOL - Federal Post-2017	5,233,548	2,097,542
NOL - State	1,086,609	608,703
Deferred Tax Assets (Liabilities)	$ 6,690,261	$ 3,244,615
Valuation Allowance	(6,693,634)	(3,269,776)
Net Deferred Tax Assets (Liabilities)	$ (3,373)	$ (25,161)

As of December 31, 2022 and 2021, the Company had federal net operating loss carryforwards of approximately $25,128,168 and $10,194,806. As result of the 2017 Tax Cuts and Jobs Act ("TCJA") and the 2020 Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), any federal net operating losses generated in years beginning after December 31, 2017 can be carried forward indefinitely to offset taxable income in future periods. The amount of federal net operating losses with an indefinite carryforward totaled $24,921,659 as of December 31, 2022. The federal net operating losses generated prior to 2018 will begin to expire in 2037. State net operating losses were approximately $31,260,334 and $16,641,692 at December 31, 2022 and 2021. State net operating losses will begin to expire in 2041. The deferred tax assets before valuation allowance for the net operating losses were $6,363,524 and $2,749,613 as of December 31, 2022 and 2021. Should a change in ownership occur, the net operating losses would be subject to the limitations set forth under IRC Section 382.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. On the basis of this evaluation, as of December 31, 2022, the Company has recorded a full valuation allowance against its net deferred tax assets. The valuation allowance is estimated to be approximately $6,693,634 and $3,269,776 for the years ended December 31, 2022 and 2021, respectively. However, because deferred tax liabilities related to indefinite lived intangibles cannot be used as a source of income to recognize deferred tax assets with definite lives, the recorded valuation allowance exceeded the net deferred assets resulting in an overall net deferred tax liability, as reflected in the table above.

The Company has adopted the provisions of ASC 740 which prescribe the procedures for recognition and measurement of tax positions taken or expected to be taken in income tax returns. As of December 31, 2022, the Company does not have an accrual relating to uncertain tax positions. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date.

14. COMMITMENTS & CONTINGENCIES

Occasionally, the Company may be involved in claims and legal proceedings arising from the ordinary course of its business. The Company records a provision for a liability when it believes that it is both probable that a liability has been incurred, and the amount can be reasonably estimated. If these estimates and assumptions change or prove to be incorrect, it could have a material impact on the Company's consolidated financial statements. Contingencies are inherently unpredictable, and the assessments of the value can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions.

Lease Commitments

The Company accounts for lease transactions in accordance with Topic 842, *Leases* ("ASC 842"), which requires an entity to recognize a right-of-use ("ROU") asset and a lease liability for virtually all leases. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease.

There are no other leases that meet the reporting standards of ASU Topic 842 as the Company does not have any other leases with a term exceeding twelve months. There were no lease payments not accounted for under ASU Topic 842 for the years ended December 31, 2022 and 2021, respectively.

An ROU asset of $1,411,461 was recognized upon the CMI Transaction.

The present value of the liabilities decreased by $0 and $519,671 for the years ended December 31, 2022 and 2021, respectively. This balance is included in the operating section of the statement of cash flows for the years ended December 31, 2022 and 2021. Operating lease cost was approximately $0 and $664,686 for the years ended December 31, 2022 and 2021, respectively.

The right of use assets and lease liabilities assumed from the CMI transaction were disposed of as part of the disposal of our discontinued operations, which is described in further detail above.

The Company does not have any leases that have not yet commenced which are significant.

Legal Proceedings

Legal proceedings covering a dispute arising from a past employment agreements is pending against the Company's former business partner, CMI. In Gaudio v. Critical Mass Industries, LLC et al, CMI's motion to set aside a default judgment was granted April 26, 2021 and a mandatory mediation settlement conference is scheduled for March 30, 2023. It is possible that there could be adverse developments in the Gaudio case. An unfavorable outcome or settlement of pending litigation could encourage the commencement of additional litigation against CMI or the Company. We and our subsidiaries will record provisions in the consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. At the present time, while it is reasonably possible that an unfavorable outcome in the Gaudio case may occur, (i) management is unable to estimate the possible loss or range of loss that our Company would undergo that could result from an unfavorable outcome or settlement in Gaudio; and (iii) accordingly, management has not provided any amounts in the consolidated financial statements for an unfavorable outcome in this case, if applicable. Any applicable legal advice costs are expensed as incurred.

15. SUBSEQUENT EVENTS

On January 10, 2023, the Company issued a total of 1,100,000 shares of common stock to its three executive officers as performance bonuses for the 2022 fiscal year. In addition, 277,932 shares of common stock were issued to the Chief Executive Officer as additional compensation for serving as a director. The other four directors each received 277,932 RSUs which vest on January 10, 2025.

On January 16, 2023, the Company entered into a Patent License and Equipment Rental Agreement (Exhibit 10.20) stipulating that the Company may receive an upfront fee of $10.2 million for the lease of up to 12 units of the Company's Trichome Separation Systems., and subsequent royalty revenues from the operation of the units. Royalty payments, which consist of net revenues (as defined in the agreement) collected from customers will be split evenly between the Company and the licensee of the agreement.

Exhibit 10.20

PATENT LICENSE AND EQUIPMENT RENTAL AGREEMENT

This Patent License and Equipment Rental Agreement ("Agreement") is made as of January 16, 2023 ("**Effective Date**") by and between CryoMass Technologies Inc, a Nevada corporation, with offices at 1001 Bannock Street, Suite 612 Denver, CO 80204 ("Licensor"), on the one hand, and RedTape Core Partners LLC and their affiliates, with its principal offices at 8 The GRN STE A, Dover DE 19901 (collectively, "Licensee"), and Coastal Refinement Solutions Inc., a California corporation, with offices at 1636 Del Monte Blvd, Seaside, California ("First Sublicensee") on the other hand.

WITNESSETH

WHEREAS Licensor is the owner of the Licensed Patent and has the right to grant licenses thereunder;

WHEREAS Licensor owns and will build additional units of certain processing equipment, referred to also as the "CryoMass Refinement System" ("**Equipment**"), each equipment unit being termed a "Unit," and whereas Licensor has developed know-how related to the operation of the Equipment ("**Know-How**"), which Equipment and Know-How may only be used in connection with the Licensed Patent;

WHEREAS Licensee represented to Licensor that it has the necessary business relationships, licenses, processing know-how, and marketing resources to deploy the Units at Licensee affiliates' or third party's locations, for the sole purpose of conducting separation of trichomes from all types of cannabis sativa plant biomass only (that is, not for separating trichomes from any other plant biomass but for cannabis sativa biomass) ("**Permitted Toll Processing Activity**") to realize income;

WHEREAS Licensee and First Sublicensee wish to obtain from Licensor a license to use and rent the Equipment under certain rights for the use of the Licensed Patent solely in connection with the Units, and Licensor is willing to grant such a license upon the terms and conditions hereinafter set forth,

NOW THEREFORE, for and in consideration of the covenants, conditions and undertakings hereinafter set forth, the parties hereby agree as follows:

1. Definitions

1.1 Affiliate means any person or entity that controls, is controlled by, or is under common control with Licensee, directly or indirectly. For purposes of this definition, "control" and its various inflected forms means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such a person or entity, whether through ownership of voting securities, by contract or otherwise.

1.2 Cannabis Laws mean all applicable state and local laws governing the cultivation, harvesting, processing, manufacturing, transportation, and sale of cannabis sativa-based products (including hemp-based products).

1.3 Cannabis Licenses mean any and all temporary, provisional, or permanent, permit, license or authorization from, or registration with, any government authority that regulates the cultivation, harvesting, production, processing, marketing, distribution, sale, possession, transportation or transfer of cannabis, marijuana or related products in the relevant jurisdiction, whether for medicinal or recreational use.

1.4 Collected Revenue shall mean, with respect to each Reporting Quarter, Revenue that is actually collected.

1.5 Confidential Information means all information that is of a confidential and proprietary nature to Licensor or Licensee, including, but not limited to, all unpatented and patentable technical information, development, discoveries, software, know-how, methods, techniques, data, processes, devices, models, documentation, information, trade secrets, procedures, results and ideas and provided by one party to the other party under this Agreement. Confidential Information shall not include information that (a) can be demonstrated to have been in the public domain as of the Effective Date or comes into the public domain after the Effective Date through no fault of the receiving party; (b) can be demonstrated to have been known to the receiving party prior to execution of this Agreement and which was not acquired, directly or indirectly, from a third party under a continuing obligation of confidentiality or limited use to the disclosing party; (c) can be demonstrated to have been rightfully received by the receiving party after disclosure under this Agreement from a third party who did not acquire it, directly or indirectly, from the disclosing party under a continuing obligation of confidentiality; (d) can be demonstrated to have been independently developed by personnel of the receiving party who had no substantive knowledge of the disclosing party's information; or (e) is required to be disclosed pursuant to law or court order.

1.6 Earned Royalty means the amount due to Licensor for a Reporting Quarter, whether collected or not, as further defined in Section 3.

1.7 [***]

1.8 Government Authority means any federal, state, national, provincial, or local government, or political subdivision thereof, or any multinational organization or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof, or any governmental arbitrator or arbitral body).

1.9 Incurable Material Breach shall mean any of the following: (a) a failure to pay any portion of the Upfront License Fee by no later than 15 days after the due date, (b) failure by Licensee or Sub-Licensee to disclose any government inquiries in connection with such Licensee or Sub-Licensee's Cannabis License(s), (c) failure to maintain a valid Cannabis License, or (d) entering into a Side Agreement as such is defined in this Agreement.

1.10 "Know-How" means any and all technical information, trade secrets, formulas, prototypes, specifications, directions, instructions, test protocols, procedures, results, studies, analyses, raw material sources, manufacturing data, formulation or production technology, conceptions, ideas, innovations, discoveries, inventions, processes, methods, materials, machines, devices, formulae, equipment, enhancements, modifications, technological developments, techniques, systems, tools, designs, drawings, plans, software, documentation, data, programs, and other knowledge, information, skills, and materials which are known, learned, invented, developed or controlled by Licensor pertaining to the Equipment and/or Licensed Patent and/or useful in the manufacture or use of the Equipment and/or Licensed Patent and any modifications, variations, derivative works, and improvements of or relating to any of the foregoing.

1.11 Licensed Patent means the U.S. Patent Application No. 15/606672 entitled 'System and Method for Cryogenic Separation of Plant Material" which issued on December 15, 2020, as US. Patent 10,864,525, and does not include any continuations, reissues, reexaminations, or international equivalents thereof. For avoidance of doubt, Licensee is not permitted to use any of Licensor's Intellectual Property except as authorized under this Agreement for applications within the Territories and within the authorized field of use, which is: Permitted Toll Processing Activity. Should Licensor be issued, during the Term of the Agreement, a new patent applicable to the use of the Equipment, Licensor and Licensee shall amend this section to include such new patent under the definition of "Licensed Patent" for the purposes of this Agreement.

1.12 Liquidation Event means a (i) merger, share, exchange or other reorganization that results in a change of control (ii) the sale by one or more stockholders of a majority of the voting power of the Licensee ("Stock Sale"); or (iii) sale of all or substantially all of the assets of the Licensee (or that portion of its assets related to the subject matter of this Agreement) ("Asset Sale") in which for (i), (ii) and (iii) above, the stockholders of the Licensee prior to such transaction do not own a majority of the voting power of the acquiring, surviving or successor entity, as the case may be.

1.13 [***]

1.14 Net Revenue means Revenue LESS properly documented Permitted Expenses, which mean:

(a) cost of direct labor per hour solely for the operation of the machine for actual run time;

(b) utility costs, where direct utility costs or cost differentials can be identified and attributable to the operation of the Units;

(c) cost of materials used directly and exclusively in connection with the operation and repairs of the Units (e.g., liquid nitrogen), and

(d) a fixed agreed hourly administrative charge by Licensor based on actual processing hours with respect to invoicing, collections, recording, disbursements, and reporting, and

(e) cost of labor for Unit repairs and spare parts for the Units, which cost shall be split in equal parts among Licensor and Licensee.

[***]

1.15 Reporting Quarter means, with respect to each Unit, the three-month period beginning with the last day of the Grace Period and each three consecutive three-month period thereafter. For illustration purposes, if the Grace Period ends on May 1 with respect to a certain Unit, the Reporting Quarter will be the three-month period beginning May 1 and ending July 31. The first Reporting Quarter with respect to a Unit shall also include activities pertaining to the Grace Period for the respective Unit.

1.16 Revenue means the sum of all invoices generated (whether collected or not) in connection with the processing of plant matter by using the Equipment and/or Licensed Patent by Licensee, Affiliates, or Sublicensees via Permitted Toll Processing Activity to any customer or any other related revenue streams agreed among the Parties.

1.17 Sublicensee means any entity to which an express sublicense has been granted by Licensee under the Licensed Patents, but only provided that the Licensor has agreed to the terms of the sublicense. For clarity, all obligations of Sublicensees under this agreement also apply to the First Sublicensee, which is a signatory to the Agreement.

1.18 Territories shall mean California, Pennsylvania, New Jersey, New York and Florida (each, a "Territory").

2. License Grant and Equipment Rental.

2.1 License Grant. Licensor hereby grants to Licensee an exclusive commercial license partially revocable per the terms of this Agreement under the Licensed Patent and Know-How to use the Units in California, with an option to secure additional licenses for additional Territories under the same conditions as for California and under the terms of this Agreement, solely for Permitted Toll Processing Activity during the Term of this Agreement and solely in the manner further described in this Agreement. Licensor concurrently grants Sublicensee a commercial license partially revocable per the terms of the Agreement to use the first deployed Unit in California. A condition needed to maintain exclusivity for California, which is the first territory contemplated by this Agreement, and for First Sublicensee to maintain the license for the first deployed Unit is the payment of an Exclusivity Fee by Licensee for the Territory of California under section 3.1.

2.2 Sublicensing. Licensee has the right to grant Sublicense Agreements under the Licensed Patents subject to the following:

(a) A Sublicense Agreement shall be entered into only with the previous written consent of Licensor and shall not exceed the scope and rights granted to Licensee hereunder. Sublicensee must agree in writing to be bound by the applicable terms and conditions of the Agreement. Any draft and negotiations by Licensee with potential Sublicensees shall be discussed in advance with Licensor, and only contractual terms agreed in writing by the Licensor in its sole discretion shall be proposed. Any sublicense granted by Licensee to a Sublicensee shall prohibit the Sublicensee from further sublicensing.

(b) Licensee shall deliver to Licensor a true, complete, and correct copy of each Sublicense Agreement for review and written approval and submit to Licensor for its review and approval before offering or signing any modification or termination thereof, at least thirty (30) days before the intended execution, modification, or termination of such Sublicense Agreement.

(c) Sublicensees shall be in possession of valid Cannabis Licenses appropriate for conducting the Permitted Toll Processing Activity and for paying Sublicense royalties and/or Equipment rental fees.

(d) Licensor is hereby authorized to provide back-office administration invoices, and, if appropriate, collection of all payments due, directly or indirectly, to Licensor from Licensee or Sublicensees and/or their customers, and to summarize and deliver all reports and royalties due, directly or indirectly, to Licensor from Sublicensees.

(e) All rights and licenses of Sublicensees shall terminate upon termination of the Agreement, or, alternatively, if one of the Territories is terminated or exclusivity revoked for a Territory without a termination of the Agreement, the rights and licenses of the respective Sublicensees operating in the respective Territory shall terminate. In the event of Licensee's termination in general or termination of one or more Territories, Licensor may enter into a licensing agreement with any of the Sublicensees of the terminated Licensee, terminated Territory or of the revoked exclusivity for a Territory.

(f) Notwithstanding any sublicenses as permitted hereunder, Licensee shall remain primarily liable to Licensor for all of Licensee's duties and obligations contained in this Agreement, including without limitation the payment of Upfront license Fees and Royalties, whether or not paid to Licensee by a Sublicensee. Any act or omission of a Sublicensee that would be a breach of this Agreement if performed by Licensee, including violations of representations and warranties by Licensee to Licensor or Sublicensees to Licensee, will be deemed to be a breach by Licensee of this Agreement and will allow Licensor to take the corresponding actions, including, if applicable, discretionary termination of the Agreement and/or of the respective Territory as further provided in this Agreement.

2.3 Equipment Rental. If applicable, and as further stipulated, Licensor shall deploy to Licensee or to such Sublicensee facility as agreed between Licensor and Licensee, a total of 12 (twelve) Units within 24 months from the date of this Agreement, to be used solely for the purposes of Permitted Toll Processing Activity for the Term of this Agreement or until earlier termination. The deployment shall take place as follows: the first Unit was deployed on or about December 12, 2022 to Coastal Refinement Solutions Inc. (First Sublicensee) facility situated at 1636 Del Monte Blvd, Seaside, CA, 93955 and the first Unit is be covered by the terms of this Agreement; further, Licensee and First Sublicensee hereby represent that the respective facility is a holder of an applicable Cannabis Licenses as required by law, and as provided in this Agreement in Sections 2.2 and other relevant sections. Subsequent Units shall be deployed as agreed between Licensor and Licensee and following execution of Sublicense Agreements with owners of facilities who are holders of required Cannabis Licenses in one or more of the Territories. Licensor shall not have a duty to deliver, and shall not deliver, additional Units if any installment of the Upfront Fee [***] is not fully paid. [***] Upon the earlier of (a) partial termination of this Agreement with respect to one or more of the Territories or (b) termination of this Agreement, all Units with respect of the Territory shall be returned to Licensor in the same condition as when received, ordinary wear and tear excepted. Licensor at all times shall retain title to and have access to the Units, which shall be conspicuously labeled at all times as "**Property of Cryomass Technologies Inc and not subject to any enforcement/collections against Licensee or Sublicensee, except enforcement by Cryomass Technologies Inc**" or a similar labeling provided by Licensor, which may, in Licensor's sole discretion, include a reference to the Licensed Patent or other Licensor intellectual property. Licensee and/or Sublicensees shall keep the Units free from any other marking or labeling which might be interpreted as a claim of ownership by anyone else than Licensor. Licensee and/or Sublicensees shall not have the right to dispose of or alter the Equipment other than as provided in this Agreement.

2.4 Use of Equipment and Repairs. Licensee and Sub-Licensees, including First Sublicensee, will only use the Equipment in the manner provided in the Equipment instruction manual or as otherwise specifically instructed by Licensor. Licensee/Sublicensees (including First Sublicensee) shall maintain and provide Licensor with customer data sheets in the format required by Licensor. Any Licensee personnel or contracted personnel shall only operate the Units after having been duly trained. Records of training will be maintained by Licensee and/or Sub-Licensee (including First Sublicensee) as applicable and available for inspection by Licensor with reasonable notice. Licensee/Sublicensee (including First Sublicensee) shall promptly notify Licensor of any Unit malfunction or needed repairs and shall not perform any repairs. Only authorized Licensor contractors or employees shall repair the Units. Licensee shall provide reasonable access to Units, information and support for the repairs.

2.5 Reservation of Rights. Licensor reserves the right to improve and deploy the Licensed Patent and the Equipment for any purposes in any other territory outside the Territories and in the Territories for any purpose other than cannabis sativa separation and processing.

3. <u>Fees and Royalties</u>.

3.1 Upfront Fee. A total of US$10,200,000 (ten million and two hundred thousand United States dollars), [***] shall be paid by Licensee as Upfront Fee. The Upfront Fee shall comprise of an Exclusivity Fee and an Equipment Fee. [***] If an Exclusivity fee is not paid by Licensee for a Territory after March 15th 2023, Licensor is free to grant exclusivity and license the Licensed Patent, rent or dispose of the Equipment and provide its Know-How to any party in Licensor's sole discretion within that Territory. Exclusivity Fees paid shall be credited against the Upfront Fee payable with respect to an individual Territory. [***]) Payments towards an Upfront Fee with respect to a Territory shall be applied to the Exclusivity Fee first and the balance of the payment shall be credited against the Equipment Fee. [***] The Licensee shall designate which Territory or Territories that each payment of Upfront Fees shall be applied to, whether such payment shall be applied to an Exclusivity Fee or an Equipment Fee. Licensee's failure to pay an Upfront Fee in a timely manner shall jeopardize Licensee's ability to secure exclusivity for the respective Territory. Downtime longer than 7 (seven) calendar days on any Unit due to Licensor's fault shall extend the payment periods for the respective Quarter for the number of days when the Unit could not be used due to Licensor's fault. Should the manufacturing costs of the Units increase between the date of this Agreement and the actual date of manufacture of each Unit, the Upfront Fee shall be adjusted upwards to reflect the actual manufacturing cost increase, and the adjusted difference shall be billed together with the next due Earned Royalty, together with an explanation of the Unit manufacturing cost increase.

3.2 Unit 1 Deployment. The Parties hereto acknowledge and agree that as of December 12, 2022, Unit 1 has been delivered and installed at the Coastal Refinement Solutions Inc. (First Sublicensee) facility by Licensor. [***]

3.3 Royalties. Licensee shall be liable to pay Licensor an Earned Royalty in the amount of fifty percent (50%) of Licensee's Net Revenue during the Term of this Agreement, which shall be payable on the following schedule: Following a Licensor Report, provided in the manner and content described in Section 4.2, Licensee will pay Licensor the amount of the Earned Royalty deriving from Net Revenue collected by Licensee during the reporting period applicable to that Licensor Report, within 7 (seven) calendar days from delivery of the Licensor Report by Licensor to Licensee, which Licensor Report will be drafted based partially on bank statements received from Licensee to be promptly delivered at the end of each month. In any event, all amounts collected and accurately applied/identified against invoices and expenses during a given month shall be distributed within 7 (seven) days from the delivery of the Licensor Report or any applicable reconciliation of accounts for the respective month. Licensee will subsequently pay Licensor the balance of the Earned Royalty promptly after Licensee collects applicable revenue. Payments to Licensee and/or Licensor from the Bank Account with respect to any month shall only be made following proper reconciliation of collections with respect to an open Quarterly Report and paid and identified as Earned Royalty payments with respect to a specific Quarterly Report and Unit. Any collection expenses regarding Revenue from Sublicensees and/or their customers, which may be initiated by Licensor, shall be at the charge of the Licensee. Licensee's failure or delay in collecting any due revenue or royalties from Sublicensees and/or their customers shall not relieve Licensee from the obligation to meet the Earned Royalty payment obligation. Any Revenue not collected by the end of a Reporting Quarter shall be collected as soon as practicable during the subsequent Reporting Quarter, Net Revenue with respect to such Revenue shall be calculated and the respective portion of the Net Revenue representing unpaid Earned Royalties due to Licensor for past Reporting Quarters shall be reconciled and distributed as soon as practicable in subsequent Reporting Quarters. Uncollected amounts shall be addressed in the manner described in Section 4.6. Licensee shall agree with Permitted Toll Processing Activity customers or, as applicable with Sublicensees the credit terms regarding payments due in connection with the Permitted Toll Processing Activity and related revenue streams that may be agreed from time to time for recycling of plant material. Licensee shall collaborate at all times with Licensor in communicating with Sublicensees and providing the necessary information required by Licensor to ensure the accuracy of the Licensor Report.

3.4 Sublicensing Fee.

(a) Licensee shall not enter into negotiations with Sublicensees and shall not enter into any Sublicense Agreement without the written consent of an authorized officer of the Licensor and as otherwise provided in this Agreement.

(b) All revenues generated by Licensee and/or Sublicensees (including First Sublicensee) shall be included in the Revenue calculation. Licensee is not allowed to enter into any side agreement, explicit or implicit, verbal or in writing, with Sublicensee, its affiliates or any third party with a view to circumvent Licensee's contractual obligations towards Licensor, reduce the amount of Net Revenue or reduce the Earned Royalty ("**Side Agreement**"). Evidence of a Side Agreement shall be considered an Incurable Material Breach of this Agreement and shall promptly give Licensor the right to terminate this Agreement upon notice, collect any Earned Royalty that would have been due to Licensor but for the Side Agreement, and avail itself of any other remedies at law or equity.

3.5 [***]

3.6 Non-cash Consideration. Licensee shall not receive anything of value in lieu of cash payments from Sublicensees in consideration for any agreements, verbal or in writing, including, but not limited to Sublicense Agreements, which may have as an effect a reduction in Revenue from Sublicensees without the express prior written consent of Licensor which may be withheld in Licensor's sole and absolute discretion. In the event a non-cash consideration is expressly agreed to in writing by Licensor at a future date, such consideration shall be valued at its fair market value as of the date of receipt for purposes of calculating the payments due to Licensor under this Agreement.

3.7 Upfront Fee Early Payment Incentive. If, and only if, Licensee pays Licensor the entire amount of US$ 10,200,000.00 of Upfront Fee by or before June 15, 2023, then Licensor will issue Licensee as of June 16, 2023 a Common Share Purchase Warrant ('Warrant"), which shall terminate on June 15, 2025 ("Termination Date"), and which shall entitle Licensee to subscribe for, and purchase from, Licensor 4,200,000 (four million two hundred) common shares of the capital of Licensor by or before the Termination Date , with an exercise price of US$0.50, and with general terms and conditions consistent with similar warrants issued by Licensor in past subscriptions.

4. Payment.

4.1 Bank Account. [***] Licensee shall not pay any employee, contractor or vendor from Bank Account. Licensee shall disburse payments from Bank Account to Licensor or Licensee only [***] when due under this Agreement, and only in respect to an open Quarterly Report. Licensee's creditors, which lien and security interest may be evidenced by the filing of a UCC-1 filing statement in the appropriate jurisdiction. Licensee will provide Licensor with viewing access to the Bank Account for the purpose of drafting the Licensor Report and reconciliation of receivables. In any event, at any time Licensor may request, and shall promptly receive, a Bank Account Statement from Licensee. [***]

4.2 Licensor Financial Reporting. Fifteen calendar days after the end of each Reporting Quarter in respect with each Unit, Licensor shall provide Licensee with a report on all Revenues and Permitted Expenses in connection with Permitted Toll Processing Activity or any other revenue streams agreed with Licensor per Unit, expressly permitted by Licensor and generated solely by authorized uses of each Unit deployed to date under this agreement ("Licensor Report"), in connection and in respect with each Unit, whether such revenue is generated directly by Licensee or by any of the Sublicensees. Licensor shall submit this report even if there are no Revenues with respect to the Unit during the Reporting Quarter. This report (in the form of Exhibit A) shall include Earned Royalties due under Section 3.2 above. [***] Fifteen days after the end of each calendar month in respect with each Unit Licensor shall provide Licensee with an update on the Quarterly Report on all Revenues and Permitted Expenses in connection with Permitted Toll Processing Activity or any other revenue streams agreed with Licensor per Unit, expressly permitted by Licensor and generated solely by authorized uses of each Unit deployed to date under this agreement ("Licensor Report"), in connection and in respect with each Unit for the respective month, whether such revenue is generated directly by Licensee or by any of the Sublicensees.

4.3 Records. Licensee shall keep, and shall require its Affiliates, Sublicensees and their customers to keep, accurate and correct books of account, records of all transactions in connection with this Agreement and the Sublicense Agreements, and any and all other records that may be necessary for the purpose of showing the amounts payable to Licensor hereunder for at least six (6) years from the end of the calendar year of the record documents. Said records shall be kept at Licensee's, Affiliates' or Sublicensees' principal place of business.

4.4 Audit. Licensee shall, and it shall require all Affiliates, Sublicensees and their customers to: (a) open such records for inspection upon reasonable notice during business hours, and no more than once per year, by either Licensor's, Licensor's auditor(s) or an independent certified accountant selected by Licensor, for the purpose of verifying the amount of payments due; and (b) retain such records for at least six (6) years from the end of the calendar year of the record documents. The terms of this Article shall survive any termination of this Agreement. Licensor is responsible for all expenses of such inspection, except that if any inspection reveals an underpayment greater than five percent (5%) of royalties due to Licensor, then Licensee shall pay all expenses of that inspection and the amount of the underpayment and interest to Licensor within thirty (30) days of written notice thereof. Licensee shall also reimburse Licensor for reasonable expenses required to collect the amount underpaid.

4.5 Payment. All disbursements due to Licensor and Licensee shall be released from the Bank Account and made in U.S. dollars by wire or electronic transfer [***]

4.6 [***]

5. **Performance Milestones**. Licensee agrees to use commercially reasonable and diligent efforts to engage with potential Sublicensees and negotiate in good faith agreements under terms consented to by Licensor as soon as practicable. Licensee shall complete the milestones set forth in Exhibit B attached hereto on or before the deadlines set therein. Licensor shall have sole discretion to determine if Licensee has satisfied a milestone.

6. **[***]**

7. **Security Breach**. Either Party shall promptly notify the other party in the event of a suspected or established breach of security (physical or virtual) in connection with any and all activity related to this Agreement, potentially resulting in an unauthorized disclosure, misappropriation or loss of Confidential Information or Know-How. The Parties shall collaborate in identifying the responsible for the breach and mitigate the effects, and in prosecuting the responsible. The Parties shall cooperate with government authorities investigating security breaches.

8. **Term and Termination**.

8.1 Term. Unless terminated earlier as provided for herein, the "Term" of this Agreement will commence on the Effective Date and continue for a duration of 5 (five) years, unless terminated pursuant to this Section 8 or as otherwise provided in this agreement.

8.2 Termination by Licensee. Licensee may not terminate this Agreement other than for a material Licensor's breach of Licensor's duties under this Agreement, which breach is not cured for 60 (sixty) calendar days from the date a notice of breach is duly served on Licensor.

8.3 Termination by Licensor. Licensor may terminate this Agreement in its sole discretion if Licensee (or any of its Affiliates or Sublicensees):

(a) Commits an Incurable Material Breach (which includes breaches by Sublicensees and affiliates);

(b) is delinquent more than 15 (fifteen) calendar days in any Licensee Report or payment due under this Agreement;

(c) is not using commercially reasonable and diligent efforts to generate revenue in furtherance of this Agreement;

(d) fails to meet a milestone set forth in Exhibit C, which Exhibit C shall be agreed between Licensor and Licensee no later than June 15, 2023;

(e) is in breach of any material provision of this Agreement, including, but not limited to, Sections 3 and 4;

(f) engages a potential Sublicensee without Licensor permission;

(g) has provided, on its behalf or on behalf on another person, any representations and warranties that are false or has failed to update representations and warranties that are no longer accurate;

(h) provides any false Licensee Report.

8.4 Partial Termination as to a Territory. With respect to any Territory, if Licensee (itself or through Sublicensees) fails to realize the Minimum Revenue for more than two Reporting Quarters in a row in connection with any Unit deployed in a Territory, Licensor shall, in its sole discretion revoke the Licensee's exclusive license as to the Territory (and thus any Sublicense may be terminated with respect to such Territory) and give another party a concurrent, non-exclusive license as to the Territory and deploy additional Units to any party designated by Licensor.

8.5 Bankruptcy. This Agreement shall automatically terminate without further action by either party if either Licensor or Licensee files for bankruptcy, has a bankruptcy action against it, becomes insolvent, enters into a composition with creditors or has a receiver appointed for it. All Earned Royalty and/or Upfront License Fee becomes immediately due in such circumstances.

8.6 Effect of Termination. If the Agreement is terminated for any reason:

(a) All rights and licenses of Sublicensees shall terminate upon termination of the Agreement; and

(b) Licensee shall cease advertising, using or in other manner generating revenue in connection with the Licensed Patent or Equipment by the effective date of termination; and

(c) Licensee shall only be liable for payment of all accrued royalties and other payments due to Licensor as of the effective date of termination as well as any accrued interest, and such payment shall be due immediately; and

(d) If the Agreement is terminated for Licensee's failure to pay the first Upfront Fee installment, then any Unit(s) deployed to Licensee, its Affiliates or Sub-Licensees, shall be promptly returned to Licensor at Licensee's expense.

(e) Nothing in this Agreement will be construed to release either party from any obligation that matured prior to the effective date of termination.

8.7 Surviving Provisions. The following Sections shall survive the termination of this Agreement:

(a) Section 9 (Confidentiality)

(b) Section 10 (Background Intellectual Property and Improvements)

(c) Section 11 (Patent Matters)

(d) Section 13 (Government Laws and Regulations)

(e) Section 14 (Warranties and Disclaimers)

(f) Section 15 (Risk)

(g) Section 17 (Use of Name)

(h) Section 18 (Notices)

(i) Section 19 (General Provisions)

The following Paragraphs and Articles shall survive termination with respect to any activities and payment obligations accruing prior to termination or expiration of the Agreement:

(j) Section 3 (Fees and Royalties)

(k) Section 4 (Payment)

9. **Confidentiality.** Licensor, Licensee and First Sublicensee each agree that all Confidential Information disclosed in tangible form, and marked "confidential" and forwarded to one by the other, or if disclosed orally, is designated as confidential at the time of disclosure: (i) is to be held in strict confidence by the receiving party, (ii) is to be used by and under authority of the receiving party only as authorized in the Agreement, and (iii) shall not be disclosed by the receiving party, its agents or employees without the prior written consent of the disclosing party. Licensee has the right to use and disclose Confidential Information of Licensor reasonably in connection with the exercise of its rights under the Agreement, including without limitation disclosing to Affiliates, Sublicensees, potential investors, acquirers, and others on a need-to-know basis, if such Confidential Information is provided under conditions which reasonably protect the confidentiality thereof. Each party's obligation of confidence hereunder includes, without limitation, using at least the same degree of care with the disclosing party's Confidential Information as it uses to protect its own Confidential Information, but always at least a reasonable degree of care.

10. **Background Intellectual Property and Improvements.** As between the Parties, and subject to the licenses granted under this Agreement, each Party retains all rights, title, and interests in and to all patent rights, know-how, and other intellectual property rights that such Party owns or otherwise controls as of the Effective Date or that it develops or otherwise acquires after the Effective Date outside the performance of the activities under this Agreement. Both Parties acknowledge that Licensor shall have exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising out of or created during the performance of this Agreement (the "Developed Intellectual Property Rights"). Licensee and/or Sublicensees, as appropriate, shall take all appropriate actions and render all appropriate assistance for the purposes of vesting any ownership, title or interest of any Developed Intellectual Property Rights in Licensor as well as to vest in Licensor any new patents hereafter developed by Licensee and/or Sublicensees.

11. Patent Matters.

11.1 Patent Costs.

Licensor shall bear all costs related to the License Patent maintenance.

11.2 Marking. Licensee shall mark all Units as "Property of Cryomass Technologies Inc and not subject to any enforcement/collections against Licensee or Sublicensee, except enforcement by Cryomass Technologies Inc" or a similar labeling provided by Licensor, which may, in Licensor's sole discretion, include a reference to the Licensed Patent or other Licensor intellectual property. Licensee and/or Sublicensees shall keep the Units free from any other marking or labeling which might be interpreted as a claim of ownership by anyone else than Licensor. Licensee shall mark all Units, if applicable, with any patent markings required by law as instructed by Licensor.

11.3 Infringement of the Licensed Patent or Unauthorized Disclosure of Know-How.

(a) If either Licensor, Licensee or First Sublicensee becomes aware of any infringement or potential infringement of the Licensed Patent, or of any unauthorized disclosure or use of the Know-How, each party shall promptly notify the other of such in writing.

(b) Licensor shall, in its sole discretion, enforce the Licensed Patent against any infringement by a third party. Licensee and/or First Sublicensee shall provide cooperation and, if determined necessary by Licensor, shall join as a party. Licensee and/or First Sublicensee shall not settle, enter into voluntary disposition of, or compromise any other type of litigation in a manner that imposes any obligations or restrictions on Licensor or grants any rights to the Licensed Patent without Licensor's prior written permission.

(c) Licensor shall retain the right at any time to initiate an infringement action to enforce the Licensed Patent against the infringing activities. If Licensor pursues an infringement action in which the person or persons responsible for the infringement are affiliated with Licensee or Sublicensees, Licensee shall be responsible for all costs related to the infringement action. In addition, Licensor, in its sole discretion, shall have the right at any time to intervene at Licensor's own expense and join Licensee in any claim or suit for infringement of the Licensed Patents. In the event Licensor elects to join in such a claim or suit, any consideration received in connection with any such claim or suit shall be shared between Licensor and Licensee in proportion with their share of the litigation expenses in such infringement action.

(d) In any infringement suit or dispute, the parties agree to cooperate fully with each other. At the request of the party bringing suit, the other party will permit reasonable access after reasonable advance notice to all relevant personnel, records, papers, information, samples, specimens, etc., during regular business hours, as is necessary for the infringement suit or dispute and/or to comply with lawful process of a court of competent jurisdiction.

(e) If it is necessary to name Licensor as a party in such action for infringement, then Licensee must first obtain Licensor's prior written permission, which permission shall not be unreasonably withheld, provided that Licensor shall have reasonable prior input on choice of counsel on any matter where such counsel represents Licensor.

11.4 Challenging the Licensed Patent.

(a) In the event that Licensee or its Sublicensee(s), during the Term of this Agreement, contest the validity or enforceability of the Licensed Patent or whether there is infringement of the Licensed Patent (collectively, "Patent Challenge"), Licensee agrees, and shall require its Sublicensees to agree, to pay to Licensor all royalties due under the Agreement during the period of the Patent Challenge. Such amounts shall be paid directly to the Licensor as specified in Section 4.4 and not into any escrow or other account.

(b) In the event that a Patent Challenge brought by Licensee is successful, Licensee shall have no right to recoup any royalties paid prior to the conclusion of the Patent Challenge. The parties agree that a Patent Challenge is concluded when a court of competent jurisdiction enters final judgment or when a national patent office enters a final determination, and in any event when the parties have exhausted all possible appeals.

(c) In the event of a Patent Challenge brought by Licensee, Licensee shall pay the reasonable attorney fees and costs of Licensor in such action if the challenged Licensed Patent(s) is/are not found invalid, unenforceable or limited in scope by a United States District Court or the U.S.P.T.O. or another competent jurisdiction.

(d) Licensor reserves the right to terminate this Agreement immediately if Licensee or its Affiliate or Sublicensee initiates any proceeding or action to challenge the validity, enforceability, or scope of one or more of the Patent rights, or assist a third party in pursuing such a proceeding or action.

12. **Licensor's Right of First Refusal**. Should Licensee, or Licensee's parent company, receive a solicited or unsolicited offer for either a majority of the assets or majority (51%) stock acquisition of Licensee's assets or, respectively, stock from one party (including its affiliates), Licensee or its parent company shall promptly inform Licensor of such offer, including the identity of the offeror, and shall give Licensor the right of first refusal with respect to such offer at the offering price. Licensor shall have 10 (ten) calendar days to provide its offer with respect to either Licensee's assets or stock, followed by a 30 (thirty) days due diligence and an additional 30 (thirty) days for Licensor to raise capital

13. Government Laws and Regulations.

13.1 Government Approvals. Licensee (including Licensee's affiliates), at Licensee's expense, or Sublicensee. Including First Sublicensee, as appropriate, shall obtain and maintain at all times all necessary government approvals, including Cannabis License for deployment of Units, use of Licensed Patent and generation of revenues in connection with this Agreement and any applicable Sublicense. **Under no circumstance shall Licensor be, and shall not be, considered or represented to be a third-party beneficiary of any cannabis product manufacturing or transaction relationship between Licensee and a Cannabis License holder from any state. Should any Government Authority indicate to Licensee, its affiliates or Sublicensees, verbally or in writing, that it might consider Licensor a third-party beneficiary in connection with any cannabis-related transaction requiring a Cannabis License, the person having knowledge of such potential designation shall promptly (1) inform Licensor of the circumstances of the Government Authority statement, and (2) shall fully cooperate with Licensor to ensure that Licensor will not be considered a third-party beneficiary or a person operating without a Cannabis License.**

13.2 Government Registration. If this Agreement or any associated transaction is required by law to be either approved or registered with any governmental agency, Licensee shall assume all legal obligations to do so and shall do so at Licensee's expense.

13.3 Violations of Applicable Cannabis Laws and Regulations. Licensee and First Sublicensee shall observe and shall contractually mandate their affiliates and Sublicensees to observe all applicable cannabis laws and regulations.

14. Warranties and Disclaimers.

14.1 Licensor Representations and Warranties. Licensor represents and warrants to Licensee that to the best of the knowledge of Licensor, Licensor has full corporate power and authority to enter into this Agreement, this Agreement constitutes the binding legal obligation of the Licensor, and execution and performance of this Agreement by Licensor will not violate or conflict with any other agreement to which Licensor is a party or by which it is bound or with any law, rule or regulation applicable to Licensor. Licensor further represents and warrants that it is a duly organized, validly existing entity, and is in good standing under the laws of its jurisdiction of organization.

14.2 Licensor's DISCLAIMER OF WARRANTIES. EXCEPT AS SPECIFICALLY SET FORTH ABOVE, LICENSEE UNDERSTANDS AND AGREES THAT LICENSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, AS TO THE UNITS, OR AS TO THE OPERABILITY OR FITNESS FOR ANY USE OR PARTICULAR PURPOSE, MERCHANTABILITY, SAFETY, EFFICACY, APPROVABILITY BY REGULATORY AUTHORITIES, NONINFRINGEMENT, AND/OR BREADTH OF PATENT RIGHTS. LICENSOR MAKES NO REPRESENTATION AS TO WHETHER ANY CLAIM OR PATENT WITHIN PATENT RIGHTS IS VALID, OR AS TO WHETHER THERE ARE ANY PATENTS NOW HELD, OR WHICH WILL BE HELD, BY OTHERS OR BY LICENSOR THAT MIGHT BE REQUIRED FOR USE OF PATENT RIGHTS IN FIELD OF USE. NOTHING IN THE AGREEMENT WILL BE CONSTRUED AS CONFERRING BY IMPLICATION, ESTOPPEL OR OTHERWISE ANY LICENSE OR RIGHTS TO ANY PATENTS OR TECHNOLOGY OF LICENSOR OTHER THAN THE PATENT RIGHTS, WHETHER SUCH PATENTS ARE DOMINANT OR SUBORDINATE TO THE PATENT RIGHTS, OR THE UNITS SPECIFICALLY DESCRIBED HEREIN.

14.3 Licensee's and First Sublicensee's Representations and Warranties. Licensee and First Sublicensee each represent that each has full corporate power and authority to enter into this Agreement, this Agreement constitutes the binding legal obligation of the Licensee and/or First Sublicensee, and execution and performance of this Agreement by Licensee and /or First Sublicensee will not violate or conflict with any other agreement to which either Licensee or First Sublicensee is a party or by which it is bound or with any law, rule, or regulation applicable to such parties. Licensee and First Sublicensee each further represents and warrants that it is a duly, validly existing entity, and is in good standing under the laws of its jurisdiction of organization. Licensee and First Sublicensee each further represents and warrants that it has had the opportunity to review the Licensed Patent along with the prosecution history of Patent Application No. 15/606672 entitled "System and Method for Cryogenic Separation of Plant Material," and that Licensee and/or First Sublicensee had the opportunity to engage professionals to aid Licensee and/or First Sublicensee in this review; based on that review, Licensee and/or First Sublicensee believes that the Licensed Patent is valid and enforceable.

15. Risk.

15.1 Indemnification.

Licensee (including RedTape Core Partners LLC and its affiliates) and First Sublicensee and its affiliates) agree to indemnify, defend (with counsel selected by Licensor) and hold harmless Licensor, and its respective officers, directors, managers, employees, and agents ("Indemnitees") against any and all liabilities, claims, suits, causes of action, judgments, liens, losses, damages, costs, fees, penalties, fines and expenses (including, without limitation, reasonable attorneys' fees and other expenses of litigation) ("Liabilities") resulting from claims or demands brought by third parties against an Indemnitee on account of any injury or death of persons, damage to property, or any other damage or loss whatsoever (1) arising out of or in connection with Licensee's actions under this Agreement; (2) arising out of or in connection with the exercise or practice of the rights granted hereunder by or under authority of Licensee, its Affiliates or their Sublicensees, or (3) relating in any way to the use of Units once deployed by Licensor. This indemnification shall include, without limitation, any product liability claim or other claim of any kind related to the use by a third party of a Unit that was manufactured, sold, rented or otherwise disposed of by Licensor, its assignees, Sublicensees, vendors, or other third parties, and (ii) a claim by a third party that the Licensed Patent or the design, composition, manufacture, use, lease, sale or other disposition of any Unit infringes or violates any patent, copyright, trademark or other intellectual property rights of such third party; provided, however, that Licensee will not be required to indemnify Licensor for any claim against Licensor for patent infringement based on a permissible use of the Equipment under this License Agreement. For avoidance of doubt, Licensor expressly disclaims any indemnification obligation based on Section 2-312(3) of the Uniform Commercial Code or its state equivalent.

15.2 Insurance

(a) Throughout the Term, Licensee, at Licensee's sole cost, shall procure and maintain in full force and effect a policy or policies of comprehensive commercial general liability insurance, including broad form and contractual liability, in a minimum amount of $2,000,000 combined single limit per occurrence and in the aggregate as respects personal injury, bodily injury, and property damage however occasioned arising out of this Agreement.

(b) The policy or policies of insurance described in this Section 15.2 (a shall be issued in such form as is reasonably acceptable to Licensor and shall be issued by a carrier with an A.M. Best rating of A(VIII) or better. The policy or policies shall be endorsed to (i) name Licensor and their respective officers, directors, managers, employees, and agents as additional insureds on a primary and noncontributory basis; and (ii) to provide Licensor with at least thirty (30) days prior written notice of cancellation or material change in coverage. Within thirty (30) days following the Effective Date and thereafter no less than thirty days prior to expiration of the policy, Licensee shall provide Licensor with certificates of insurance, copies of endorsements and portions of the policy, where necessary, to evidence the required coverage and any renewals thereof for a period of at least one year.

(c) Licensor, in Licensor's sole discretion, may at any time during the Term review the insurance limits required above and adjust the limits to be consistent with commercially reasonable requirements for similar agreements.

15.3 Limitation of Liability. IN NO EVENT SHALL LICENSOR, AND ITS OFFICERS, EMPLOYEES, AGENTS OR AFFILIATED ENTERPRISES, BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS OR REVENUE) ARISING OUT OF OR IN CONNECTION WITH THE AGREEMENT OR ITS SUBJECT MATTER, REGARDLESS OF WHETHER ANY SUCH PARTY KNOWS OR SHOULD KNOW OF THE POSSIBILITY OF SUCH DAMAGES.

16. Assignment. The Agreement may not be assigned by Licensee and/or First Sublicensee without the prior written consent of Licensor, which Assignment Licensor shall not unreasonably withhold. A merger or other transaction in which the equity holders of Licensee prior to such event hold less than a majority of the equity of the surviving or acquiring entity shall be considered an assignment of the Agreement. For any permitted assignment to be effective, (a) Licensee shall be in good standing under this Agreement, (b) the assignee shall assume in writing (a copy of which shall be promptly provided to Licensor) all of Licensee's interests, rights, duties and obligations under the Agreement and agree to comply with all terms and conditions of the Agreement as if assignee were an original party to the Agreement.

17. Use of Name. Licensee and/or First Sublicensee shall not use the name, trademarks or other marks of Licensor without the advance written consent of Licensor, which may be withheld in Licensor's sole discretion. Licensor may use Licensee's and/or First Sublicensee's name and logo for annual reports, brochures, website, internal reports and other marketing materials and publications without Licensee's prior consent provided that this use is limited to advertising the Licensee's ability to offer the Units and that this use does not state or imply that Licensee and/or First Sublicensee is the owner of the Units.

18. Notice. All notices to be given under this Agreement shall be in writing and delivered either personally or sent by United States mail, certified, postage prepaid, or by pre-paid nationally recognized overnight courier service, and in each case addressed as set forth in this Section 18. Notices given under this Agreement will be deemed to have been given when received or when receipt is refused or when delivery is first attempted but cannot be made. Either party may change the location at which it receives notices to another location within the United States of America upon not less than ten (10) days' prior written notice to the other pursuant to this Section 18.

(a) All notices to Licensee are mailed to

[***]

(b) All notices to First Sublicensee are mailed to:

[***]

(c) All notices to Licensor are mailed to:

[***]

19. General Provisions.

19.1 Governing Law. The Agreement will be construed and enforced in accordance with laws of the State of Nevada, without regard to the choice of law and conflicts of law principles.

19.2 Compliance with Laws. Licensee and its affiliates, First Sublicensee and Sublicensees will comply with all applicable federal, state and local laws and regulations.

19.3 Forum Selection. Licensee and First Sublicensee acknowledge that any claim for breach of the Agreement asserted by one party hereto against the other, or by Sublicensees, shall be brought in a court of competent jurisdiction in Las Vegas, Nevada.

19.4 Prevailing Party. If any legal action or other proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, the successful or prevailing party or parties shall entitled to recover from the non-prevailing , reasonable attorneys' fees, court costs and all expenses, even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to appeals), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

19.5 Binding Effect. The Agreement is binding upon and inures to the benefit of the parties hereto, their respective executors, administrators, heirs, permitted assigns, and permitted successors in interest.

19.6 Joint and Several Liability. Each of RedTape Core Partners LLC, Coastal Refinement Solutions Inc. and their affiliates shall be jointly and severally liable for the obligations of Licensee and/or Sub-Licensees in this Agreement.

19.7 Force Majeure. In the event any party shall be delayed, hindered, or prevented from performing any act required by this Agreement by reason of labor strikes, lock-outs, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrections, war or any reason of similar nature, not the fault of the delayed party, then the performance of such act shall be excused and extended for a period equal to the period of such delay, provided that if such delay lasts for more than 30 days the Licensor has the right to terminate this Agreement.

19.8 Construction of Agreement. Headings are included for convenience only and will not be used to construe the Agreement. The parties acknowledge and agree that both parties substantially participated in negotiating the provisions of the Agreement; therefore, both parties agree that any ambiguity in the Agreement shall not be construed more favorably toward one party than the other party, regardless of which party primarily drafted the Agreement.

19.9 Modification. Any modification of the Agreement will be effective only if it is in writing and signed by duly authorized representatives of both parties. No modification will be made by email communications.

19.10 Severability. The provisions of this Agreement are severable, and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions hereof.

19.11 Waiver. Neither party will be deemed to have waived any of its rights under the Agreement unless the waiver is in writing and signed by such party. No delay or omission of a party in exercising or enforcing a right or remedy under the Agreement shall operate as a waiver thereof.

19.12 Entire Agreement. This Agreement, including all Exhibits attached hereto and incorporated herein, constitutes the entire understanding between the parties. This Agreement supersedes any and all prior understandings and agreements between the parties, oral and written.

19.13 Counterparts and Signatures. The Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. A party may evidence its execution and delivery of the Agreement by transmission of a signed copy of the Agreement via facsimile or email.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement as of the day first written above.

[signature page follows]

LICENSOR:

CRYOMASS TECHNOLOGIES INC

BY: _____
Christian Noël, Chief Executive Officer

LICENSEE:

By: _____
Michael Tanzer, Authorized Representative

FIRST SUBLICENSEE:

By: _____
Michael Tanzer, Chief Executive Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christian Noël, certify that:

1. I have reviewed this annual report on Form 10-K of Cryomass Technologies Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2023

/s/ Christian Noël

Christian Noël
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip B. Mullin, certify that:

1. I have reviewed this annual report on Form 10-K of Cryomass Technologies Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2023

/s/ Philip B. Mullin

Philip B Mullin
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christian Noël, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Annual Report on Form 10-K of Cryomass Technologies Inc for the year ended December 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cryomass Technologies Inc

Dated: March 24, 2023

/s/ Christian Noël
Christian Noël
Chief Executive Officer (Principal Executive Officer)
Cryomass Technologies Inc

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Cryomass Technologies Inc and will be retained by Cryomass Technologies Inc and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip B. Mullin, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Annual Report on Form 10-K of Cryomass Technologies Inc for the year ended December 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cryomass Technologies Inc

Dated: March 24, 2023

/s/ Philip B. Mullin
Philip B Mullin
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)
Cryomass Technologies Inc

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Cryomass Technologies Inc and will be retained by Cryomass Technologies Inc and furnished to the Securities and Exchange Commission or its staff upon request.