



Dear Fellow Shareholders:

From its inception, Alternate Health has operated as an innovative, cutting-edge company in the cannabis industry, developing a software system, payment engine, electronic wallet, and ZiApp utility coin that offer opportunities to disrupt the methods cannabis products are purchased and monitored. Our management team has worked diligently to launch these technologies. Though it took longer than anticipated, we have operations in place that should generate significant revenue from our software systems, beginning in the third quarter. Alternate Health developed its own CBD products, packaging, and marketing to begin sales in the fast growing CBD sector. We plan to initiate sales of CBD products within sixty days and anticipate revenue from each of these divisions in the next few months.

From a longer perspective, Alternate Health continues to evaluate strategic opportunities in vertical markets that currently are ignored or underserved in the cannabis industry. We believe there will be tremendous value and opportunity to be first to market and an industry leader in these sectors. Two such opportunities, which are more fully explained below, are in packaging cannabis products and insuring both cannabis products and businesses.

As promised in May, this letter will update the status of our operations, including successes and challenges, so you have a clear understanding of where we are and where we anticipate being in the near future. As you will see, the entire management team is working hard on your behalf and accomplishing its goals. Our founding members and upper management continue to own large positions in Alternate Health stock and believe in the future of the company.



StatePass

We are excited about the progress StatePass is making in the Florida market. In less than three months, we added close to 4,000 new patients through our affiliate clinics and physicians. Alternate Health also equipped StatePass with its electronic payment system and our patient population will soon have the ability to order their medical cannabis online through our streamlined shopping portal.

Another primary focus is working with our dispensary partners, lobbyists and attorneys to finalize approval with state governments to begin eCommerce transactions.

- Florida - We have received positive feedback on the value of our system from Florida's Department of Health and anticipate securing approval in a matter of weeks. Once this approval is received, we can begin generating revenue and expect rapid growth through the rest of the year.
- New York - The New York medical cannabis market also has strong potential for Alternate Health, and we have begun a pilot program with our dispensary partner, MedMen, at their Lake Success retail location. Response from New York physicians has been positive thus far, with Dr. Subu Dubey, one of our affiliate physicians in Syracuse, stating, "StatePass is far beyond any EMR for its completeness and convenience." While the patient population in New York is not as developed as that of Florida, we have a skilled team working with clinics and physicians in the state to continue onboarding efforts as New York steadily expands its medical cannabis program. A large portion of medical cannabis treatment in New York is conducted via telemedicine, and we have recruited experienced professionals to help Alternate Health tap into this valuable market as well.



- Canada - CanaPass continues to add to its patient base in Canada and our Toronto-based team is working with several dispensaries, or licensed providers, to begin pilot testing the online shopping portal of the CanaPass platform.

With the integration of our exclusive payment system and the activation of the eCommerce portal, StatePass and CanaPass continue to represent a primary business vertical for Alternate Health and a promising source of revenue over the coming months.

Status- Ready to begin full utilization of our system, payment engine and eCommerce portal. Awaiting final government approval.

Time Frame- Estimate of 4-6 weeks

Reporting- Will send out announcement on government approval, monthly update on status and growth.

CBD

Alternate Health continues to pursue opportunities in the legal cannabis industry, including the rapidly expanding market for cannabidiol, or CBD. The regulatory environment for cannabis has shifted in recent months as evidenced by President Trump's support of legislation to federally legalize marijuana and the Senate's recent passage of a bill aimed at legalizing hemp-derived CBD and removing it from the DEA's schedule 1 classification.

We have strategically aligned ourselves with leading manufacturing companies to develop a branded line of the highest quality CBD products available in the market. These products will be distributed through a third-party medical marketing company, with a proven history of success in the



consumer product sector. Distribution will kick off in August of this year, and we anticipate strong monthly sales with revenue beginning concurrently. An announcement will be released as soon as revenue begins with monthly updates to follow.

In addition to product development, Alternate Health will provide customized packaging solutions along with advanced technology platforms to facilitate inventory management, fulfillment tracking, online ordering and payment processing. As consumer demand for safe and reliable CBD products continues to grow, Alternate Health will be positioned as a top supplier in one of the fastest growing industries. We will continue to leverage our capabilities and knowledge base to drive revenue in the legal cannabis markets.

Status- Working on finalizing product development, packaging, distribution capabilities and accounting.

Time Frame- 6-8 weeks

Reporting- Monthly reports on progress

Payment System

Payment processing is one of the most promising aspects of Alternate Health's business. We see great potential for our comprehensive payment solution in multiple industries that have traditionally been considered "high risk." With our exclusive technology, we have the ability to process payments securely and in strict compliance with regulatory requirements, while mitigating many of cost-prohibitive expenses typically associated with a high-risk merchant.

Our payment system has been integrated into CanaPass and StatePass to facilitate online ordering of medical cannabis. In addition, we secured our first relationship with a national organization



and are set to begin payment processing in August of this year. Revenue from both of these operations should begin in August, and we expect to grow month over month as we identify additional companies that will benefit from our payment system.

The cannabis industry continues to be a key opportunity for our payment system and we are currently working with several companies in the industry to pilot our technology. Our solution brings payment capabilities that were previously unavailable in the market, and the response has been positive. Outside of the cannabis industry there are numerous high demand, underserved industries in need of an efficient and cost-effective payment system. We are exploring opportunities in the telemedicine, pharmaceutical and money service sectors, among others, and anticipate strong results.

Status- Deploying the full payment engine to our first client

Time Frame- 4-6 weeks

Reporting- Monthly updates on progress

Alternate Health Labs

Alternate Health Labs generated significant revenue for approximately eight months, which allowed us to develop other divisions of the company. Subsequent to the disruption of its referral sources, Alternate Health Labs has struggled to replace its volume of urine and blood specimens. This month, we initiated negotiations with a group that has a large referral base and commercial insurance contracts. If successful, the laboratory would be able to more easily source referrals by being fully in network with all carriers. Additionally, Alternate Health Labs hired approximately ten sales associates experienced in laboratory sales. We anticipate increased sample volume from their marketing efforts. If



these negotiations do not result in a final agreement, and no new opportunities arise, management will be forced to analyze future benefits of laboratory operations with respect to its operating costs.

Status- In negotiations with a large group to utilize laboratory

Time Frame- 2-3 weeks

Report- Will report at end of July on lab opportunities

Potential Opportunities

Alternate Health has identified two opportunities within the cannabis sector that are underserved and have enormous potential.

1) Packaging

Alternate Health estimates packaging of cannabis products to be a billion dollar industry in the coming years, and to date there is no market leader in the space. Many of the largest companies have avoided the cannabis industry resulting in lesser quality and expensive products. Also, cannabis companies have difficulty paying for their packaging while involved in a cash-based system without banking options. Alternate is currently in the process of evaluating several entry points in this promising area, including use of our ZiApp payment system combined with state of the art and affordable packaging.

Status- In due diligence.

Time Frame- Report to investors in 4 weeks

Reporting- Monthly updates



2) Insurance

The second area we are exploring is the insurance sector in the cannabis industry. Insurance is a multibillion dollar industry that is fragmented by the same factors as the packaging sector. Cash payments, smaller carriers with expensive plans, and poor service are just a few of the areas that describe the current landscape. Cannabis businesses must carry insurance to maintain their license with the state, but if they file a claim, they risk future insurance coverage and loss of their license. Alternate Health is in talks with multiple sources to evaluate the opportunities in the insurance space.

Status- In due diligence

Time Frame- report to investors in 4 weeks

Reporting- Monthly updates

Conclusion

It is exciting times at Alternate Health, as we begin to monetize our CanaPass and StatePass systems and CBD products. I want to thank our management team for their hard work implementing these programs, and I want to thank you, our shareholders, for standing by us. We believe Alternate Health has enormous potential and a bright future.

Michael L. Murphy, MD
Chairman and Chief Executive Officer

July 3, 2018