GREEN THUMB INDUSTRIES INC. (formerly Bayswater Uranium Corporation)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(Expressed in United States Dollars)

MD&A of Green Thumb Industries Inc.

This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of Green Thumb Industries Inc. (the "Company" or "GTI") is for the three and nine months ended September 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited interim condensed consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2018. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward-Looking Information", identified in the ''Risks and Uncertainties'' section of this MD&A. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

All references to "$" are to United States dollars unless otherwise specified.

OVERVIEW OF THE COMPANY

GTI is a U.S. multi-state cannabis consumer goods Company that reaches over 94 million Americans with a portfolio of cannabis brands and award-winning, customer-first retail experiences that help people feel good and live better, every day.

Headquartered in Chicago, Illinois, GTI owns or has executed definitive acquisition agreements for cultivation and manufacturing facilities and a 63-store retail chain across eight highly regulated U.S. markets, and is dedicated to providing dignified access to safe and effective cannabis nationwide, while giving back to the communities in which they serve. Established in 2015, GTI employs over 450 people and serves thousands of customers from coast to coast. The Company was voted one of the Best Places to Work in 2018 by Crain's Chicago Business.

Revenue Streams

The Company has consolidated financial statements across its operating businesses. For the purpose of analysis, GTI considers two operating divisions – Wholesale and Retail – in which it manufactures, sells and distributes packaged cannabis products to third-party retail customers, and from direct sales to end consumers in its retail stores. GTI currently operates in Nevada, Illinois, Maryland, Pennsylvania, Massachusetts, Florida, Ohio and New York.

As of the three months ended September 30, 2018, GTI has operating revenue in five of its eight markets: Nevada, Illinois, Pennsylvania, Massachusetts, and Maryland and ramp up expenses related to the build out of new markets: Florida, Ohio and New York in preparation for revenue generation over the next three to six months.

SELECTED FINANCIAL INFORMATION

The following is selected financial data derived from the unaudited consolidated financial statements of the Company for the three and nine months ended September 30, 2018 and 2017.

The selected consolidated financial information set out below may not be indicative of the Company's future performance:

	As of and for the			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Total Revenues, net of discounts	$ 17,171,710	$ 3,866,397	$ 41,722,266	$ 10,365,614
Cost of Goods Sold (excluding biological assets)	$ 9,337,105	$ 1,645,015	$ 22,887,108	$ 5,333,309
Gross Profit	$ 7,834,605	$ 2,221,382	$ 18,835,158	$ 5,032,305
Total Expenses	$ 13,873,320	$ 2,831,190	$ 32,257,199	$ 7,584,559
Other Income	$ 8,104,724	$ 54,933	$ 43,090,571	$ 540,158
Income (Loss) Before Provision for Income Taxes and Non-Controlling Interest	$ 2,752,245	$ (1,331,706)	$ 31,090,575	$ (1,437,926)
Total Assets	$ 297,570,813	$ 62,909,673	$ 297,570,813	$ 62,909,673
Long-Term Liabilities	$ 9,252,109	$ 214,859	$ 9,252,109	$ 214,859

Three Months Ended September 30, 2018

Revenue

Revenue for the three months ended September 30, 2018 was $17,171,710, up 344% from $3,866,397 for the three months ended September 30, 2017 due to revenue contributions across both Wholesale and Retail revenue streams from Illinois, Nevada, Maryland, Pennsylvania and Massachusetts. Key performance drivers are: expansion of branded product offerings and increased retail distribution from the Illinois, Maryland, and Pennsylvania Wholesale businesses of GTI's portfolio of branded consumer cannabis products, and new retail store openings across all five markets. In particular, retail growth was driven by revenue from two Illinois stores which were acquired in October 2017, the opening of three RISE stores in Maryland and three in Pennsylvania, the September 2017 opening of a second RISE store in Nevada, and the commencement of adult use sales for both RISE Nevada stores as of January 1, 2018, all incremental compared to the three months ending September 30, 2017.

Cost of Goods Sold & Biological Assets

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from retail purchases made from other licensed producers operating within our state markets.

Three months ended September 30, 2018 cost of goods sold, excluding any adjustments to the fair value of biological assets, of $9,337,105 was up $7,692,090 or 468% compared to three months ended September 30, 2017, driven by the addition of two Illinois Retail stores, Wholesale and Retail businesses in Maryland and Pennsylvania and material increases in daily transactions from the onset of adult use sales for the Nevada Retail business.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell. The biological assets are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is recorded to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the Company.

Gross Profit

Gross profit before biological asset adjustments for the three months ended September 30, 2018 was $7,834,605, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis, of 46%. This is compared to gross profit before biological asset adjustments for the three months ended September 30, 2017 of $2,221,382 or a 57% gross margin. The primary reason for the decline in margin relates to initial costs associated with new wholesale facilities commencing operations in Pennsylvania and Massachusetts.

Gross profit after net gains on biological asset transformation for three months ended September 30, 2018 was $8,520,841, representing a gross margin of 50%, compared with gross profit after biological asset transformation of $1,444,551 or 37% gross margin, for the three months ended September 30, 2017, driven by increased harvested cannabis and wholesale shipments.

Total Expenses

Total expenses for three months ended September 30, 2018 were $13,873,320, an increase of $11,042,130, compared to three months ended September 30, 2017, which represents 81% of revenue for the three months ended September 30, 2018, compared to 73% of revenue for the prior year.

Increase in total expenses was attributable to an increase in general and administrative expenses, particularly salaries and benefits of $7,915,048 which represented an increase of $6,963,417 over the 2017 amount of $951,631, due to an increase in headcount from the Company’s Retail facilities in Illinois, Nevada, Maryland, Massachusetts and Pennsylvania along with corporate staff development and a non cash charge related to equity incentive compensation of $2,611,675 during the quarter.

Additionally, the Company had professional fees of $2,900,326 which represented an increase of $2,227,532 over the 2017 amount of $672,794, primarily driven by fundraising, acquisition related support, and other regulatory and growth-related activities.

Total Other Income (Expense)

Total other income for three months ended September 30, 2018 was $8,104,724, an increase of $8,049,791 compared to 2017, due to the increase in fair value of the iAnthus Warrants investment of $7,891,440 during the quarter, as further described in the Liquidity, Financing Activities During the Period, and Capital Resources section of this MD&A.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For three months ended September 30, 2018, Federal and State income tax expense totaled $10,000 compared to $159,000 provision for income taxes for the three months ended September 30, 2017. The net expense of $10,000 includes current tax expense of $804,000 and deferred tax benefit of $(794,000) in the current period. The deferred tax benefit is driven by net operating losses and share-based compensation, offset by deferred tax expense related to the fair value of Warrants in addition to biological assets.

On January 1, 2018, the Company closed on a restructuring of its Illinois operations and ownership with its non-Illinois operations (which included Nevada, Pennsylvania, Massachusetts, and Maryland ownership), which combined all of the Company's operational and ownership structure. Prior to January 1, 2018, these businesses were managed by the Company's senior management.

Loss From Operations

Net operating loss before other income, provision for income taxes and non-controlling interest for three months ended September 30, 2018 was $5,352,479, an increase of $3,965,840 compared to the three months ended September 30, 2017.

As presented in the Non-IFRS section, after adjusting for non-cash fees of $2,611,675 equity incentive compensation as described above, as well as non-operating income, adjusted operating EBITDA was $(1,973,948) and $(1,234,323) for the three months ended September 30, 2018 and 2017, respectively. Adjusted EBITDA was $393,484 and $(1,234,323) for the three months ended September 30, 2018 and 2017, respectively.

Nine Months Ended September 30, 2018

Revenue

Revenue for the nine months ended September 30, 2018 was $41,722,266, up 303% from $10,365,614 for the nine months ended September 30, 2017 due to revenue contributions across both Wholesale and Retail business units from Illinois, Nevada, Maryland, Pennsylvania and Massachusetts. Key performance drivers are: expansion of branded product offerings and increased retail distribution from the Illinois, Maryland, and Pennsylvania Wholesale businesses of GTI's portfolio of branded consumer cannabis products, and new retail store openings across all five markets. In particular, retail growth was driven by revenue from two Illinois stores which were acquired in October 2017, the opening of three RISE stores in Maryland and three in Pennsylvania, the September 2017 opening of a second RISE store in Nevada, and the commencement of adult use sales for both Nevada RISE stores as of January 1, 2018, all incremental compared to the nine months ending September 30, 2017.

Cost of Goods Sold & Biological Assets

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from retail purchases made from other licensed producers operating within our state markets.

Nine months ended September 30, 2018 cost of goods sold, excluding any adjustments to the fair value of biological assets, of $22,887,108 was up $17,553,799 or 329% compared to nine months ended September 30, 2017, driven by the addition of two Illinois Retail stores, Wholesale and Retail businesses in Maryland and Pennsylvania and material increases in daily transactions from the onset of adult use sales for the Nevada Retail business.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell. The biological assets are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is recorded to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the Company.

Gross Profit

Gross profit before biological asset adjustments for the nine months ended September 30, 2018 was $18,835,158, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis products, of 45%. This is compared to gross profit before biological asset adjustments for the nine months ended September 30, 2017 of $5,032,305 or a 49% gross margin.

Gross profit after net gains on biological asset transformation for nine months ended September 30, 2018 was $20,257,203, representing a gross margin of 49%, compared with gross profit after biological asset transformation of $5,606,475 or 54% gross margin, for the nine months ended September 30, 2017, driven by increased harvested cannabis and wholesale shipments.

Total Expenses

Total expenses for nine months ended September 30, 2018 were $32,257,199, an increase of $24,672,640, compared to nine months ended September 30, 2017, which represents 77% of revenue for the nine months ended September 30, 2018, compared to 73% of revenue for the prior year.

Increase in total expenses was attributable to an increase in general and administrative expenses, particularly salaries and benefits of $15,288,291 which represented an increase of $13,019,121 over the 2017 amount of $2,269,170, due to an increase in headcount from the Company's Retail and Wholesale facilities in Illinois, Nevada, Maryland, Pennsylvania and Massachusetts along with corporate staff development in addition to non cash charges related to equity incentive compensation of $3,645,903.

The Company also recorded a non cash listing fee charge of $3,002,634 in connection with the completion of the reverse takeover transaction on June 12, 2018.

Additionally, the Company had professional fees of $6,512,558 which represented an increase of $3,994,425 over the 2017 amount of $2,518,133 due to the reverse takeover transaction, acquisition related support, and other regulatory and growth related activities.

Total Other Income (Expense)

Total other income for nine months ended September 30, 2018 was $43,090,571, an increase of $42,550,413 compared to 2017, due to the iAnthus Warrants recorded as a fair value investment of $42,449,120, as further described in the Liquidity, Financing Activities During the Period, and Capital Resources section of this MD&A.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For nine months ended September 30, 2018, Federal and State income tax expense totaled $4,298,000 compared to $159,000 provision for income taxes for the nine months ended September 30, 2017. Deferred tax expense of $2,227,000 is included in the $4,298,000 for the current period. This expense is driven by the fair value of Warrants in addition to biological assets, offset by deferred tax benefit related to net operating losses and share-based compensation.

On January 1, 2018, the Company closed on a restructuring of its Illinois operations and ownership with its non-Illinois operations (which included Nevada, Pennsylvania, Massachusetts, and Maryland ownership), which combined all of the Company's operational and ownership structure. Prior to January 1, 2018, these businesses were managed by the Company's senior management.

Loss From Operations

Net operating loss before other income, provision for income taxes and non-controlling interest for nine months ended September 30, 2018 was $11,999,996, an increase of $10,021,912 compared to the nine months ended September 30, 2017. The increase in net operating loss was driven by the non cash fees of $3,002,634 and $3,645,903 for listing fees and equity incentive compensation as described above, in addition to startup costs for new markets this year.

Drivers of Results of Operations

Revenue

The Company derives its revenue from both its Wholesale and Retail businesses in which it manufactures, sells and distributes packaged cannabis products to third-party retail customers, and from direct sales to end consumers in its retail stores.

For the three and nine months ended September 30, 2018, revenue was contributed from both Wholesale and Retail business units in Illinois, Nevada, Maryland, Pennsylvania and Massachusetts.

Gross Profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includes allocations of rent, administrative salaries, utilities, and related costs. Cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes. Gross margin measures our gross profit as a percentage of revenue.

Over the three months ended September 30, 2018, the Company continued to be focused on executing sustainable profitable growth of the Company's base business while pursuing national expansion. GTI expects to continue its growth strategy for the foreseeable future as the Company expands its footprint within its current markets with acquisitions and partnerships and scales resources into new markets, such as Florida and New York.

In the markets in which GTI is already operational, the Company expects to realize gradual price compression as these state markets mature which will place downward pressure on both retail and wholesale gross margins. However, the Company intends to optimize production output and become more efficient in its manufacturing processes, for example by automating certain processes. Thus, it is expected that price compression at the wholesale level will be offset by the scalability of the production facilities and continued realization of significant distribution market share.

Total Expenses

Total expenses other than the cost of goods sold consist of selling costs to support customer relationships and marketing and branding activities. It also includes a significant investment in the corporate infrastructure required to support ongoing business.

Selling costs generally correlate to revenue. As a percentage of sales, the Company expects selling costs to remain relatively flat in the more established operational markets (Illinois, Nevada, Maryland) and increase in the up and coming markets as business continues to grow (Massachusetts, Pennsylvania, Florida, Ohio, New York). The increase is expected to be driven primarily by the growth of our Wholesale and Retail channels and the ramp up from pre-revenue to sustainable market share.

General and administrative expenses also include costs incurred at the corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, share-based compensation and other professional service costs. The Company expects to continue to invest considerably in this area to support aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, the Company expects to continue to incur acquisition and transaction costs related to these expansion plans and anticipates an increase in stock compensation expenses related to recruiting and hiring talent, along with legal and professional fees associated with being a publicly traded company.

Provision for Income Taxes

The Company is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Company operates in the legal cannabis industry, it is subject to the limitations of IRC Section 280E under which taxpayers are only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries. Therefore, the effective tax rate can be highly variable and may not necessarily correlate to pre-tax income or loss.

Non-IFRS Measures

EBITDA, Adjusted Operating EBITDA, and Adjusted EBITDA are non-IFRS measures and do not have standardized definitions under IFRS. The following information provides reconciliations of the supplemental non-IFRS financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with IFRS. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. These supplemental non-IFRS financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-IFRS financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-IFRS financial measures should not be

considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the IFRS financial measures presented.

	Three Months Ended September 30,	
	2018	2017
Net income (loss) (IFRS)	$ 2,742,245	$ (1,490,706)
Interest income	(430,430)	(36,163)
Interest expense	300,211	32,195
Income taxes	10,000	159,000
Depreciation and amortization	766,856	152,316
Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-IFRS measure)	**$ 3,388,882**	**$ (1,183,358)**
Other income	(7,974,505)	(50,965)
Share-based compensation, non-cash	2,611,675	-
Adjusted Operating EBITDA (non-IFRS measure)	**$ (1,973,948)**	**$ (1,234,323)**
Adjustment for investment fair value adjustments attributable to Green Thumb Industries Inc.	2,367,432	-
Adjusted EBITDA (non-IFRS measure)	**$ 393,484**	**$ (1,234,323)**

Liquidity, Financing Activities During the Period, and Capital Resources

As at September 30, 2018, the Company had total current liabilities of $18,151,913 (December 31, 2017 had $14,280,657) and cash and cash equivalents of $149,774,095 (December 31, 2017 had $29,565,497) to meet its current obligations. As at September 30, 2018, the Company had working capital of $148,058,733 up $122,549,554 compared to December 31, 2017 driven mainly by capital raises including completion of the reverse takeover transaction during the second quarter of 2018, and a bought deal financing transaction during the third quarter of 2018.

On January 17, 2018, the Company, through a subsidiary, entered into a debenture purchase agreement with iAnthus Capital Holdings, Inc. whereby the subsidiary loaned $20 million to iAnthus so that they could purchase a Florida medical cannabis business. As part of the debenture purchase agreement, the subsidiary received (i) an unsecured debenture with a principal amount of $20 million accruing interest at the rate of 15% per annum, and (ii) 10,040,000 iAnthus Warrants at an exercise price of $1.9928 per common share expiring January 17, 2021. The unsecured debenture matures in 12 months but has certain early repayment provisions in the event of subsequent capital offerings made by iAnthus. On May 16, 2018 iAnthus completed a capital raise and subsequently repaid the outstanding principal of $20 million along with accrued interest. The Warrants remain outstanding and are recorded at fair value as of September 30, 2018. The subsidiary was capitalized by the Company and a group of private investors. On October 18, 2018 the Company divested all of its membership interests in the subsidiary to an unaffiliated third party. The closed transaction reflects the Company's disposition of all direct and indirect interests in the warrants.

On April 30, 2018, the Company completed a private placement financing of $45 million of 3-year unsecured convertible promissory notes. An initial $25 million offering was approximately 2x oversubscribed and the Company limited the final amount to approximately $45 million. The cash proceeds from the transaction were used for working capital and acquisition purposes.

On June 12, 2018, the Company completed a reverse takeover transaction ("RTO") raising net proceeds of approximately $61 million. Following the RTO, the Company is listed on the Canadian Securities Exchange (the "CSE") under ticker symbol "GTII" and on the OTCQX, part of the OTC Markets Group, under the ticker "GTBIF".

On August 2, 2018 the Company closed on a $61.7 million (CAD$80.3 million) bought deal financing (the "Offering") for 7,300,000 shares, co-led by Canaccord Genuity Corp. and GMP Securities L.P. and including Beacon Securities Limited, Echelon Wealth Partners Inc. and Eight Capital. Financing costs related to the Offering totaled $3.0 million (CAD $3.9 million).

Subsequent to quarter-end, on October 17, 2018 the Company closed on its $78.8 million (CAD$101.7 million) bought deal financing (the "Second Offering") for 5,083,000 shares, co-led by Canaccord Genuity Corp. and GMP Securities L.P. and including Beacon Securities Limited, Echelon Wealth Partners Inc. and Eight Capital. The proceeds are intended to be used for business development, including wholesale capacity, strategic initiatives, and working capital. Financing costs related to the Second Offering totaled $4.3 million (CAD $5.6 million).

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

Cash Flows

Cash Used in Operating Activities

Net cash used in operating activities was $13,223,076 for the nine months ended September 30, 2018, an increase of $6,808,595 compared to the nine months ended September 30, 2017. The increase in net cash used in operating activities was primarily due to increases in inventory and prepaid expenses due to additional operational facilities compared to last year.

Cash Flow from Investing Activities

Net cash used in investing activities was $37,188,561 for the nine months ended September 30, 2018, an increase of $33,481,439, compared to $3,707,122 for the nine months ended September 30, 2017. The increase in net cash used in investing activities was due to facility buildout and expansion, along with equipment purchases, for new operational facilities, debenture investments, and escrow deposits for the acquisition of KSGNF, LLC, which holds a license to operate a medical marijuana cultivation and processing facility, and up to 30 retail stores in the State of Florida. As further described in the Proposed Transactions section, the acquisition closed in November 2018.

Cash Flow from Financing Activities

Net cash provided by financing activities was $170,620,235 for the nine months ended September 30, 2018, an increase of $146,801,174 compared to $23,819,061 for the nine months ended September 30, 2017. The increase in net cash provided by financing activities was due to the proceeds from the aforementioned private placement, RTO, and bought deal financing.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

At September 30, 2018 and December 31, 2017, amounts due from related parties consisted of:

	2018	2017
Note receivable dated December 15, 2017, principal due by December 31, 2018, plus interest at 1.52%[1]	$ -	$ 605,000
Note receivable dated July 20, 2017, principal due the earlier of July 19, 2018 or upon the achievement of defined capital raisings activities; plus interest at 2%; note repaid on February 13, 2018[2]	$ -	$ 575,000
Other	$ 347,446	$ 8,686
Total Due from Related Party	$ 347,446	$ 1,188,686

Notes:

(1) The Promissory Note in the amount of $605,000, dated December 15, 2017, was entered into by GTI Pennsylvania, LLC, a Pennsylvania limited liability company and Wendy Berger for the purpose of acquiring real estate for the Company's medical marijuana dispensary in Erie, Pennsylvania. Wendy Berger is a member of GTI's Board of Directors. The loan was satisfied by Wendy Berger and GTI Pennsylvania, LLC subsequently became the owner of such real estate as of January 1, 2018.

(2) The Promissory Note in the amount of $575,000, dated July 20, 2017, was entered into by Vision Management Services, LLC, a Delaware limited liability company and Mosaic Real Estate Sparks, LLC, an Illinois limited liability company for the purpose of acquiring real estate for the Company's medical and adult use dispensary in Sparks, Nevada. Wendy Berger is an owner of Mosaic Real Estate Sparks, LLC and is a member of GTI's Board of Directors. The Promissory Note was repaid by Mosaic Real Estate Sparks, LLC on February, 13, 2018.

Proposed Transactions

On June 29, 2018, the Company entered into a definitive agreement to acquire one of the ten licensees in the regulated New York cannabis market. The acquisition includes the licenses and assets for one cultivation, one processing, and four retail facilities. The definitive agreement was subsequently modified by the parties. The definitive agreement provides consideration of $46 million of cash (subject to certain adjustments, as defined in the agreement) and 1,700,000 shares of Company's Subordinate Voting Shares. The closing of the acquisition is subject to the receipt to regulatory approval, and is expected to occur in the first half of 2019.

On November 8, 2018, the Company closed on its acquisition of 100% of the ownership interests of KSGNF, LLC, the holder of a license to operate a cultivation and processing facility and up to 30 retail locations in the State of Florida. The closing of the acquisition occurred on November 8, 2018. The transaction consideration included approximately $46 million in cash and the issuance of 32,695 Multiple Voting Shares.

On November 13, 2018, the Company signed a definitive agreement to acquire 100% of the ownership interests of Las Vegas-based Integral Associates. The acquisition will include Integral Associate's three retail locations under the name Essence, as well as two cultivation and processing facilities. The transaction consideration is anticipated to be approximately $290 million, including $52 million to be paid in cash and approximately 20.8 million Subordinate Voting Shares to be issued.

Changes in or Adoption of Accounting Practices

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

IFRS 7, Financial instruments: Disclosure

IFRS 7, Financial instruments: Disclosure was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company has adopted this new standard as of its effective date on a retrospective basis.

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company has adopted this new standard as of its effective date on a retrospective basis.

IFRS 15, Revenue from Contracts with Customers

The IASB replaced IAS 18, *Revenue*, in its entirety with IFRS 15, *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company has adopted this new standard as of its effective date on a retrospective basis.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. The extent of the impact of adoption of the standard has not yet been determined. However, upon adoption of IFRS

16, the leases described in note 15(a) will likely constitute right of use assets with a corresponding lease obligation.

CRITICAL ACCOUNTING ESTIMATES

The Company makes judgements, estimates and assumptions about the future that affect the reported amounts of assets and liabilities, and revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Estimated Useful Lives and Amortization of Intangible Assets

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

Biological Assets

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

Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is

accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

Goodwill Impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Deferred Tax Asset and Valuation Allowance

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Financial Instruments and Financial Risk Management

The Company's financial instruments consist of cash and cash equivalents, investments, accounts payable and accrued liabilities, income tax payable, short-term notes payable and long-term debt. The carrying values of these financial instruments approximate their fair values. Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1:	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2:	Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3:	Inputs for the asset or liability that are not based on observable market data.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Company mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to customers. All cash and cash equivalents are placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Market Risk

Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. Some of the Company's financial transactions are denominated in currencies other than the U.S. dollar. The results of the Company's operations are subject to currency transaction risks.

The Company has no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.