

## **The Green Organic Dutchman Unveils New Strategic Plan to Reduce Financing Requirements While Maintaining Near Term Path to Profitability**

- Increased agility by reducing capital requirements
- Maintaining objective to become EBITDA and operating cash flow positive by Q2 2020
- Adapting to slower legal market conversion by deferring excess capacity and expenses
- Ability to easily scale up production as more retail locations open and legal sales increase

**Toronto, ON, October 18, 2019** - The Green Organic Dutchman Holdings Ltd. (the “Company” or “TGOD”) (TSX:TGOD) (US:TGODF), a leading producer of premium certified organic cannabis, today unveiled a new strategic plan, including a series of actions to reduce the Company’s financing requirements while maintaining its path to profitability. These actions will result in increased agility, lower capital requirements and an optimal production capacity to serve the organic segment.

“These actions are logical next steps in TGOD’s road to profitability. While we are committed to – and our strategy continues to leverage – our unparalleled scale as an organic producer as well as our international assets, we have identified areas where our scale would not provide for meaningful returns in the near term given the slower pace of legal market conversion. We will optimize our operating efficiency by deferring excess capacity and expenses, whether they center on production facilities, international expansion projects or technology,” commented Brian Athaide, CEO of TGOD.

Given current market conditions, the Company is adopting a new construction and operating plan to reduce its cash needs, with a prudent production ramp leading to expected positive operating cash flow in Q2 2020. The Ancaster greenhouse is complete, and the Ancaster processing facility is approximately five weeks from material completion. TGOD’s large scale project in Valleyfield, Quebec will be demarcated into smaller phases, with more to be completed once the market further develops. The combined facilities will enable TGOD to produce 20,000 kg to 22,000 kg in 2020.

The Company estimates that it will need approximately \$70M to \$80M between now and the end of Q2 2020 to undertake the plan and reach positive operational cash flow by Q2 2020; it has engaged with an advisor and is currently evaluating a variety of options to secure the required funding. This plan maintains the optionality to recommence completion of Valleyfield Phase 1a to full 65,000 kg capacity and Phase 1b for a further 65,000 kg once there is a clear path to Canadian retail store expansions and legal revenue growth. Funding is expected to come from operating cash flow or with lower cost financing given proven production and revenue from Ancaster and the smaller first phase of Valleyfield.

“With the current Canadian legal market being smaller than initially anticipated, mainly due to a slow rollout of retail locations in key provinces, we believe that our revised plan will allow TGOD to right size its production to capture the organic segment, while maintaining optionality to quickly accelerate and expand as more retail locations begin to open,” added Athaide.

Some of the actions included in TGOD’s new strategic plan are:

**Cannabis 2.0:**

- TGOD is ready to commercialize its portfolio of new products, including organic teas, infusers and vapes by mid-December.
- The Company already has formulations and is working with several co-packers to launch liquid beverages and topicals during 2020 as Health Canada licenses these facilities.
- The portfolio is consumer inspired and concept tested to ensure clear differentiation and product superiority, including preliminary pharmacokinetic study data.

**General expenses:**

- TGOD is scaling back selling, general and administrative expenses (SG&A) to focus on operational readiness in production, sales and Cannabis 2.0.

**Ancaster:**

- The Ancaster site will be fully completed by the end of Q4, including the processing facility.
- Ancaster has a planned annual production of approximately 12,000 kg in 2020, on path to mature scale capacity of 17,500 kg.

**Valleyfield:**

- Finalize six rooms in Valleyfield hybrid greenhouse, one to be used for mothers and another for initial processing, that are currently nearing completion with majority of capital for these covered by restricted cash on hand as at September 30.
- Planned annual production from the four grow rooms of 10,000 kg in 2020.
- Production from Valleyfield will complete processing and packaging in Ancaster, generating significant gross margin.
- Fully enclose the facility for protection during winter months.
- The other elements of TGOD's Valleyfield site Phase 1a, including another 18 grow rooms and the processing centre, will recommence completion once market conditions justify the expansion towards the full 65,000 kg capacity from that phase with the ability to scale to 130,000 kg should the legal market conversion significantly accelerate.

**About The Green Organic Dutchman Holdings Ltd.**

The Green Organic Dutchman Holdings Ltd. (TSX: TGOD) (US-OTC: TGODF) is a publicly traded, premium global organic cannabis company, with operations focused on medical cannabis markets in Canada, Europe, the Caribbean and Latin America, as well as the Canadian adult-use market. TGOD also has organic hemp CBD oil operations in Canada, and through its wholly owned subsidiary HemPoland distributes premium hemp CBD oil in the EU. The Company grows high quality, certified organic cannabis with sustainable, all-natural principles. TGOD's products are laboratory tested to ensure patients have access to a standardized, safe and consistent product. TGOD has a planned capacity build-out reaching 219,000 kg upon completion based on its ability to expand to 1,643,000 sq. ft. of cultivation and processing facilities across Canada, Denmark and Jamaica.

TGOD's Common Shares and warrants issued under the indenture dated November 1, 2017 trade on the TSX under the symbol "TGOD" and "TGOD.WT", respectively.

For more information on The Green Organic Dutchman Holdings Ltd., please visit [www.tgod.ca](http://www.tgod.ca).

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