THE GREEN ORGANIC DUTCHMAN

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The Green Organic Dutchman Holdings Ltd.

Management's Discussion and Analysis

For the three months ended March 31, 2020

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

This Management's Discussion and Analysis ("MD&A") reports on the consolidated financial condition and operating results of The Green Organic Dutchman Holdings Ltd. (the "Company" or "TGODH") for the three months ended March 31, 2020 and 2019. The MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020 and March 31, 2019 (the "interim consolidated financial statements") which were prepared in accordance with International Accounting Standards ("IAS") 34, Interim Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding of the Company's business and key factors underlying its financial results. **All dollar amounts referred to in this MD&A are expressed in thousands of Canadian dollars except where indicated otherwise.**

Additional information relating to the Company can be found on the Company's website at www.tgod.ca or at the Company's SEDAR profile at www.sedar.com.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities laws. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. Some examples of forward-looking statements include but are not limited to the expected costs, completion dates of the facilities, production capacity, receipt of licences, etc.

Assumptions

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to:

(i) the availability of financing at all or on reasonable terms;
(ii) the Company's ability to continue as a going concern and successfully execute its plans and intentions, including with respect to the construction and operation of the Company's cultivation facilities and generation of revenues and sales of its organic cannabis products;
(iii) eventual completion of the construction of the Company's facility in Québec;
(iv) obtaining necessary regulatory approvals;
(v) general business and economic conditions, particularly in the Canadian medicinal and adult-use cannabis markets;
(vi) regulation of the markets in which the Company operates;
(vii) the Company's ability to attract and retain skilled staff;
(viii) market competition, including the products and technology offered by the Company's competitors;
(ix) maintenance of our current good relationships with our suppliers, service providers and other third parties; and
(x) ability to continue to operate during COVID-19 restrictions and maintaining necessary access and safety protocols.

Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

The Company's forward-looking statements are based on the reasonable beliefs, expectations, and opinions of management as of May 26, 2020, the date of this MD&A.

BUSINESS OVERVIEW

The Company was incorporated under the Canada Business Corporations Act on November 16, 2016. The Company's registered and head office is located at 6205 Airport Rd., Building A – Suite 200, Mississauga, Ontario L4V 1E3. The Company completed its initial public offering on May 2, 2018. The Company's Common Shares trade on the TSX under the symbol "TGOD" and on the OTCQX under the symbol "TGODF".

The Company's wholly-owned subsidiaries, The Green Organic Dutchman Ltd. and Medican Organic Inc. are licensed producers under the Cannabis Act (Canada) and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and, with respect to The Green Organic Dutchman Ltd. only, to process and sell such cannabis products within Canada to provincially authorized retailers or distributors and federally licensed entities. The Company has built a cultivation and processing facility in Hamilton, Ontario ("Hamilton Facility") and has partially constructed another facility located in Valleyfield, Québec ("Quebec Facility"), which, if and when fully constructed, is expected to be the largest organic cannabis cultivation and processing facility in the world.

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing an international growth strategy, including through interests in a hemp cultivation and extraction business based in Poland. The Company has also formed a strategic partnership for the distribution of cannabis and hemp-derived medical products in Mexico and joint ventures in Denmark for producing organic medical cannabis and developing cannabis genetics.

The outbreak of the novel strain of the coronavirus, SARS-COV-2 ("COVID-19"), and its eventual declaration as a pandemic by the World Health Organization ("WHO") on March 11, 2020 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown. The Company rapidly implemented strategic measures to protect its global workforce from COVID-19 and endeavouring to mitigate any long-term impact of the pandemic on its business.

Since inception, the Company has incurred recurring operating losses, having invested significantly in its cultivation facilities, research and development activities and selling, marketing, general and administrative expenses. The Company has financed its operations through equity and debt financings. The Company expects to continue to incur losses in the short term and will require additional capital and revenues through the sale of its organic cannabis products to fulfill its current and future obligations. Please refer to the section on "Liquidity and Capital Resources" below. The Company believes that its unique scaled certified organic market position, the ongoing advancement of the construction of its facilities, and its strategic partnerships and investments will allow it to generate positive operating cash flows which is currently expected later in 2020.

RECENT DEVELOPMENTS

Executive Leadership Consolidation

On January 9, 2020, the Company announced changes to streamline its leadership structure. The Company's President, Mr. Csaba Reider and the Company's Vice-President of Sales, Mr. Mike Gibbons departed the organization. Mr. Reider's responsibilities were assumed by the Company's CEO, Mr. Brian Athaide and Mr. Gibbons' responsibilities were assumed by the Company's Vice-President of Medical Sales, Mr. Robert Gora.

Research Licence

On February 20, 2020, the Company announced that it had secured a research licence from Health Canada. Valid for five years, this licence allows the Company to reduce the cost and accelerate the pace at which it develops new products by reducing reliance on third parties.

Hamilton Facility Processing Licence

On March 30, 2020, the Company announced that it had secured a licence amendment from Health Canada in respect of the support building for cannabis processing at the Hamilton Facility. Valid until August 16, 2022, this amendment permits more space and flexibility for the Company to process cannabis for sale as dried flower, oils or in cannabis 2.0 products.

Financings

On April 13, 2020, the Company executed an amendment (the "Senior Loan Amendment") with the lender of the first lien senior secured credit facility (obtained by the Company on December 24, 2019 as described in note 4) which contained an accordion feature of up to $15,000 based on the Company meeting certain operational milestones. The Senior Loan Amendment made $5,000 of the accordion available upon closing an equity financing which was achieved on April 27, 2020. The Company received gross proceeds of the accordion loan of $5,000 on April 27, 2020. In addition, on April 27, 2020 a total of 1,500,000 warrants of the Company were issued to the lender of the first lien senior secured credit facility which are exercisable at $0.39 for 36 months from the date the warrants were issued into one common share of the Company.

On April 22, 2020, the Company closed a secured revolving credit facility which provided the Company with gross proceeds of $10,000 with further funding available of up to an additional $20,000 secured on eligible trade receivables and inventory. As part of the agreement, a total of 3,000,000 warrants of the Company were issued to this lender exercisable at $0.39 for 36 months from April 22, 2020 into one common share of the Company.

On April 27, 2020, the Company completed a bought-deal equity financing of 20,536,700 units of the Company at $0.28 per unit for gross proceeds of $5,750. Each unit consists of one common share of the Company and one-half purchase warrant of the Company exercisable at $0.38 for 36 months with each full warrant being exercisable into one common share of the Company.

On May 20, 2020, the Company entered into an agreement to complete a bought-deal equity financing of 37,500,000 units of the Company at $0.40 per unit for gross proceeds of $15,000. Each unit consists of one common share of the Company and one purchase warrant of the Company with each full purchase warrant exercisable at $0.50 into one common share of the Company for 48 months from the closing date of the transaction. The offering is subject to certain conditions including but not limited to, the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX and the applicable securities regulatory authorities.

Cost Reduction Initiatives and Consolidation of Cultivation at the Hamilton Facility

On March 25, 2020, the Company announced that in response to market conditions, it is adapting operations and aggressively reducing costs, including by postponing the start-up and construction of its facility in Valleyfield, Québec (the "Québec Facility") in order to centralize cultivation in Canada at its facility in Hamilton, Ontario (the "Hamilton Facility"). The Company has temporarily laid off the majority of its employees in Quebec with the intention of beginning operations in Valleyfield later in 2020. The Company has also undertaken further cost reduction measures including temporary salary reductions and a freeze on non-essential recruitment and consultancy work. As the Company advances towards new operating milestones (discussed in the Business Objectives and Milestones" section below), a summary of previous objectives related to the facilities is available as follows:

Hamilton Facility

Detail [1]	December 31, 2019 status	March 31, 2020 status	Estimates as at April 30, 2020
Project timeline and milestones	The Phase 2 indoor building had been completed, receiving licensing and became operational as expected in Q3 2019. The hybrid greenhouse was substantially completed as expected in Q3 2019; however the first grow room became operational in November 2019 having an impact on harvest cycles. Processing centre expected to be substantially complete in March 2020 and coincide with the Health Canada approvals required. Plants are able to be processed in the Company's other licensed building while the processing centre is being completed.	The Phase 2 indoor building and hybrid greenhouses were complete during Q1 2020. The first harvest from these buildings was completed out of two rooms in Q1 2020. The processing centre was substantially completed from a construction perspective in March 2020 and Health Canada approval was obtained, consistent with the previous disclosure. Costs associated with final commissioning of certain machinery that have yet to be paid are disclosed in greater detail below.	No change since March 31, 2020.
Planned Annual Growing Capacity	12,000 kg for 2020 on path to mature scale capacity of 17,500 kgs	No change since December 31, 2019.	No change since March 31, 2020.
[A] Latest construction budget for the structure of the facility	$54,033 (as at December 31, 2019)	$54,049	$54,103
[B] Latest capital budget, excluding construction of the structure of the facility	$59,770 (as at December 31, 2019)	$58,048	$59,577
[C] Total incurred to date	$103,420 (as at December 31, 2019)	$108,825, which includes $4,892 in accounts payable and accrued liabilities.	$112,680, which includes $5,140 in accounts payable and accrued liabilities.
Expected costs to complete [A] + [B] – [C]	$10,383 (as at December 31, 2019) of which $4,000 was available for use from restricted cash.	$3,272 of additional commissioning costs in respect of machinery.	$1,000 of additional commissioning costs in respect of machinery.

Québec Facility

Detail [1]	December 31, 2019 status	March 31, 2020 status	Estimates as at April 30, 2020
Project timeline and milestones	The project has been demarcated into smaller phases. The next milestone would be to finalize six grow zones in the Quebec hybrid greenhouse (Phase 1), that are currently nearing completion with majority of capital for these covered by restricted cash on hand as at December 31, 2019. Production from the Quebec Facility will be completed via processing and packaging at the Hamilton processing centre instead of the central processing facility mentioned in the original Phase 1a, which the Company expects to generate efficiencies and leading to higher gross margins. The facility has been enclosed where needed for protection during winter months. Should the legal market demand for cannabis accelerate and positive cash flows be achieved from the first milestone, the Company will remain agile by maintaining the optionality to expand production capabilities back to 185,000 kgs of potential capacity with investment of additional capital. Further details and additional costs are discussed below. The other elements of the Company's previously communicated Phase 1a would recommence once market conditions justify the expansion towards the full 65,000 kgs capacity from that phase should the legal market conversion significantly accelerate. The additional demarcated phases are now viewed as follows:	The Company had postponed the start up and construction of the Quebec Facility due to market conditions and allowed for the centralization of cultivation at the Hamilton Facility, which is expected to be able to meet the Company's need for cannabis in line with the Company's latest sales forecast for 2020. In addition, in light of market conditions, including in relation to the COVID-19 pandemic, the Company has temporarily ceased construction activities and temporarily laid off the majority of the staff that work at this site. Management continues to review market demand, including in light of the COVID-19 pandemic, and the best way to recommence construction at this facility when market conditions improve. The plan developed in Q4 2019 and explained in this table (left) remains the most cost-efficient manner to maintain the Company's agile position to increase production if needed. Expected costs to complete are detailed below. Should the legal market demand for cannabis accelerate and positive cash flows be achieved from the first milestone, the Company will remain agile by maintaining the optionality to expand production capabilities back to 185,000 kg of potential capacity with investment of additional capital. Further details and additional costs are discussed below.	Management has renegotiated with certain vendors agreements and can reliably estimate that the construction and commissioning commitments should the facility not fully re-open in 2020 would be approximately $1,000 lower than previously anticipated to complete Phase 1. However, additional costs, if any, associated with significantly delaying the recommencement of construction beyond the current negotiated contracts continue to not be known at this time.

	• Phase 2 – 18 zones for cultivation and processing centre – 55,000 kg of production • Phase 3 – Rooftop hybrid greenhouse – 65,000 kg of production • Phase 4 – Third hybrid greenhouse – 55,000 kg of production Phase 2 could be broken down further into sections of two rooms at a time on an as needed basis as well. The estimated cost of recommencing this work and completing Phases 2 and 3 are estimated at approximately $60,000 expected to be funded from the Company's expected positive operating cash flows after Q2, 2020 and 2021, should market conditions warrant this expansion. Phase 4 would require an additional $50,000 approximately, expected to be funded from operating cashflows thereafter.	However, additional costs, if any, associated with significantly delaying the recommencement of construction beyond the current negotiated contracts are not known at this time.	
Planned Annual Growing Capacity	10,000 kg for 2020 from six grow zones (Phase 1)	None, subject to adjustment in light of market conditions.	No change since March 31, 2020.
[A] Latest construction budget for the structure of the facility	$114,954 (as at December 31, 2019)	$113,201	$110,909
[B] Latest capital budget, excluding construction of the structure of the facility	$128,183 (as at December 31, 2019)	$127,181	$128,148
[C] Total incurred to date	$228,860 (as at December 31, 2019)	$237,675 which includes $20,068 in accounts payable and accrued liabilities.	$238,548 which includes $19,357 in accounts payable and accrued liabilities.
Expected costs to complete [A] + [B] – [C]	$14,277 for Phase 1 (as at December 31, 2019) of which $4,578 was available for use from restricted cash as at December 31, 2019.	$2,707 of additional commitments.	$507 of additional commitments

(1) These statements constitute forward looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions,

uncertainties and other factors that may cause actual results or events to differ materially. The Company believes that there is a reasonable basis for the expectations reflected in the forward-looking statements, however, these expectations may not prove to be correct.

Quebec Facility Licence Amendment

On May 7, 2020, the Company announced that it has received Health Canada's approval for its main hybrid greenhouse at the Quebec Facility. The licence amendment is valid until June 8, 2021 and is subject to customary terms and conditions.

Shoppers Supply Agreement

On May 19, 2020, the Company signed a supply agreement with Medical Cannabis by Shoppers™ ("Shoppers"), a subsidiary of Shoppers Drug Mart Inc., making its certified organic medical cannabis products available via the Shoppers online medical cannabis sales platform.

Expiry of warrants

On May 2, 2020, 15,092,063 warrants of the Company exercisable at $7 per share expired unexercised.

Sale of Epican Medicinals Limited

On May 25, 2020, the Company sold its interest in Epican Medicinals Limited ("EML") to antoher shareholder of EML for a nominal amount given its history of operating losses, recent economic developments in Jamaica restricting operations and the Company's strategic decision to no longer pursue opportunities in Jamaica to focus on Canadian operations. Upon completion of the disposition, EML repaid $258 of a $707 loan owing by EML as at March 31, 2020 to the Company and issued the Company a promissory note for the balance of $ 449.

Entry into Quebec Market

On May 26, 2020, the Company announced that it has launched key products Highly Dutch, a mainstream brand of certified organic cannabis at an accessible pricing, as well as cannabis-infused teas, in the province of Quebec. Highly Dutch will first be available in Quebec in a 28-gram format.

COVID-19

The Company continues to monitor and adapt to changing market conditions including but not limited to the ongoing impact of the COVID-19 pandemic. See "Risk Factors". The Hamilton Facility has implemented precautionary measures to ensure the safety of the staff and product, including limiting visits to the site to essential personnel only, ensuring proper protocols around sanitation, mask usage and physical distancing and ensuring potentially exposed employees remain in self-quarantine for the appropriate period. However, cultivation is continuing and ongoing and additional licensed space available in the processing centre allows for better physical distancing among our cultivation and processing employees. The Company has applied for wage subsidies from the Canadian federal government under the Canada Emergency Wage Subsidy and received one payment to date, with a second payment expected imminently.

OVERALL PERFORMANCE

SELECTED QUARTERLY INFORMATION

The table below summarizes selected information regarding the Company's financial position and operations for the periods presented in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

		As at March 31, 2020		As at December 31, 2019		As at January 1, 2019*		As at December 31, 2017
Total assets	$	**270,132**	$	342,181	$	447,236	$	96,977
Total non-current liabilities	$	**28,366**	$	21,354	$	3,591	$	-
Total shareholders' equity	$	**201,031**	$	267,600	$	413,655	$	77,248

** The Company adopted IFRS 16 – Leases on January 1, 2019 and reflected transitional opening balance sheet adjustments as a result.*

The table below summarizes selected information regarding the Company's loss from operations and other financial information for the periods presented in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

		Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Q2-2018
Revenue	$	**3,059**	3,250	2,612	2,896	2,406	1,879	-	-
Loss from operations	$	**(15,258)**	(17,742)	(19,810)	(16,417)	(14,724)	(18,188)	(9,803)	(9,072)
Net loss (1) (2)	$	**(73,436)**	(144,753)	(20,303)	(16,603)	(14,091)	(18,120)	(11,269)	(8,548)
Comprehensive loss (1) (2)	$	**(71,090)**	(144,520)	(21,237)	(17,306)	(15,441)	(17,607)	(11,269)	(8,548)
Net loss per share (basic & diluted) (1) (2)	$	**(0.23)**	(0.52)	(0.07)	(0.06)	(0.05)	(0.07)	(0.04)	(0.04)

(1) During Q1-2020, the Company recorded a non-cash impairment charge of $52,765 related to its Canadian CGU and $3,082 impairment charge related to its investment in Epican.

(2) During Q4-2019, the Company recorded a non-cash impairment charge of $123,432 related to its Canadian CGU and $4,296 impairment charge related to its investment in Epican.

SUMMARY OF KEY QUARTERLY HIGHLIGHTS – Q1-2020 as compared to Q1-2019 and Q4-2019

Revenues

Revenue recognized in Q1-2020 amounted to $3,059 increased 27% versus the prior year (Q1-2019 - $2,406) with hemp derived sales by HemPoland of $2,395 and sales from cannabis products in Canada of $664. Revenue decreased slightly by $191 in comparison to Q4-2019 revenue of $3,250 primarily due to a decrease in sales at HemPoland of $169 due to lower export sales of CannabiGold to certain European countries. With the effects of the COVID-19 pandemic being felt earlier in Europe than North America, distribution channels are not expected to pick up significantly. However, HemPoland launched its cosmetics line of CBD topical products in Poland during Q1-2020, started selling into the United Kingdom and plans to expand into other European markets in the balance of 2020 and is reworking its online sales capabilities to ship all products direct to consumer, where applicable, to combat the expected lack of foot traffic in retail locations. In addition, the main facility in Poland has been fitted to perform toll manufacturing for customers to maximize the use of capacity and proprietary extraction technology. Revenues remained relatively flat at HemPoland in comparison to Q1-2019 when it represented substantially all of the Company's revenues.

In Canada, Q1-2020 revenues remained relatively consistent for the quarter compared to Q4-2019, with reductions in the premium flower market mostly offset by increased medical sales, Cannabis 2.0 and other new products. Management believes that while the premium market targeted by the Company in its pilot commercialization initiatives has declined significantly as a proportion of the total Canadian cannabis market over the past year, the Company is adapting to the market dynamics. Management believes that the general legal cannabis market will grow, even in the current economic climate, and the Company believes that growth will largely be driven by two consumer segments: those converting from the illicit to the legal market, who tend to be price-sensitive higher volume consumers of dried cannabis flower, and those who are new consumers of cannabis, and who are more likely to consume cannabis products via edible or beverage delivery methods. The Company has already developed products to compete in these categories and raised funding in April 2020 to complete the development, testing and launch of its mainstream flower brand, called 'Highly Dutch' and its new infused teas which management believes will be the foundation of the Company achieving positive operating cash flows. Refer to the "Business Objectives and Milestones" section of this MD&A. The Company did not have any material revenues from Canada in Q1-2019 as it had just launched its medical pilot program at the end of that quarter.

Gross profit

The Company's gross profit for the three months ended March 31, 2020 was $1,706 (three months ended March 31, 2019 - $1,368) primarily driven by adding sales from Canada and the purchase price adjustments to cost of sales from the HemPoland acquisition of $270 being reflected in Q1-2019. In comparison to Q4-2019, gross profit decreased by $2,819 as a result of a decrease in HemPoland revenue, lower overhead allocation costs in Poland in Q4-2019 and lower unrealized gain on changes in fair value of biological assets in Q1-2020. HemPoland's gross margin was approximately 62% and is expected to remain relatively consistent with the introduction of new product lines in 2020. In Canada, the Company is still not operating at capacity and is prioritizing bringing new products to market from its facilities to achieve its production and revenue targets.

Sales and marketing expenses

	Three months ended				**Three months ended**		
	March 31, 2020	**March 31, 2019**	**Variance to Q1-2019 ($)**	**Variance to Q1-2019 (%)**	**December 31, 2019**	**Variance to Q4-2019 ($)**	**Variance to Q4-2019 (%)**
Personnel costs	**747**	419	328	78%	939	(192)	(20%)
Third party marketing expenses	**910**	1,543	(633)	(41%)	1,069	(159)	(15%)
Travel and promotion expenses	**79**	117	(38)	(32%)	229	(150)	(66%)
Strategic partnership payments	**645**	905	(260)	(29%)	746	(101)	(14%)
Other marketing expenses	**82**	11	71	645%	30	52	173%
	2,463	2,995	(532)	(18%)	3,013	(550)	(18%)

Sales and marketing expenses of $2,463 for the three-months ended March 31, 2020 decreased in comparison to expenses of $2,995 for the same period in the prior year primarily due to additional work being performed in house rather than by external consultants, hence the additional increase in personnel costs during the three months ended March 31, 2020. This is consistent with the Company's plan for cost cutting initiatives in 2020 that were previously announced.

In comparison to Q4-2019, sales and marketing expenses decreased in Q1-2020 by $550 primarily due to additional work being performed in house, consistent with the above discussion. Management expects third party marketing costs to continue to be reduced as capabilities grow in house.

Research and development expenses

	Three months ended				**Three months ended**		
	March 31, 2020	**March 31, 2019**	**Variance to Q1-2019 ($)**	**Variance to Q1-2019 (%)**	**December 31, 2019**	**Variance to Q4-2019 ($)**	**Variance to Q4-2019 (%)**
Personnel costs	**378**	135	243	180%	613	(235)	(38%)
Product development	**86**	216	(130)	(60%)	80	6	8%
Travel related expenses	**22**	23	(1)	(4%)	5	17	340%
Other research and development expenses	**34**	62	(28)	(45%)	10	24	240%
	520	436	84	19%	708	(188)	(27%)

Research and development expenses of $520 for the three-months ended March 31, 2020 increased slightly in comparison to expenses of $436 for the same period in the prior year. The Company hired additional professionals who were working on the commercialization of the Company's 2.0 products. The Company has successfully commercialized organic cannabinoid dissolvables in Canada under the TGOD-Infusers line which began selling at the end of Q1-2020. In comparison to Q4-2019, research and development expenses decreased in Q1-2020 by $188 primarily due to reassigning certain personnel to other departments or initiatives as projects evolved within the quarter.

General and administrative expenses ("G&A")

	Three months ended					Three months ended		
	March 31, 2020	**March 31, 2019**	**Variance to Q1-2019 ($)**	**Variance to Q1-2019 (%)**		**December 31, 2019**	**Variance to Q4-2019 ($)**	**Variance to Q4-2019 (%)**
Personnel costs	**4,915**	2,641	2,274	86%		4,963	(48)	(1%)
Office and other administrative expenses	**2,372**	2,631	(259)	(10%)		5,720	(3,348)	(59%)
Third party professional, consulting, legal fees	**2,230**	2,995	(765)	(26%)		1,421	809	57%
Computer and IT expenses	**275**	415	(140)	(34%)		587	(312)	(53%)
Allowance for expected credit losses	**-**	-	-	n/a		766	(766)	(100%)
	9,792	8,682	1,110	13%		13,457	(3,665)	(27%)

G&A expenses of $9,792 for the three months ended March 31, 2020 increased in comparison to expenses of $8,682 for the same period in the prior year. The year-over-year increase of $1,110 is mainly related to administrative costs of $1,160 relating to the Quebec Facility ramp up prior to its temporary closure included in office and other administrative expenses, the inclusion of $670 of termination costs to former employees included in personnel costs and headcount increases in comparison to the prior year, partially offset by cost reduction initiatives in almost every other area.

In comparison to Q4-2019, G&A expenses decreased by $3,665 which reflects part of the Company's plan to significantly reduce general and administrative expenses due to market conditions observed in Q4-2019. This represents a 27% reduction in G&A versus the prior quarter. Excluding the termination costs and administrative expenses at the Quebec Facility, this represents a 41% reduction. Management targeted reducing the use of external parties, personnel costs and office and other administrative expenses with a goal of achieving below $32,000 in annual general and administrative spend or approximately $8,000 on average per quarter. With continued cost cutting, the Company expects to achieve these planned G&A spend targets. The termination costs accrued to former employees were required to be reflected in Q1-2020 due to the cessation of services being provided per the accounting rules but the Company has achieved agreements for salary continuance instead of lump sum payments, improving cash flow. The Quebec Facility costs discussed above were not initially expected to be reflected in general and administrative costs given production was expected to ramp up with the imminent licencing of the facility and inventory production. However, due to delayed receipt of licencing, revised market demand and COVID-19, the Company temporarily stopped operating at this facility and is a contributing factor to ensuring the Company achieving positive operating cash flow in 2020. The Company expects to re-open the Quebec Facility in September or October 2020, dependant on an increase in expected market demand as new retail stores continue to open and the ramp-up of distribution of the Company's products into Quebec.

Share-based compensation expenses

The Company recognized a share-based compensation expense of $2,470 for the three months ended March 31, 2020 compared to $3,419 for the same period in the prior year. Share-based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense. The decrease is primarily due to a reduction in the grant date fair value of new options granted, which is primarily attributable to the decline in the Company's stock price.

In comparison to Q4-2019, share-based compensation expense decreased by $453 primarily due to a reduction in the grant date fair value of new options granted, which is primarily attributable to the decline in the Company's stock price.

Loss from operations

Losses from operations were $15,258 for the three months ended March 31, 2020 compared to $14,725 for the same period in the prior year. The slight increase is related to severance expenses, fixed costs at the Quebec Facility incurred in the quarter, and increased depreciation and amortization, primarily offset by increased gross profit, decreased sales and marketing, and decreased share-based compensation expense.

In comparison to a loss from operations of $17,742 in Q4-2019, the Company's losses from operations for Q1-2020 were lower primarily due to a reduction in general and administrative expenses, sales and marketing expense, and share-based compensation expenses, partially offset by a reduction in gross profit.

Impairment

A non-cash impairment charge of $52,765 for the three months ended March 31, 2020 (March 31, 2019 – $Nil) was realized on the Canadian CGU. The non-cash impairment charges recognized during the period were primarily attributable to the changes in the timing of accessing market demand and the resulting slower revenue ramp up and growth than originally forecasted by management. Management has taken steps to realign the strategic plan to account for the changing market conditions. In addition, the Company recognized an impairment loss on its investment in Epican of $3,082 (March 31, 2019 – $Nil) due to changing market conditions in Jamaica. The Company has also made a strategic decision to forgo expansion of proposed cultivating activities in Jamaica for export to prioritize the Company's Canadian operations and sell its interest in the entity subsequent to March 31, 2020. This non-cash impairment charge does not directly impact the Company's operating activities or liquidity.

The Company recognized $127,728 in non-cash impairment charges during Q4-2019, prior to COVID-19 being declared a global pandemic, due primarily due to lack of retail infrastructure in key provinces affecting recreational sales potential until larger scale distribution has been built out.

Net loss

The Company's net loss for the three months ended March 31, 2020 is $73,436 (March 31, 2019 – $14,091) which is comprised of the loss from operations and impairment discussed above. In addition, in Q1-2020, foreign exchange losses amount too $2,514 (Q1-2019 - $159) due to a decrease in the Canadian dollar against the US dollar and European Euro, partially offset by finance income of $171 (lower than Q1-2019 - $1,186 because of lower cash on hand generating interest income).

The Company experienced a $71,317 decrease in net loss as compared to Q4-2019, due to the lower loss from operations and less impairment recognized during Q1-2020 as compared to Q4-2019.

Comprehensive loss

The Company's comprehensive loss for the three months ended March 31, 2020 was $71,090 (March 31, 2019 – $15,441) and was comprised of the net loss discussed above other comprehensive income comprised of foreign exchange translation gain from foreign operations of $2,346 (March 31, 2019 - $1,350 – loss incurred through other comprehensive income).

In comparison to Q4-2019, the Company's comprehensive loss decreased by $73,430 primarily due to factors discussed above as well as fluctuation in exchange rates where the functional currency of a foreign operation differed from that of the reporting entity, The Green Organic Dutchman Holdings Ltd.

FINANCIAL POSITION

The following is a discussion of the changes to the Company's financial position as at March 31, 2020 as compared to December 31, 2019 in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

in thousands of $CAD, except %		**As at March 31, 2020**		**As at December 31, 2019**	**Change ($)**	**Change (%)**	**Comments**
ASSETS							
Current assets							
Cash and cash equivalents	**$**	**4,847**	$	27,569	(22,722)	(82)	See Liquidity and Capital Resources section below.
Restricted cash		**219**		8,578	(8,359)	(97)	Decrease due to $4,359 paid towards construction contracts related to the Quebec Facility and $4,000 of payments for the Hamilton Facility.
Refundable sales tax receivable		**2,566**		8,553	(5,987)	(70)	Input tax credits were refunded in Q1-2020, partially offset by new value added taxes paid on new expenditures and not yet refunded.
Prepaid expenses and deposits		**8,502**		8,382	120	1	An increase in prepaid operational expenses and deposits with the ramp-up to be operationally ready for full scale production in 2020.
Trade Receivables		**1,453**		1,488	(35)	(2)	
Inventories		**11,197**		8,268	2,929	35	An increase due to the harvesting of biological assets in Canada and new purchases of raw materials in Poland, partially offset by inventories sold.
Biological assets		**2,788**		2,771	17	1	The increase in biological asset value is due to additional unharvested plants at period end. Offset by plants harvested and transferred to inventory during the period. The Company operated in the same grow space for Q1-2020 and expects to grow in additional rooms given the Processing Building is licenced by Health Canada to handle additional capacity.
Due from related parties		**448**		699	(251)	(36)	
Other current assets		**518**		534	(16)	(3)	
Deferred financing costs		**-**		1,324	(1,324)	-	Decrease related to remaining funds drawn from secured credit facility in 2020.
	$	**32,538**	$	68,166	(35,628)	(52)	
Non-current assets							
Property, plant and equipment	**$**	**203,970**	$	237,033	(33,063)	(14)	An decrease due to $51,725 impairment charge, $1,263 in depreciation and disposals of $32, offset by $19,946 in construction additions and foreign exchange changes of $11
Intangible assets		**10,944**		12,019	(1,075)	(9)	A decrease mainly due to the impairment charge recognized in Q1 2020, and amortization, partially offset by changes in foreign exchange rates as at March 31, 2020.
Investments in associates		**2,194**		4,918	(2,724)	(55)	A decrease due to impairment on the Company's investment in Epican taken in Q1 2020.
Goodwill		**8,627**		8,101	526	6	Increase related to changes in foreign exchange rates on consolidation as at March 31, 2020. The Canadian Dollar, the Company's presentation currency, amid the COVID-19 pandemic has fallen against the European Euro and US Dollar.
Other assets		**11,859**		11,944	(85)	(1)	A decrease due primarily to construction deposits transferred to fixed assets during the period. Additional deposits are expected to transfer to fixed assets as the projects progress.
Total assets	**$**	**270,132**	$	342,181	(72,049)	(21)	

in thousands $CAD, except %		As at March 31, 2020		As at December 31, 2019	Change ($)	Change (%)	Comments
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Accounts payable and accrued liabilities	**$**	**39,302**	$	52,074	(12,772)	(25)	A decrease due to payments made against outstanding construction payables funded in part, by additional debt received in Q1-2020 from the Company's senior secured credit facility.
Income tax payable		**14**		39	(25)	(64)	
Current portion of loans		**549**		524	25	5	Slight increase due to current portion of secured credit facility due in Q1-2021, partially offset by HemPoland's receipt of a payment deferral until the end of 2021 on its term loan during Q1-2020. The loan was thus reclassified and presented as long-term.
Current portion of lease liabilities		**870**		590	280	47	
	$	**40,735**	$	53,227	(12,492)	(23)	
Non-current liabilities							
Lease liabilities		**4,299**		2,955	1,344	45	Increased due to new leases and modifications, partially offset by principal and interest payments made on lease liabilities.
Loans		**22,915**		16,909	6,006	36	Increase due to remaining funds drawn from secured credit facility, partially offset by deferred financing costs applied against balance. Principal repayments start in 2021.
Contingent consideration		**193**		462	(269)	(58)	A slight decrease due to the revaluation of contingent consideration owed resulting from HemPoland acquisition as at March 31, 2020.
Deferred tax liability		**959**		1,028	(69)	(7)	
Total liabilities	**$**	**69,101**	$	74,581	(5,480)	(7)	
Total Shareholders' Equity	**$**	**201,031**	$	267,600	(66,569)	(25)	A decrease due to an increase in the accumulated deficit of $73,151, and decrease in non-controlling interests of $285, partially offset by an increase in share capital of $854, share based compensation reserve of $1,519, contributed surplus of $272, shares to be issued of $1,876, and accumulated other comprehensive income of $2,346.
Total Liabilities and Shareholders' Equity	**$**	**270,132**	$	342,181	(72,049)	(21)	

BUSINESS OBJECTIVES AND MILESTONES

The Company is completing its development stage activities and is at the inception of active operations. As such, the focus of the Company's activity is the ramp up of commercial operations and the production and sale of its organic cannabis products. The Company has developed and launched key products and in June 2020 its full range of key product lines are expected to be launched. The Company has also built its distribution network through contracts with a number of provincial cannabis distribution boards and, most recently, with respect to the Company's medical cannabis products, a private national distributor of medical cannabis. Having developed its business to this stage, the Company is focused on actively growing sales and revenues. The Company has had minimal sales in Canada over the last year, consisting mainly of sales of premium flower and oil products, as it has been focused on the development of its infrastructure and key product lines. Recently, the Company completed development and launch of two key products – a mainstream-priced dried organic cannabis flower brand, called Highly Dutch, and a flavour of cannabis-infused tea, called Happy Hibiscus Mate. The Company has also developed and launched a line of infusers. In addition, the Company has completed development, external testing and production of two additional flavours of cannabis teas – called Restful Chamomile and Zen Green Sencha – which following additional processing and packaging will be ready for launch in June. The Company completed its first shipment of a mix of its products, including Highly Dutch and Happy Hibiscus Mate as well as its cannabis infusers, to Quebec's provincial distribution board on May 26, 2020. The Company continues to work to generate purchase orders and cultivate, process and ship its organic cannabis products across Canada. However, there is a risk that sales and revenues will not be generated in the amounts or on the timeframes anticipated.

LIQUIDITY AND CAPITAL RESOURCES

During the three months ended March 31, 2020, the Company generated the majority of its revenue from previously acquired foreign operations and relied on the equity financing raised in prior years together with the financing received in December 2019 and the first lien senior secured credit facility to finance its operations and meet its capital requirements. The Company's objectives when managing its liquidity and capital resources are to maintain a sufficient capital base to maintain investor and creditor confidence and to sustain the future development of the business.

As at March 31, 2020 the Company had a negative working capital of $8,197 (December 31, 2019 - $14,939 positive working capital). The total consolidated cash position was $5,066, including $219 of restricted cash held in escrow for construction contracts (December 31, 2019 – $36,147 of which $8,578 was restricted cash). This cash, together with additional financing obtained subsequent to March 31, 2020 will be used primarily towards commissioning of facilities, to install manufacturing equipment and cover operating costs towards the Company reaching positive operating cashflow, which is expected by the end of 2020.

The Company has primarily financed its operations to date through the issuance of common shares, warrants, and a senior secured credit facility. The Company continues to seek capital through various means including the issuance of equity and/or debt. The interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future if additional debt or equity financing is received. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its projects. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

	For the three months ended		
	March 31, 2020	**March 31, 2019**	**Variance to Q1-2019 ($)**
		(Recast)	
Net cash used in operating activities	**$ (13,097)**	$ (22,507)	$ 9,410
Net cash used in investing activities	**$ (16,925)**	$ (27,011)	$ 10,086
Net cash provided by financing activities	**$ 6,472**	$ 9,534	$ (3,062)
Net effects of foreign exchange	**$ 828**	$ 863	$ (35)
(Decrease) increase in cash and cash equivalents	**$ (22,722)**	$ (39,121)	$ 16,399

Operating Activities

For the three months ended March 31, 2020 net cash used in operating activities was $9,410 lower than the three months ended March 31, 2019. The decrease was primarily related to an increase in non-cash operating working capital items of $12,280 offset by an increase in net loss.

Investing Activities

For the three months ended March 31, 2020 net cash used in investing activities was $10,086 lower than the three months ended March 31, 2019. The decrease was primarily the result of using restricted cash to settle construction contracts as well as extending payment terms with suppliers.

Financing Activities

For the three months ended March 31, 2020, net cash provided by financing activities was $3,062 lower than the three months ended March 31, 2019. The decrease was primarily the result of $8,866 less cash inflows in comparison to Q1-2019 in relation to the exercise of stock options and warrants which is primarily attributable to the decline in the Company's stock price making it less favourable to exercise equity instruments. The reduction of cash provided by financing activities is primarily offset by the additional funds drawn in relation to the secured debt facility closed in December 2019.

Contractual obligations

The Company had the following gross contractual obligations as at March 31, 2020, which were expected to be payable in the following respective periods:

		Contractual cash flows						
	Carrying amount	**Total**	2020	2021	2022	2023	2024	Thereafter
	$	**$**	$	$	$	$	$	$
Accounts payable and accrued liabilities	**39,302**	**39,302**	39,302	-	-	-	-	-
Loans [(1)]	**23,464**	**32,577**	2,896	29,681	-	-	-	-
Lease liabilities	**5,169**	**8,925**	644	835	770	627	612	5,437
Commitments related to construction [(2)]	**-**	**5,979**	5,979	**-**	**-**	**-**	**-**	**-**
Contingent consideration payable	**193**	**319**	-	-	319	-	-	-
Total contractual obligations	**68,128**	**87,102**	**48,821**	**30,516**	**1,089**	**627**	**612**	**5,437**

[(1)] Contractual cash flows include interest payable until the maturity date for the first lien senior secured credit facility amounts outstanding as at March 31, 2020. This table does not include additional loan transactions completed subsequent to March 31, 2020. Refer to the description of these transaction in the "Recent Developments" above.

[(2)] Payables related to construction activities that have been incurred are included in accounts payable and accrued liabilities whereas amounts yet to be incurred have no carrying amount as at March 31, 2020 but have been committed and disclosed as contractual cash flows expected in fiscal year 2020. Subsequent to March 31, 2020, of $3,902 of payments beyond March 2021 but due prior to December 31, 2022 or earlier.

The Company's accounts payable and accrued liabilities include consolidated trade payables and accrued liabilities for work incurred, including for the construction of the facilities. The Company estimated that cash of $8,164 was required to meet its liabilities related to completing construction and commissioning of its Hamilton facility of which $3,272 has yet to be incurred (mainly relating to equipment) and this amount has thus been included in the "commitments related to construction" line in the table above. In addition, the Company estimated that cash of $22,775 was required to meet its liabilities related to completing construction of the current phase of its Quebec Facility, of which $2,707 has yet to be incurred which is also included in the "commitments related to construction" line in the above table. All of the figures presented are reasonably estimated as at March 31, 2020, however the Company has subsequently been able to successfully negotiate extended payment terms with certain key vendors to improve liquidity and use of the Company's expected capital resources, refer to subsequent developments below.

During the three months ended March 31, 2020, the lender of the senior secured credit facility advanced the remaining $6,658 of the first tranche. The contractual cash flows in the table above include the relevant interest and principal payments related to the $27,700 drawn as at March 31, 2020 payable until maturity dates. The table does not include the closing of the accelerated advance under the senior secured credit facility, the initial proceeds under the revolving credit facility, and additional proceeds on the remaining tranche under the senior secured credit facility or additional amounts under the revolving credit facility which were all occurrences subsequent to March 31, 2020 and are expected to be recognized in the Company's Q2-2020 financials.

The Company's leased liabilities are valued in accordance with IFRS where the Company has recognized an increase to both assets and liabilities on the consolidated statements of financial position, as well as a decrease to operating expenses (for the removal of rent expense for leases), an increase to depreciation and amortization (due to depreciation of the right-of-use assets), and an increase to finance costs (due to accretion of the lease liability).

The contingent consideration payable relates to contingent consideration of up to 3,047,723 shares potentially payable to the former owners of HemPoland based on that entity achieving certain earnings targets by the end of the 2021 financial year which may be settled in cash pursuant to the terms of the agreement at the Company's option. The consideration is revalued to fair value at the end of each reporting period in accordance with IFRS based on a valuation technique with a probability assessment of asymmetric payment structures.

Developments subsequent to March 31, 2020

Subsequent to March 31, 2020, there have been many key developments with respect to the Company's liquidity and capital resources which inherently affect contractual obligations. The Company:

(a) received an advance of $10,000 on its revolving credit facility on April 22, 2020 and issued to the lender 3,000,000 warrants of the Company with an exercise price of $0.39. The revolving credit facility has a $3,000 'bulge' payment feature that will become available to the Company on July 1, 2020. The Company can draw on the remaining $17,000 of the facility secured by trade accounts receivable as sales become available.

(b) issued 20,536,700 common shares and 10,268,350 warrants of the Company on April 27, 2020 with an exercise price of $0.38 per share pursuant to a bought deal prospectus dated April 22, 2020.

(c) received on April 27, 2020 a $5,000 advance on the accordion under its senior secured credit facility and issued to the lender of the senior secured credit facility 1,500,000 warrants of the Company with an exercise price of $0.39 per share.

(d) negotiated with key vendors and creditors and reasonably expects to be able to defer approximately $3,248 of payments beyond April 2021.

(e) announced that it has entered into an equity offering bought-deal ("**May Offering**") with gross proceeds of $15,000, subject to regulatory approvals and a potential for an overallotment option for gross proceeds of $2,250.

(f) would be expected to make interest and principal payments of $8,232 for the period May 1, 2020 to April 30, 2021, assuming all facilities are being utilized on an as needed basis.

The Company expects that the net proceeds of the May Offering, together with cash on hand, the $3,000 bulge payment under the revolving credit facility and further additional amounts up to $17,000 under the revolving credit facility as they become available, anticipated revenues, and other sources of available funds, would be sufficient to fund operations for at least the next 12 months, for greater certainty, to the end of April 2021. The Company expects to achieve positive Canadian operating cash flows later in 2020.

Other Contractual Commitments

The lease for the office space of the Company's headquarters required the issuance of a letter of credit in the amount $350, which may be drawn upon by the landlord in the event of a material breach of the agreement. As at March 31, 2020, there have been no breaches and no amounts have been drawn upon this letter of credit.

Pursuant to some of the agreements related to the Company's facilities, as at March 31, 2020, the Company has letters of credit in the amount of $1,800 which may be drawn upon in the event of material breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates ("GIC") securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which has been recorded in other assets. As at March 31, 2020, there have been no breaches and no amounts have been drawn on the letters of credit. As at March 31, 2020, the Company has outstanding deposits on construction related activities of $690 (December 31, 2019 – $690) also included in other assets.

The Company has also entered into certain agreements for equipment and services that allow for deferred payment terms and/or the inclusion of permitted subordinated liens on personal property, per the Senior Loan agreement, associated with the equipment located at both the Hamilton and the Quebec facilities should there be any material breaches of the agreements. As at March 31, 2020, there have been no breaches of the respective agreements.

Claims and Litigation

The Company may become subject to litigation from time to time in the ordinary course of business, some of which may adversely affect its business. For instance, the Company is currently subject to three employment related claims totalling approximately $3,500, a breach of contract claim by former warrant holders for approximately $1,250, and a claim from a customer in Europe for approximately $2,100. The employment claims relate to a former contract CFO of the Company, a former consultant to the Company and a former officer of HemPoland. The former contract CFO issued a claim in the Ontario Superior Court of Justice for $3 million on September 25, 2018 and the Company filed a defence in October 2018. There have been no appearances or proceedings scheduled since the Company's defence was filed. The claim by the former consultant was issued by the Ontario Superior Court of Justice on April 15, 2020. The Company is in the process of preparing its defence. The former officer of HemPoland has brought proceedings in Elblag, Poland, claiming payment of a contractual severance payment of approximately $370. HemPoland is vigorously defending the claim. A trial in this matter was previously scheduled to proceed at the end of April; however, that hearing has been deferred indefinitely due to COVID-19 related closures.

In the breach of contract claim, a group of plaintiffs have brought a claim in British Columbia alleging breach of contract in regard to share purchase warrants they were prevented from exercising due to a restrictive trading period. This matter has been set down for trial commencing July 19, 2021. Finally, a customer in Europe (a distributor) alleges that HemPoland breached a verbal contract with it by ceasing to cooperate with the distributor and has alleged damages of approximately $2,100. No proceedings have been initiated in respect of the matter. No provision in relation to these claims has been recognized as the Company estimates that it is more likely than not that a present obligation does not exist that will result in a payment to be made by the Company for these claims.

Use of Proceeds from Previous Financing

The following table compares the Company's previous disclosure on its intended use of proceeds from the offering of units by short form prospectus dated December 13, 2019 (the "**December Offering**") with the subsequent actual use of those proceeds, together with an explanation of any variances and the impact of those variances, if any, on the Company's ability to achieve its business objectives and milestones:

Disclosed intended use of net proceeds	Actual use of proceeds and discussion of variances
To complete the construction of the processing centre at the Hamilton Facility - $14,200 net of transaction costs Working capital - $7,510 net of transaction costs	Approximately $3,100 of the net proceeds from the December Offering were used for payments specifically related to the construction of the Hamilton Facility, with the balance of the net proceeds being applied toward working capital. Subsequent to the completion of the December Offering, the Company closed the first tranche of its senior secured credit facility on December 24, 2019. The Company's December 13, 2019 prospectus stated that the Company anticipated using the proceeds of this facility for capital expenditures required for the completion of the Quebec Facility, for working capital and general corporate purposes and to pay permitted fees and expenses. However, the lender directed the Company to apply the proceeds of the facility to be specifically applied to the construction of the Hamilton and Quebec Facilities in priority to the other intended uses; accordingly, the funds advanced were used for construction payments at both of the Hamilton Facility and the Quebec Facility and additional draws were available to the Company in the first quarter of 2020 to continue construction. As a consequence of the use of a portion of the credit facility advances for construction at the Hamilton Facility, a corresponding amount of the funds from the December Offering were available and used for working capital purposes. The cost of completion of the processing centre at the Hamilton Facility aligned with the Company's previously disclosed expectations in relation to the December Offering; the processing centre at the Hamilton Facility was completed on disclosed anticipated timeline and budget. The Company used the proceeds of the December Offering together with the proceeds of the first tranche of the senior secured credit facility to fund the Company's operations through April 2020.

The Company's actual use of proceeds from the December Offering differed significantly from the disclosed intended use of proceeds as a result of differing allocation of funds among financing sources. However, in aggregate, the Company is in the position disclosed as its expectation in the prospectus for the December Offering, in that it has completed the processing centre at the Hamilton Facility on the timeline and at the cost disclosed in the prospectus for the December Offering and used the proceeds of the December Offering together with the proceeds of the first tranche of the senior secured credit facility to achieve this milestone and fund its operations through April 2020.

The Company has applied and is applying the approximately $5,750 of gross proceeds from its public offering of units by short form prospectus dated April 22, 2020 (the "April Offering") substantially as disclosed in that prospectus. The Company contemplated development and launch of its key product lines on the timeline and at the cost disclosed in that prospectus, and used and is using the net proceeds of the April Offering together with the initial proceeds under the revolving credit facility and the first accordion payment under the senior secured credit facility to achieve this development milestone as anticipated.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES IN ACCOUNTING POLICIES

Except as disclosed in Note 3 to our interim consolidated financial statements, there were no significant changes in our accounting policies and critical accounting estimates for the three months ended March 31, 2020. We describe our significant accounting policies and critical accounting estimates in Note 3 to the audited consolidated financial statements and MD&A for the year ended December 31, 2019. The preparation of the interim consolidated financial statements requires the use of estimates and judgements that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effected.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

[a] Fair values

The Company's financial instruments were comprised of the following as at March 31, 2020: cash and cash equivalents; restricted cash; refundable sales tax receivable; trade receivables; due from related parties; other investments, other current assets; accounts payable and accrued liabilities; short-term loans; contingent consideration and lease liabilities.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instrument's recorded at amortized costs that the instruments fair values approximate their carrying amounts is largely due to the short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the three months ended March 31, 2020, there were no transfers of amounts between levels (three months ended March 31, 2019 – no changes).

[c] Management of key risks arising from financial instruments

Credit Risk

As at March 31, 2020, the Company's trade receivables are primarily concentrated in Europe with the exception of $186 in Canada. The Company had two customers whose balances individually were greater than 10% of total trade receivable as at March 31, 2020 (December 31, 2019 – one customer).

RELATED PARTY TRANSACTIONS

Identification of related parties

Related parties as at March 31, 2020 have been identified as follows:

Related party	Business relationship	Measurement basis
Jeffrey Scott	Director	Exchange amount
Nicholas Kirton	Director	Exchange amount
Marc Bertrand	Director	Exchange amount
Jacques Dessureault	Director	Exchange amount
Caroline MacCallum	Director	Exchange amount
Brian Athaide	Management, Director	Exchange amount
Sean Bovingdon	Management	Exchange amount
Marie-Josee Lafrance	Management	Exchange amount
Geoffrey Riggs	Management	Exchange amount
Matthew Schmidt	Management	Exchange amount
Anna Stewart	Management	Exchange amount
John Wren	Management	Exchange amount
Ravinder Kumar	Management	Exchange amount
Epican Medicinals Ltd.	Non-controlled investee	Exchange amount
9371-8633 Québec Inc.	Non-controlled investee	Exchange amount

Key transactions with related parties

There have been no material transactions with related parties and no unusual transactions outside of the normal course of business in Q1-2020.

None of the balances outstanding to related parties as at March 31, 2020 are secured (March 31, 2019 – none). No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. No new guarantees have been given or received by related parties since Q4-2019.

As at March 31, 2020, the Company had no receivable or payable balances with key management personnel and $127 of director fees payable.

Beginning in Q2-2020, Directors of the Company have voluntarily accepted a 20% reduction in their fees.

Other

Management has accrued termination benefits to former executives that have left the Company to the extent required by IFRS and are no longer considered related to the entity.

On May 25, 2020, the Company sold its interest in EML to another shareholder of EML for a nominal amount given its history of operating losses, recent economic developments in Jamaica restricting operations and the Company's strategic decision to no longer pursue opportunities in Jamaica to focus on Canadian operations. Upon completion of the disposition, EML repaid $258 of a $707 loan owing by EML as at March 31, 2020 to the Company and issued the Company a promissory note for the balance of $449**.**

REGULATORY LANDSCAPE

The results of operations and financial condition of the Company are subject to a number of regulations and are affected by a number of factors outside the control of management.

Canadian Regulatory Landscape

Cannabis production, distribution, sale, and use is illegal in Canada except where specifically permitted by law. On October 17, 2018, the federal Cannabis Act and accompanying Regulations, including the Cannabis Regulations ("Cannabis Regulations"), the new Industrial Hemp Regulations ("IHR", and together with the Cannabis Regulations, collectively, the "Regulations"), came into force, legalizing the production, distribution and sale of cannabis for adult recreational purposes, as well as incorporating the pre-existing medical cannabis regulatory scheme under one complete framework. Amendments legalizing the sale of edible cannabis, cannabis extracts, and cannabis topicals in the Canadian market came into force on October 17, 2019. A federally licensed entity with authorization to produce and sell edible cannabis, cannabis extracts, and cannabis topicals must provide 60-days notice to Health Canada of its intent to sell these newly legalized classes of products.

Pursuant to the federal regulatory framework in Canada, each province and territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessories within the province or territory. All Canadian provinces and territories have implemented mechanisms for the distribution and sale of cannabis for recreational purposes within those jurisdictions, and retail models vary between jurisdictions.

The Cannabis Act maintains separate access to cannabis for medical purposes, including providing that import and export licences and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Patients who have the authorization of their healthcare provider have access to cannabis, either purchased directly from a federally licensed entity authorized to sell for medical purposes, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

Provincial Regulatory Framework for Recreational Cannabis

While the Cannabis Act provides for regulation of the commercial production of cannabis and related matters by the federal government, the provinces and territories of Canada have authority to adopt their own laws and regulations governing the distribution, sale and consumption of cannabis and cannabis accessory products within the province or territory, permitting for example, provincial and territorial governments to set lower possession limit for individuals and higher age requirements. Currently each of the Canadian provincial and territorial jurisdictions has established a minimum age of 19, except for Alberta, where the minimum age is 18, and Québec, where the minimum age is 21.

All Canadian provinces and territories have implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. Provincial/territorial bodies act as intermediaries between entities licensed federally under the Cannabis Act and consumers, such bodies acting in some jurisdictions as exclusive cannabis wholesalers and distributors, and in some instances as exclusive retailers.

Some municipal and regional governments may also choose to impose additional requirements and regulations on the sale of recreational cannabis. In some provinces, municipal by-laws may restrict the number of recreational cannabis retail outlets that are permitted in a certain geographical area, or restrict the geographical locations wherein such retail outlets may be opened..

Regulatory Landscape Outside Canada

The Company only conducts business in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada and the rules of the TSX. The legal and regulatory requirements in the foreign countries in which the Company operates with respect to the cultivation and sale of cannabis, as well as local business culture and practices, are different from those in Canada. Prior to commencing operations in a new country, in partnership with local legal counsel, consultants and partners, the Company conducts legal and commercial due diligence in order to ensure that the Company and its officers and directors gain a sufficient understanding of the legal, political and commercial framework and specific risks associated with operating in such jurisdiction. Where possible, the Company seeks to work with respected and experienced local partners who can help the Company to understand and navigate the local business and operating environment, language and cultural differences. In consultation with advisors, the Company takes steps deemed appropriate in light of the level of activity and investment it expects to have in each country to ensure the management of risks and the implementation of necessary internal controls.

Denmark

As of January 1, 2018, the Danish government initiated a trial ("pilot program") permitting doctors to prescribe medical cannabis to a defined patient group. The trial will continue for the next four years and is supported by federal funding. The Danish Medicines Agency issues licences to import "primary" (starter) cannabis products and to cultivate (as of July 1, 2018) and produce approved forms of medical cannabis for wholesale distribution within Denmark (sale at Danish pharmacies). The Danish government initiated a four-year development scheme so that the Danish Medicines Agency authorizes research and development activities in terms of cultivating and handling cannabis, which may form part of the pilot program at a later stage. All medical cannabis production facilities and products are subject to inspection by the Danish Medicines Agency. As of January 1, 2019, export of cannabis bulk and primary products is also included in the pilot program. Exporting activities relating to cannabis bulk or primary products must be in accordance with requirements laid down in the legislation, including obtaining the necessary authorization. The country receiving the cannabis bulk must allow import of cannabis for medicinal use and the company importing the cannabis bulk or primary products must have the necessary authorizations in place according to national requirements in the importing country.

Since being introduced, there has been debate regarding whether the pilot program has provided medical patients with sufficient access to medical cannabis and whether the implementation and evaluation criteria has been sufficiently clear. An overall review and evaluation of the cannabis pilot program is expected to be carried out in May 2020 and the Minister of Health, Magnus Heunicke, has stated he is ready to extend the medical cannabis pilot program if that it is necessary for effective evaluation of the program

Poland

In Poland, the use of hemp is generally restricted and may be accepted only if certain statutory requirements are met. Polish laws provide specific regulations, depending on the use of the hemp. Pursuant to the Misuse of Drugs Act, hemp may be grown solely and exclusively for the needs of the textile, chemical, pulp and paper, food, cosmetic, pharmaceutical and construction industries, as well as for seed production. Buying hemp from a farmer requires a permit from the governor of the province holding territorial jurisdiction over the plantation. Buying and reselling hemp seeds is subject to notification to the appropriate Provincial Inspector of Plant Health and Seed Inspection. Where hemp extracts are used for producing foodstuffs, the production facility must meet the sanitary requirements stipulated under the Act on the Safety of Food and Nutrition. The cultivation of cannabis which does not fall within the definition of hemp under the Misuse of Drugs Act, i.e. "plant species Cannabis Sativa L., in which the total content of delta-9-tetrahydrocannabidiol and tetrahydrocannabinolic acid (delta-9-THC-2-carboxylic acid) in the floral or fructifying tops of the plants, from which resins has not been removed, does not exceed 0.20% of the dry-extract content" is prohibited in Poland.

Mexico

On June 19, 2017, Mexico enacted certain amendments to the General Health Law of Mexico, allowing the use of cannabis and its derivatives for medicinal purposes that could be commercialized and prescribed by any licensed physician and sold in pharmacies, as long as the products contain less than 1% THC, as well as for the sale of other products with broad industrial uses as long as a cumulative dose of 1% THC is not exceeded. The authority overseeing medicinal cannabis regulations in Mexico is the Mexican Ministry of Health through the Federal Commission for the Protection against Sanitary Risks (COFEPRIS). On September 20, 2018, the Federal Commissioner of the COFEPRIS announced the conclusion of the technical review process for the regulation of medicinal cannabis and the upcoming delivery of the regulations to the then Mexican President for ratification; however, such ratification did not occur during the previous administration. On October 30, 2018, the Guidelines on Health Control of Cannabis and its Derivatives were issued by COFEPRIS regulating medicinal cannabis and allowing the sale of food, food supplements, alcoholic and non-alcoholic beverages without a medical prescription, as long as a cumulative dose of 1% THC is not exceeded. Such guidelines were later revoked on March 27, 2019. On August 14, 2019, Mexico's Supreme Court of Justice resolved an amparo trial setting forth an obligation for the Ministry of Health to regulate the medical and therapeutic use of cannabis and its derivatives, in order to guarantee the human right to health to the public at large. On October 18, 2019 a Bill was presented in Congress by the United Commissions of Justice, Health, and Legislative Studies of the Senate (the "Commissions"), in order to enact the Law for the Regulation of cannabis and the amendments to certain provisions set forth in the General Health Law and the Criminal Code (the "Bill"). On January 9, 2020, the Commissions presented a revised preliminary Bill, which was set to be discussed and negotiated during the ordinary sessions that ran from February 1st through April 30th, 2020. On April 17, 2020, Mexico's Supreme Court of Justice granted a second extension of the deadline for the enactment of such regulations, as a consequence of the measures ordered by Mexico's Government to prevent and combat the spread of the COVID-19. The new legal timeframe for the revision of the Bill will run from September 1st until December 15th, 2020, corresponding to the next ordinary period of sessions. The Bill regulates the following uses of cannabis and its derivatives: personal, recreational, medical and palliative, scientific, research, commercial and industrial. Regarding the medical, therapeutic and palliative uses of cannabis' derivatives, the Bill authorizes the use and production of cannabis, as well as the import and export of products which contain its derivatives. A specific licence will be needed for carrying out such activities.

United States

"Marijuana" is a Schedule I controlled substance under the United States Controlled Substances Act of 1970. On December 20, 2018, hemp (defined as cannabis with not more than 0.3% THC) was removed from Schedule 1 of the list of controlled substances under United States federal law in accordance with the United States Agriculture Improvement Act of 2018, commonly known as the "2018 Farm Bill". The 2018 Farm Bill does not affect any other cannabis product and therefore cannabis and cannabis derivatives that do not meet the definition of hemp, and activities involving them, remain illegal under United States federal law. On October 29, 2019, the United States Department of Agriculture (the "USDA") released an interim final rule for regulations governing hemp production in the United States. The Farm Bill also authorizes individual states to regulate hemp in their jurisdiction by developing and seeking USDA approval of a regulatory plan. The interim final rule was open to public comment until January 29, 2020. Following review of public comment, the USDA has indicated it intends to publish and implement a final rule governing hemp production. Until the final rule comes into force or state and tribal plans are approved and implemented, the production of hemp remains subject to the provisions of the 2014 Farm Bill, which permits production only for research purposes pursuant to a state pilot program. In addition, notwithstanding the 2018 Farm Bill, the United States Food and Drug Administration (the "FDA") prohibits cannabis (including hemp) and its derivatives, including cannabidiol (CBD), for use as an ingredient in food and drink. The FDA held a public hearing on May 31, 2019, to obtain input from stakeholders regarding the regulation of products containing cannabis and cannabis derivatives. The FDA has not yet indicated whether its approach to the regulation of such products will change in light of the descheduling of hemp or other developments. In addition, any ingredient derived from hemp in food is subject to the premarket approval requirements applicable to food additives, unless that use is generally recognized as safe ("GRAS"). The FDA has issued letters of no objection to at least three GRAS notices for ingredients derived from hemp seed that contain trace amounts of THC and CBD but has not to date addressed whether hemp-derived THC, CBD or other cannabinoids in non-trace levels are GRAS.

Germany

In March 2017, the German legislator introduced "The Cannabis as Medicine Act" (Gesetz zur Änderung betäubungsmittelrechtlicher und anderer Vorschriften) which regulates the requirements for the marketability of cannabis pharmaceuticals and their inclusion in health insurance plans. Under this Act, statutory insured patients suffering from a severe disease (i.e. life-threatening or seriously affecting quality of life) are entitled to treatment with medicinal cannabis (flowers or extracts in standardized quality) if (i) generally recognized treatment in accordance with medical standards is either not available, or cannot be applied in individual cases according to the justified assessment of the treating physician, and (ii) if there is a not entirely distant prospect of a noticeable positive effect on the course of the disease or on serious symptoms.

Importers of cannabis pharmaceuticals which have not been produced in an EU/EFTA Member State and which shall be distributed in Germany on a commercial or professional basis must apply for an import authorization to the competent health authority in the federal state (Bundesland) in which the importer is based. Generally, the import authorization can be issued for cannabis from cultivations controlled by the State pursuant to the requirements of the 1961 UN Single Convention on Narcotic Drugs. Furthermore, medicinal cannabis products are subject to the marketability requirements under the Medicinal Products Act (Arzneimittelgesetz) which requires a marketing authorization for finished medicinal products issued by the competent Federal Institute for Drugs and Medical Devices (Bundesinstitut für Arzneitmittel und Medizinprodukte – "BfArM"). Finally, medicinal cannabis products with a THC concentration of at least 0.2 percent qualify as narcotics under German law and are therefore subject to the authorization requirements under the German Narcotic Drugs Act (Betäubungsmittelgesetz). Under this Act, seller and buyer of medicinal cannabis products must obtain an authorization by the BfArM. Such an authorization has been issued per se for qualified doctors and pharmacists who sell or buy narcotics for the treatment of a patient or in the course of the operation of a pharmacy.

RISK FACTORS AND UNCERTAINTIES

Many factors could cause the Company's results of operations, performance and financial condition to differ materially from those expressed or implied by the forward-looking statements and forward-looking information contained in this management's analysis and discussion, including the following factors, which are discussed in greater detail under the heading "Risk Factors" in the Company's current Annual Information Form as updated by subsequent reports, filed with securities regulators and available on www.sedar.com, which risk factors are incorporated by reference into this document and should be reviewed in detail by all readers:

- the Company's ability to continue as a going concern
- the Company's business is dependent on key supply chains which could be adversely disrupted by a number of factors including, among others, major health issues or pandemics, such as the COVID-19 pandemic
- The Company's ability to raise required additional capital through the sale of equity or debt instruments or the factoring of receivables or otherwise
- the Company's limited operating history;
- the Company may be unable to achieve revenue growth and development;
- there are factors which may prevent the Company from the realization of growth targets;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- The Company's CBD business in Europe is subject to evolving approaches to the regulation of CBD by the European Union, its member states, and the United Kingdom
- the Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, research and development, regulatory compliance and operations;
- there is no assurance that the Company will turn a profit or generate immediate revenues;
- the adult-use cannabis market in Canada is a relatively new industry;
- the adult-use cannabis market in Canada may experience supply and demand fluctuations that could result in revenue and price decreases;
- the cannabis market in Canada may be significantly reduced over time due to personal cultivation;
- the size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data;
- the Company is subject to changes in laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations;
- the Company is reliant on regulatory approvals and cultivation Licenses for its ability to grow, process, package, store and sell cannabis and other products derived therefrom, and these regulatory approvals are subject to ongoing compliance requirements, reporting obligations and fixed terms requiring renewal;
- any failure on the Company's part to comply with applicable regulations could prevent it from being able to carry on its business and there may be additional costs associated with any such failure;
- under Canadian regulations, a Licensed Producer of cannabis is restricted regarding the type and form of marketing it can undertake which could materially impact sales performance;
- the Company intends to target a premium segment of the adult-use cannabis market, which may not materialize, or in which it may not be able to develop or maintain a brand that attracts or retains customers;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company may be unsuccessful in competing in the overall legal adult-use cannabis market in Canada and any other countries it intends to operate in;
- the Company, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer or investor perception;
- the Hamilton Facility and the Québec Facility are expected to become integral to the Company's business and operations;
- there can be no assurance that the Company will receive the required approvals with respect to the Québec Facility;
- the Company may not be able to develop its products, which could prevent it from ever becoming profitable;
- if the Company is unable to develop and market new products, such as beverages, it may not be able to keep pace with market developments;
- there has been limited study on the health effects of cannabis products, including CBD, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of such products;
- trade of cannabis for non-medical purposes within Canada may be restricted by the Canadian Free Trade Agreement;
- the Company is exposed to risks relating to the laws of various countries as a result of its planned international operations;
- the Company's business is subject to a variety of foreign laws, many of which are unsettled and still developing, and which could subject it to claims or otherwise harm its business;
- the Company must rely on international advisors and consultants in the foreign countries in which it intends to operate;

- the Company is required to comply concurrently with federal, state or provincial, and local laws in each jurisdiction where it operates or to which it exports its products;
- the hemp and CBD industries and markets are new and heavily regulated with rules subject to rapidly changing laws and uncertainty, compliance with which may come with significant cost;
- the hemp and CBD products industries and markets in Canada, the EU, Jamaica and Mexico are also subject to many of the same risks as the adult-use cannabis industry and market;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market;
- the Company has entered into and in the future may seek to enter into strategic alliances including contractual relationships, joint ventures, selective acquisitions, licensing arrangements or other relationships, or expand the scope of currently existing relationships, with third parties that the Company believes will have a beneficial impact, and there are risks that such strategic alliances or expansions of the Company's currently existing relationships may not enhance its business in the desired manner;
- the Company may not be able to successfully identify and execute future acquisitions or dispositions or successfully manage the impacts of such transactions on its operations;
- the cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others;
- the Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operation results. The Company is also dependent on access to skilled labour, equipment and parts;
- the Company is vulnerable to rising energy costs;
- the Company's products may not have, or may not be perceived to have, the effects intended by the end user;
- the Company's quality control systems may not operate effectively;
- the Company's cannabis products may be subject to recalls for a variety of reasons, which could require it to expend significant management and capital resources;
- the Company faces an inherent risk of exposure to product liability;
- the Company may be subject to liability claims as a result of positive testing for THC or banned substances;
- consumer preferences may change, and the Company may be unsuccessful in retaining customers;
- the Company's operations are subject to safety, health and environmental laws and regulations applicable to its operations and industry in the various jurisdictions in which it operates, and it may be held liable for any breaches of those laws and regulations;
- the Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses or claims against the Company;
- the Company may become subject to litigation in the ordinary course of business;
- the Company will be reliant on information technology systems and may be subject to damaging cyber-attacks;
- the Company may be exposed to liability or the threat of liability in relation to the use of customer information and other personal and confidential information;
- the Company may be subject to risks related to the protection and enforcement of its intellectual property rights, or intellectual property it licenses from others, and may become subject to allegations that it or its licensors are in violation of intellectual property rights of third parties;
- the Company may be subject to breaches of security at its facilities;
- the Company may incur additional indebtedness;
- the Company may not be able to secure adequate or reliable sources of funding required to operate its business or increase its production to meet consumer demand for its products;
- management may not be able to successfully implement adequate internal controls over financial reporting;
- the Company currently has negative operating cash flow;
- the Company may be subject to credit risk;
- the Company's loans may contain covenants that limit its ability to seek additional financing or perform desired business operations;
- tax and accounting requirements may change in ways that are unforeseen to the Company and it may face difficulty or be unable to implement or comply with any such changes;
- fluctuations in foreign currency exchange rates could harm the Company's results of operations;
- if the Company has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of the Company's financial statements, which could result in a decrease in the value of its securities;
- it is anticipated that no cash dividends will be paid to holders of Common Shares for the foreseeable future;
- the Company continues to sell shares for cash to fund operations, expansion, and mergers and acquisitions that will dilute the current shareholders;
- the price of the Common Shares in public markets may experience significant fluctuations;
- if securities or industry analysts do not continue to publish research, or publish inaccurate or unfavourable research, about the Company's business, the Common Share price and trading volume could decline; and

- U.S. border officials could deny entry into the U.S. to employees of or investors with cannabis operations in the United States and Canada.

In addition, the Company has the following updated risk factor with respect to the ongoing impact of COVID-19:

The development and operation of the Company's business is dependent on labour inputs which could be adversely disrupted by the ongoing impact of COVID-19. While it is difficult to predict the impact of the coronavirus outbreak on the Company's business, measures taken by the Canadian and Ontario governments and voluntary measures undertaken by the Company with a view to the safety of the Company's employees, may adversely impact the Company's business, for instance by impeding the labour required to cultivate, process, market and distribute the Company's products and disrupting the Company's critical supply chains. In addition, while cannabis retail has been declared an essential service in many provinces, sales volumes of cannabis may be adversely impacted by consumer "social distancing" behaviours. All Company office staff have transitioned to working remotely from home offices, with business continuing to be conducted by telephonic and electronic means. The Company's Hamilton Facility has implemented precautionary measures to ensure the safety of the staff and product, including limiting visits to the site to essential personnel only, ensuring proper protocols around sanitation, mask usage and physical distancing, and placing potentially exposed employees in self-quarantine for the appropriate period. These measures and similar measures taken by other employers may adversely impact the Company's ability to successfully market its new key product lines, for instance by precluding in-store visits and budtender engagement programs. In the short term, the Company is seeking to mitigate these impacts through technology-mediated engagement with retailers. The Company continues to dynamically monitor developments in order to adapt and respond in order to protect the health and safety of the Company's employees and the best interests of the Company, and is in the process of developing return to work protocols for the anticipated easing of provincial pandemic restrictions over the coming months.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining a system of disclosure controls and procedures ("DC&P") under National Instrument 52-109 to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed such disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the disclosures are being prepared to provide reasonable assurance that information required to be disclosed under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is also responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

The CEO and CFO have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS as at March 31, 2020.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no material changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2020, which have materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Shares	341,308,284
Warrants	92,105,669
Compensation options	377,648
Escrowed share units arising from the HemPoland transaction	1,968,323
Contingent share units arising from the HemPoland transaction	3,047,723
Restricted share units issued to employees	27,174
Convertible share units	49,383
Stock options	18,171,400

See the Company's consolidated financial statements for a detailed description of these securities. Each security type is convertible into one Common Share.