FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: TILT HOLDINGS INC. (the "Issuer").

Trading Symbol: TILT

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

<u>Except for the information contained in no. 4 of this section, the supplementary information is contained in the attached Schedule A: Financial Statements.</u>

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Alexander Coleman – Chairman of the Board

Geoff Hamm – Senior Vice-President, Operations and Director

Gary Smith – Director

Mark Scatterday – Chief Executive Officer and Director

Robert Calhoun – Director

Joel Milton – Senior Vice President, Business Development

David Caloia – Chief Financial Officer

Robert Leidy – Senior Vice President, Retail and Cultivation

Joel Milton – Senior Vice President, Software and Services

Lars Vaule – Chief Operating Officer

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 30, 2019.

Mark Scatterday
Name of Director or Senior Officer

(signed) "Mark Scatterday"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer TILT Holdings Inc.	For Quarter Ended March 31, 2019	Date of Report YY/MM/D May 30, 2019
Issuer Address 745 Thurlow Street, #2400		
City/Province/Postal Code Vancouver, British Columbia, V6C 0C5	Issuer Fax No. ( )	Issuer Telephone No. (617) 956-6736
Contact Name Mark Scatterday	Contact Position Chief Executive Officer	Contact Telephone No. (617) 956-6736
Contact Email Address investors@tiltholdings.com	Web Site Address www.tiltholdings.com	

SCHEDULE A: FINANCIAL STATEMENTS

(See Attached)

TILT HOLDINGS, INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in United States Dollars Unless Otherwise Stated)

Notice to Reader

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(2) issued by the Canadian Securities Administrators, if the auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by the auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the interim periods ended March 31, 2019 and 2018 have been prepared in accordance with IFRS and are the responsibility of the Company's management.

The Company's independent auditors, MNP LLP, have not performed a review of the unaudited condensed interim financial statements for the interim periods ended March 31, 2019 and 2018 in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of the interim financial statements by an entity's auditor.

TILT HOLDINGS, INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in United States Dollars Unless Otherwise Stated)

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TILT HOLDINGS, INC.
Condensed Interim Consolidated Statement of Financial Position
March 31, 2019 and December 31, 2018 (Unaudited)
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Note	2019	Restated - see Note 21 2018
ASSETS			
Current assets:			
Cash and cash equivalents		$ 12,108,902	$ 97,246,666
Trade receivables and others	4	10,375,725	2,115,161
Biological assets	5	2,191,047	1,867,656
Inventories	6	26,723,535	6,666,645
Prepaid expenses and deposits		10,043,695	9,654,210
Loans receivable, short-term	12	8,674,912	7,927,219
Due from related parties	17		470,443
Total current assets		**70,117,816**	**125,948,000**
Non-current assets:			
Property, plant and equipment, net	7	76,255,009	51,736,558
Intangible assets, net	10	210,764,431	18,734,892
Investments		1,000,000	-
Right-of-use asset	8	18,966,853	-
Loans receivable, long-term	12	18,454,256	17,471,181
Goodwill	3,11	145,821,833	7,345,518
Total non-current assets		**471,262,382**	**95,288,149**
TOTAL ASSETS		**$ 541,380,198**	**$ 221,236,149**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable and accrued liabilities	17	$ 66,782,761	$ 14,447,853
Income tax payable		344,639	17,324
Deferred revenue		3,996,834	195,632
Lease liability, short-term	15	1,913,841	-
Due to related parties		372,602	-
Deferred tax liability		50,822,125	1,711,171
Total current liabilities		**124,232,802**	**16,371,980**
Non-current liabilities:			
Lease liability, long-term	15	17,990,656	-
Total Liabilities		**$ 142,223,458**	**$ 16,371,980**
Shareholders' Equity			
Share capital	13	$ 831,143,886	$ 620,577,014
Warrants reserve	13	11,225,583	12,345,728
Share options reserve	13	98,618,651	43,053,718
Subscriptions received (receivable)	13	(216,894)	495,000
Contribution to capital	13	23,934,789	91,169,000
Accumulated other comprehensive income (loss)		1,553,663	(2,339,810)
Accumulated deficit		(627,740,941)	(560,436,481)
Non-controlling interests		60,638,003	-
Total Shareholders' Equity		**$ 399,156,740**	**$ 204,864,169**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 541,380,198**	**$ 221,236,149**
Commitments and Contingencies	16		
Nature of Operations	1		
Subsequent Events	20		

Approved and authorized for issue on behalf of the Shareholders on May 30, 2019:

S/Mark Scatterday — Mark Scatterday, Chief Executive Officer

S/David Caloia — David Caloia, Chief Financial Officer

See accompanying notes

TILT HOLDINGS, INC.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
Three Months Ended March 31, 2019 and 2018 (Unaudited)
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Note	Three Months Ended March 31, 2019	2018
Revenue:			
Sales		$ 34,377,969	$ -
Production costs expensed to cost of sales		(27,071,729)	-
Unrealized gain on changes in fair value of biological assets	5	924,064	-
Fair value changes in biological assets included in inventory sold		(701,966)	-
Gross profit		**7,528,338**	**-**
Operating expenses:			
Stock compensation expense		59,772,491	-
Depreciation and amortization expense		8,467,528	4,978
Wages and benefits		5,974,366	903,394
Professional fees		6,503,810	670,534
Business acquisition expense		1,196,777	-
Insurance		1,372,603	26,875
Advertising and marketing		728,343	97,544
Travel		647,617	139,748
Administrative and other expense		1,621,660	282,948
Total operating expenses		**86,285,195**	**2,126,021**
Loss from operations		**(78,756,857)**	**(2,126,021)**
Other income (expenses):			
Interest income		780,909	-
Other income		657,869	-
Total other expenses		**1,438,778**	**-**
Loss before income taxes		**(77,318,079)**	**(2,126,021)**
Income taxes			
Provision for income taxes		(577,589)	-
Net loss		**(77,895,668)**	**(2,126,021)**
Unrealized foreign exchange income on translation		3,893,473	-
Comprehensive loss		**(74,002,195)**	**(2,126,021)**
Comprehensive loss attributable to:			
TILT Holdings Inc.		**(63,410,987)**	**(2,126,021)**
Non-controlling interests		**$ (10,591,208)**	**$ -**

See accompanying notes.

TILT HOLDINGS, INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)
Three months ended March 31, 2019 and 2018 (Unaudited)
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		Number of Shares (#)		Jimmy Jang, L.P.	$ Amount		
	Note	Common Shares	Compressed Shares	Number of Units	Common Shares	Compressed Shares	Jimmy Jang, L.P. Units
Balance - January 1, 2018		**-**	**-**	**-**	**-**	**-**	**-**
Net and comprehensive loss for the year		-	-		-	-	
Balance - March 31, 2018		**-**	**-**	**-**	**-**	**-**	**-**
Balance - January 1, 2019		**91,816,380**	**1,835,303**	**-**	**257,409,418**	**363,167,596**	**-**
Acquisition of Jupiter	*4*			53,912,143		-	137,001,000
Acquisition of Blackbird	*4*		161,543		########## ##	-	
Acquisition of Standard Farms	*4*	########## ##	-		########## ##	-	
Conversion of compressed shares to common shares		########## ##	###########				
Shares issued - private placement	*13*	128,476			348,978		
Options exercised	*13*	199,700	5,162		58,198	158,696	
Warrants converted to shares	*13*	396,616					
Share-based compensation	*13*						
Net and comprehensive loss for the year							
Balance - March 31, 2019		**133,723,099**	**1,701,093**	**53,912,143**	**330,816,594**	**363,326,292**	**137,001,000**

		Subscriptions Received (Receivable)	Contribution to Capital	Reserves		Non-controlling Interests	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
				Options	Warrants				
Balance - January 1, 2018		**-**	**-**	**-**		**-**	**-**	**(4,133,202)**	**(4,133,202)**
Net and comprehensive loss for the year								(2,126,021)	(2,126,021)
Balance - March 31, 2018		**-**	**-**	**-**		**-**	**-**	**(6,259,223)**	**(6,259,223)**
Balance - January 1, 2019		**495,000**	**91,169,000**	**43,053,718**	**12,345,728**	**-**	**(2,339,810)**	**(560,436,481)**	**204,864,169**
Acquisition of Jupiter	*4*		(71,229,211)			71,229,211			137,001,000
Acquisition of Blackbird	*4*								45,000,000
Acquisition of Standard Farms	*4*								28,000,000
Conversion of compressed shares to common shares									-
Shares issued - private placement	*13*	(495,000)			146,022				-
Options exercised	*13*	(216,894)	3,995,000	(3,995,000)					-
Warrants converted to shares	*13*				(1,478,725)				(1,478,725)
Share-based compensation	*13*			59,559,933	212,558				59,772,491
Net comprehensive income for the year						(10,591,208)	3,893,473	#############	(74,002,195)
Balance - March 31, 2019		**(216,894)**	**23,934,789**	**98,618,651**	**11,225,583**	**60,638,003**	**1,553,663**	**(627,740,941)**	**399,156,740**

See accompanying notes.

TILT HOLDINGS, INC.
Condensed Interim Consolidated Statements of Cash Flows
Three Months Ended March 31, 2019 and 2018 (Unaudited)
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash flows from operating activities:		
Net loss	$ (77,895,668)	$ (2,126,021)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	9,083,505	4,978
Change in allowance for doubtful accounts	51,431	-
Unrealized gain on changes in fair value of biological assets	(924,064)	-
Changes in fair value of inventory sold	701,966	-
Interest income	(780,909)	-
Stock compensation expense	59,772,491	-
Net change in working capital items, net of effect of acquisitions:		
Trade receivables and others	1,545,551	-
Biological assets	1,246,050	-
Inventories	(5,060,198)	-
Prepaid expenses and deposits	4,834,266	(226,671)
Accounts payable and accrued liabilities	42,751,979	(492,141)
Income tax payable	327,315	-
Deferred revenue	(3,915,126)	-
Deferred tax liability	339,000	-
Deferred rent	(628,002)	-
Net cash used in operating activities	**31,449,587**	**(2,839,855)**
Cash flows from investing activities:		
Purchase of property, plant and equipment, net of effect of acquisition	(15,378,845)	(79,514)
Increase in loan receivable	(4,173,358)	(254,831)
Investments	(1,000,000)	-
Net cash inflow from acquisitions	896,531	-
Cash paid for acquisition (Note 3)	(98,783,227)	-
Purchase (addition of) intangible asset	(131,231)	-
Net cash used in investing activities	**(118,570,130)**	**(334,345)**
Cash flows from financing activities:		
Payments on lease obligations	(945,915)	-
Loans from related parties	2,928,694	3,345,702
Net cash provided by financing activities	**1,982,779**	**3,345,702**
Net increase in cash	(85,137,764)	171,502
Cash and cash equivalents, beginning of period	97,246,666	112,900
Cash and cash equivalents, end of period	**$ 12,108,902**	**$ 284,402**

See accompanying notes

NOTE 1 - **Nature of Operations**

TILT Holdings, Inc. ("TILT" or the "Company") was incorporated under the Nevada Revised Statutes Chapter 78 on June 22, 2018. TILT is the successor of Sea Hunter Therapeutics, LLC ("Sea Hunter"), a company formed under the laws of Delaware on September 20, 2017. The Company's Common Shares began trading on the Canadian Securities Exchange ("CSE") under the symbol "TILT" on December 6, 2018. The Company's registered and records office address is 745 Thurlow Street, #2400 Vancouver, BC V6C 0C5 Canada. The Company's head office in the United States of America ("U.S.") is located at 1385 Cambridge Street, Cambridge MA 02138.

The Company was created as a result of a Business Combination Agreement ("BCA") dated July 9, 2018 (the "Agreement") pursuant to which Baker Technologies Inc. ("Baker"), Briteside Holdings, LLC ("Briteside"), Sea Hunter, Santé Veritas Holdings Inc. ("SVH"), and 1167411 B.C. Ltd. ("Finco") agreed to combine their respective businesses (the "Business Combination"). The Business Combination consisted of a series of transactions that resulted in the acquisition via Reverse Takeover ("RTO") by TILT, a British Columbia company, of all of the outstanding common shares of SVH, a British Columbia company, previously listed for trading on the CSE under the symbol "SV". Prior to the acquisition of SVH, for accounting purposes, Sea Hunter was considered the acquirer when TILT was acquired by Sea Hunter in the RTO on November 13, 2018. For further information, please refer to Note 3 "Business Combination and Reverse Takeover" in the annual financial statements for the year ended December 31, 2018.

TILT is a vertically integrated technology and infrastructure platform delivering a range of products and services across the cannabis industry. TILT operates production facilities in multiple markets across the U.S. and internationally, delivering genetically researched cannabis products through vertically integrated operations, largely through the wholesale market in partnership with retail operators. The Company also provides distribution services, logistics operations and software solutions for each touchpoint in the cannabis supply chain. The Company also provides a suite of software and services to its retail partners, helping them connect with retail customers with knowledge based promotional activities.

On January 11, 2019, through its subsidiaries Jimmy Jang Holdings and Jimmy Jang, L.P. ("JJ LP") TILT acquired all assets and assumed all liabilities of Jupiter Research, LLC ("Jupiter") an inhalation and vaporization technology company (the "Jupiter Acquisition"). The terms of the Jupiter Acquisition provided for gross consideration of $207 million, consisting of $70 million cash and 53,912,143 limited partnership units (each, an "LP Unit") and 53,912,143 rights (each, a "Right"), with one LP Unit and one Right being convertible together, at the request of the holder, into one common share ("Common Share") of TILT at a deemed issue price of US$2.5412.

On January 16, 2019, through its subsidiary Yaris Acquisition, LLC ("Yaris") TILT acquired all assets and assumed all liabilities of Blackbird Holdings Corp. ("Blackbird"), a distribution company providing logistics operations and software solutions for each touchpoint in the cannabis supply chain (the "Blackbird Acquisition"). Consideration paid for the Blackbird Acquisition was approximately $50 million, consisting of $5 million of cash and US$45 million security based consideration comprised of 161,543

NOTE 1 - Nature of Operations (Continued)

compressed shares in the capital of TILT ("Compressed Shares") at a deemed issue price of $278.48 per Compressed Share. On the date of closing, TILT contributed Yaris into capital of JJ LP in exchange for 17,012,511 of LP Units.

On January 25, 2019, TILT acquired all assets and assumed all liabilities of Standard Farms, LLC ("Standard Farms") and White Haven RE, LLC ("White Haven") multi-state medical cannabis operator focused on greenhouse cultivation and CO2 extraction (the "Standard Farms Acquisition"). Consideration paid for the Standard Farms Acquisition was approximately $40 million, consisting of $12M cash and $28M security based consideration comprised of 11,090,427 Common Shares at a deemed issue price of $2.52 per Common Share. On the date of closing, TILT contributed Standard Farms and White Haven into capital of JJ LP in exchange for 15,172,808 of LP Units.

Going Concern

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

The Company has experienced operating losses and negative operating cash flows since inception; operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business. Management has estimated that the Company has sufficient financing to complete current work plans; however, future development will require additional financing in order to complete all anticipated acquisitions and other programs during the forthcoming year and thereafter. If funds are unavailable on terms satisfactory to the Company, some or all planned activities may be cancelled or postponed. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

NOTE 2 - Summary of Significant Accounting Policies

Statement of Compliance

The condensed consolidated interim financial statements have been prepared in compliance with the International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The accounting policies applied are consistent with those in the annual consolidated financial statements except for those related to the adoption of the accounting pronouncements as described below.

The consolidated interim financial statements of the Company were approved and authorized for issue by the Board of Directors of the Company on May 30, 2019.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Basis of Measurement

These condensed consolidated 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 operations as they come due. These condensed consolidated interim consolidated financial statements have been prepared under a historical cost basis, except for certain financial instruments and biological assets, which are measured at fair value.

Functional Currency

The Company's functional currency, as determined by management is based on the primary economic environment in which the Company and its subsidiaries operate. The Company has determined that the functional currency of each entity is the U.S. dollar, except as noted below.

The functional currency of the Company's subsidiaries, SVH, TILT and Finco as determined by management is based on the primary economic environment in which SVH operates, which is Canadian dollar. Exchange differences arising on the translation of the foreign controlled entity are recognized in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the subsidiary is disposed of.

These unaudited condensed interim consolidated financial statements are presented in U.S. dollars. All references to "C$" refer to Canadian dollars.

Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of operations and comprehensive loss presented are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Foreign Currency Translation (Continued)

dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in a subsidiary with a different functional currency are recognized in other comprehensive income. When a subsidiary with a different functional currency is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of an operation with a different functional currency are treated as assets and liabilities of the operation and translated at the closing rate during the initial measurement.

Basis of Consolidation

The unaudited condensed interim consolidated financial statements do not include all the information required for full annual financial statements. The accounting policies and critical estimates applied by the Company in these unaudited condensed interim financial statements are the same as those applied in the Company's audited consolidated financial statements as of and for the year end December 31, 2018. The accounts of the consolidated subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Intercompany transactions and balances are eliminated.

These unaudited condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and entities over which the Company has control. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. Entities that are deemed to be under common control of the Company are consolidated into the financial statements with the non-controlling interest portion recorded as a reduction to equity. All of the consolidated entities were under common control during the entirety of the periods for which their respective results of operations were included in these unaudited condensed interim consolidated financial statements. All intercompany balances and transactions are eliminated on consolidation.

The following are the Company's principal consolidated entities and the ownership interest in each that are included in these condensed interim consolidated financial statements for the reporting period ended March 31, 2019:

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Basis of Consolidation (Continued)

Name	Place of Incorporation	Ownership Percentage
Jimmy Jang Holdings	**British Columbia**	**100%**
Jimmy Jang, L.P.	**Delaware**	**84.81%**
Santé Veritas Holdings Inc.	**British Columbia**	**100%**
Santé Veritas Therapeutics Inc.	British Columbia	100%
Jupiter Research, LLC	**Arizona**	**100%**
Jupiter Research Europe Ltd	United Kingdom	100%
Baker Technologies Inc.	**Delaware**	**100%**
Defender Marketing Services, LLC	Washington	100%
Yaris Acquisition, LLC	**Delaware**	**100%**
Blackbird Logistics Corporation	Nevada	100%
Blkbrd CA	California	100%
Blkbrd NV, LLC	Nevada	100%
Bootleg Courier Company, LLC	Nevada	100%
Blkbrd Software, LLC	Nevada	100%
Briteside Holdings, LLC	**Tennessee**	**100%**
Briteside E-Commerce, LLC	Tennessee	100%
Briteside Modular, LLC	Tennessee	100%
Briteside Oregon, LLC	Tennessee	100%
Standard Farms, LLC	**Pennsylvania**	**100%**
White Haven RE, LLC	**Pennsylvania**	**100%**
Sea Hunter, Therapeutics, LLC	**Delaware**	**100%**
SH Therapeutics, LLC	Florida	100%
SH Realty Holdings, LLC	Delaware	100%
SH Realty Holdings-Ohio, LLC	Ohio	100%
Commonwealth Alternative Care, Inc.	Massachusetts	100%
Cultivo, LLC	Delaware	100%
Alternative Care Resource Group, LLC	Massachusetts	100%
Verdant Holdings, LLC	Florida	100%
Verdant Management Group, LLC	Massachusetts	100%
Herbology Holdings, LLC	Florida	100%
Herbology Management Group, LLC	Massachusetts	100%
SH Ohio, LLC	Ohio	100%
SH Finance Company, LLC	Delaware	100%

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Basis of Consolidation (Continued)

A brief description of the major entity groups shown in bold above are as follows:

- SVH's activities are focused on developing the emerging cannabis market with a specific focus on the wholesale sector of the cannabis market in Canada. At present, SVH is a late-stage applicant for a license to cultivate and sell cannabis and become a licensed producer.
- Jupiter is an inhalation and vaporization technology company. The Company is engaged in the manufacturing and distribution of electronic, non-nicotine (i.e., cannabis) devices and systems. Jupiter manufactures high-end vaping devices exclusively for natural plant-derived extractors and consumers. Jupiter primarily sells to wholesalers and extractors who serve end-customers in states where medicinal and recreational cannabis use is legal.
- Baker, through its CRM platform, helps dispensaries grow their brand and build relationships with their customers through a variety of products including online ordering, customer loyalty, customer messaging and analytics.
- Blackbird is a distribution company providing logistic operations and software solutions throughout the cannabis supply chain. Blackbird transports, delivers, and has built the software to facilitate transport and delivery while capturing actionable data. Blackbird supports more than 250 wholesale and retail cannabis operators in Nevada and California to transport an average of USD 30.0 million in wholesale cannabis products every 30 days. In addition to back-end delivery and operations solutions for cannabis dispensaries, Blackbird has a consumer marketplace for cannabis delivery and pick-up called BlackbirdGo. BlackbirdGo, which is currently operational in Nevada and California, connects dispensaries and brands with access to more than 95,000 legal consumers.
- Briteside operates a fully-integrated business model that features end-to-end solutions for businesses operating in the regulated cannabis industry in states and countries where cannabis is regulated and/or has been de-criminalized for medical use and/or legalized for recreational use. Briteside provides software solutions, designs industry-specific facilities and distributes exclusive and non-exclusive customer products.
- Standard Farms is multi-state medical cannabis operator focused on greenhouse cultivation and CO2 extraction, with the majority of its operations in Pennsylvania. The Company's products are carried in 95% of Pennsylvania's dispensaries. Standard Farms provides clean and pure medical cannabis products including vape cartridges, capsules and dry flower.
- Sea Hunter provides cultivation, retail, operational and capital support to state licensees and, in certain circumstances, helps applicants apply for licenses and/or manage licensees through its subsidiaries to cultivate, process, transport, and dispense cannabis in Massachusetts and other various states in which it operates.

The Company was created as a result of Agreement pursuant to which Baker, Briteside, Sea Hunter, SVH, and Finco agreed to combine their respective businesses. The transaction was completed in phases (Note 1).

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Basis of Consolidation (Continued)

Business combinations under common control are accounted for at carrying value.

Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions and other deposits that are readily convertible into cash.

Trade Receivables

The Company reviews all outstanding trade receivables for collectability on a quarterly basis. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company does not accrue interest receivable on past due trade receivables.

Biological Assets

The Company's biological assets consist of cannabis plants. The Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the initial basis for the cost of inventory after harvest. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. The net unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is defined as the estimated selling price in the ordinary course of business less estimated costs to sell. Biological assets are transferred into inventory at their fair value at the point of harvest less costs to sell, which becomes the cost of the inventory. Inventory of supplies and accessories are initially valued at cost. The Company reviews inventory for obsolescence, redundant and slow- moving goods and any such inventory is written-down to net realizable value. The Company recorded an impairment of $0 and $1,418,048 as at March 31, 2019 and December 31, 2018, respectively.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses as applicable. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for the intended use and borrowing costs on qualifying assets. During their construction, items of property, plant and equipment are classified as construction in

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

progress. When the asset is available for use, it is transferred from construction in progress to the appropriate category of property, plant and equipment and depreciation on the item commences. For property, plant and equipment that are not currently in use, the Company reclassifies them as property not in service.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

Machinery and equipment	3 - 7	years
Software	5 - 10	years
Furniture and fixtures	3 - 7	years
Autos and trucks	5	years
Buildings and leasehold improvements	5 - 40	years
Greenhouses	7 -15	years

The assets' residual values, useful lives and methods of depreciation are reviewed annually and adjusted prospectively, if appropriate. Leasehold improvements are amortized over term of the lease. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of operations and comprehensive loss in the year the asset is derecognized.

The Company assesses impairment on property, plant and equipment when an indication of impairment occurs, such as evidence of obsolescence or physical damage. In assessing impairment, the Company compares the carrying amount to the recoverable amount which is determined as the higher of the asset's fair values less costs of disposal and its value in use. Value in use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount and is recorded in the consolidated statements of operations and comprehensive loss.

All other costs, such as repairs and maintenance, are charged to the consolidated statements of operations and comprehensive loss during the period in which they are incurred.

Intangible Assets

Expenditures on research activities undertaken with the prospect of gaining new technical knowledge and understanding is recognized in the consolidated statements of operations and comprehensive loss as an expense when incurred.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Customer relationships	5 - 13	years
Trademarks	5 - 10	years
License rights	10	years
Management contract rights	Over the term of the agreement	
Patents and technologies	10 - 15	years

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively.

The Company entered into agreements which provide rights to licenses owned by certain not-for-profit entities for which they have management agreements.

The estimated success of applications, useful life and amortization are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of a business over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash-generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination. The Company has determined that they have three separate CGUs (software and services, consumer devices and packaged goods, and cultivation and production).

Goodwill is tested annually for impairment, or more frequently if there is any indication that they might be impaired. Other assets are tested for impairment if there is any indication that the carrying amounts exceed the recoverable amounts.

Impairment of Goodwill and Indefinite Life Intangible Assets

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal and the value in use.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Impairment of Goodwill and Indefinite Life Intangible Assets (Continued)

Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment loss is recognized in the amended and restated consolidated statement of operations and comprehensive loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Impairment of Non-Financial Assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in the amended and restated consolidated statement of operations and comprehensive loss for the period.

The recoverable amount of an asset or a CGU is the greater of its fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years, net of any depreciation that would have been claimed.

Accounts Payable and Accrued Liabilities

Trade payables, presented in accounts payable and accrued liabilities, are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are subsequently measured at amortized cost.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Current Tax
Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax
Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Non-Controlling Interest

Non-controlling interest represents equity interests owned by parties that are not shareholders of the ultimate parent. Non-controlling interest is initially measured either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. The share of net assets attributable to non-controlling interests is presented as a component of equity. Changes in the parent company’s ownership interest that do not result in a loss of control are accounted for as equity transactions.

Revenue Recognition

In May 2014, the IASB issued IFRS 15, which provides a single, principles based five-step model for revenue recognition to be applied to all customer contracts and requires enhanced disclosures. This standard became effective January 1, 2018.

The Company adopted the standard on January 1, 2018 and applied IFRS 15 retrospectively. The Company determined that there is no change to the comparative periods or transaction adjustments required as a result of the adoption of this standard.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue recognition is determined through the following five steps:

- Identification of the contract with the customer;
- Identification of the performance obligation in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

Revenue represents the amount the Company expects to receive for goods and services in its contracts with customers, net of discounts and sales taxes. The Company's revenue is derived from the following:

- *Sale of Goods*
  Revenue from the direct sale of goods to customers for a fixed price is recognized when the Company transfers control of the good to the customer. The Company transfers control and satisfies its performance obligations on retail sales upon delivery and acceptance from the customer. For dispensary sales, this occurs at the point of sale at the dispensary. The Company satisfies its performance obligation on wholesale sales when goods are delivered to the customer.

- *Consulting Services*
  The Company recognizes revenue from consulting services on a straight-line basis over the term of third-party consulting agreements as services are provided and the performance obligation has been satisfied.

- *Software-as-a-Service ("SaaS") License Fees*
  SaaS license agreements entitle the customer to utilize the Baker platform, which is hosted by the Company, for a specified number of users without taking possessions. The SaaS contracts contain multiple deliverables which include license fees, setup fees and usage-type fees. The transaction price is allocated to the separate performance obligations based on relative standalone selling prices. Revenue from license and setup fees, net of discounts, are recognized ratably over the contract term, commencing on the date when the Baker software is made available to the customer. Revenue from usage-type fees is recognized when the customer obtains control of the underlying asset and assumes the risks and rewards of ownership. The Company presents revenues net of sales-related taxes.

The timing of revenue recognition, billings and cash collections results in receivables, contract assets and contract liabilities. A contract asset arises when the Company performs a service in advance of receiving consideration from the customer. However, the Company sometimes receives advances or deposits from customers before

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

revenue is recognized, resulting in contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the consolidated statements of financial position. Contract assets and contract liabilities, if any, are included in other assets and deferred revenue, respectively, in the consolidated statements of financial position.

Certain direct costs related to obtaining or fulfilling the contracts are also capitalized and amortized ratably over the expected customer tenure, unless the amortization period is expected to be less than one year.

Research and Development

Research and development costs are expensed as incurred. For the three months years ended March 31, 2019 and 2018, research and development costs totaled $17,708 and $0, respectively.

Development costs are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete the development to use or sell the asset. To date, no development costs have been capitalized.

Provisions

Provisions are recognized when the Company has a legal or construction obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

Equity

Share capital represents the value of the shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital.

From time to time, the Company issues units consisting of common shares and share purchase warrants. Proceeds from unit placements are allocated between shares and warrants issued based on the residual value method.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Share-Based Payments

Share-based payments to employees are measured at the fair value of the equity instruments issued and amortized over the vesting periods. Share-based payments to non- employees are measured at the fair value of goods or services received, of if it is determined the fair value of the goods or services cannot be reliably measured, the fair value of the equity instruments issued. Share-based payments are recorded at the date the goods or services are received. The corresponding amount is recorded to option reserves. The fair value of options is determined using the Black-Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Black-Scholes option pricing model was developed for use in estimated the fair value of stock options and compensatory warrants that have no vesting provisions and are fully transferable. Also, option pricing models require the use of estimates and assumptions including the expected volatility. Changes inthe underlying assumptions can materially affect the fair value estimates.

Deferred Revenue

The Company defers revenue and costs relating to sales if there is a right to return or if transfer of control has not occurred as of the reporting date. In these cases, revenue is recognized upon the maturation of the right to return or when control has been transferred.

Leases

The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient under IFRS to account for each lease component and any non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Leases (Continued)

the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability if applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for its own shares held. Diluted EPS is determined by adjusting the profit attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for its own shares held, for the effects of all dilutive potential common shares.

Segment Information

The Company's chief operating decision makers are the executives. This is the highest level of management responsible for assessing the Company's overall performance and making operational decisions such as resource allocations related to operations, development prioritization, and delegation of authority. Management has determined that the Company operates in two operating and reportable segments.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized in the consolidated statements of financial position at the time the Company becomes a party to the contractual provisions of the financial instrument.

Effective January 1, 2018, the Company adopted IFRS 9, “Financial Instruments”. IFRS 9 introduced new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The Company has adopted this new standard using the retrospective approach where the cumulative impact of adoption will be recognized in deficit as of January 1, 2018 and accordingly has not restated comparative periods in the year of initial application. The adoption of IFRS 9 had no impact on the Company’s consolidated financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39, “Financial Instruments: Recognition and Measurement”, to the new measurement categories under IFRS 9.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) fair value through profit or loss (“FVTPL”); (ii) fair value through other comprehensive income (“FVOCI”); and (iii) amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (“SPPI”). Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For financial assets and financial liabilities measured at fair value, gains or losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Classification (Continued)
Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through other comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement
All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in the profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured at amortized cost at the end of the subsequent to initial recognition. All other financial assets including equity investments are measured at their fair values subsequent to initial recognition, with any changes taken through profit or loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment
The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. Evidence of increased credit risk may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its financial assets carried at amortized cost. The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

The following table provides comparison of IFRS 9 and IAS 39 in classification and measurement for various financial instruments.

	IFRS 9		IAS 39	
	Classification	Measurement	Classification	Measurement
Cash and Cash Equivalents	FVTPL	Fair Value	FVTPL	Fair Value
Trade Receivable and Others	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Due from Related Parties	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Loans Receivable	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Short-Term Investments	FVTPL	Fair Value	N/A	N/A
Accounts Payable and Accrued Liabilities	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Due to Related Parties	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost

Significant Accounting Judgements and Estimates

The preparation of the Company’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Significant Accounting Judgements and Estimates (Continued)

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

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

Measurement and Valuation of Biological Assets
In calculating the fair value of biological assets and inventory, management is required to make a number of estimates, including the stage of growth of the plant up to the point of harvest, harvesting costs, selling costs, average or expected selling and list prices, expected yields for the plants, and oil conversion factors. See “Note 5 - Biological Assets” for further information on estimates used in determining the fair value of biological assets.

The valuation of biological assets at the point of harvest is the cost basis for all cannabis based inventory and thus any critical estimates and judgments related to the valuation of biological assets are also applicable for inventory. The valuation of work- in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

Recognition of Revenue
Software contracts with customers include promises to deliver multiple services. Determining whether these represent distinct performance obligations may require significant judgement. In addition, the determination of stand-alone selling price for distinct performance obligations may also require judgement and estimates. As the Company does not have a significant history of generating revenue, management uses judgement, based on specific contracts and comparable sales, to determine the appropriate stand-alone selling value for each performance obligation. A change in the stand-alone selling price allocated to each performance obligation could materially impact the revenue recognized in the current and future periods.

Business Combinations
In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Significant Accounting Judgements and Estimates (Continued)

Business Combinations (Continued)
Certain fair values of the acquired assets and assumed liabilities may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods within the measurement period when it reflects new information obtained about facts and circumstances that were in existence at the acquisition date. The measurement period cannot exceed one year from the acquisition date.

Measurement of Share-Based Payments
The Company uses the Black-Scholes option-pricing model to determine the fair value of equity-settled share-based payments. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Impairment of Non-Financial Assets
The assessment of any impairment of non-financial assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions, the useful lives of assets, definition of the cost generating unit and estimates used to measure impairment losses. The recoverable value of these assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

Goodwill and Indefinite Life Intangible Asset Impairment
Goodwill and intangible assets with an indefinite useful life are tested for impairment annually during the fourth quarter and whenever there are indicators that the carrying amount of goodwill or intangible assets with an indefinite useful life have been impaired. In order to determine if the value of these assets have been impaired, the Company calculates the recoverable amount of the cash-generating unit to which asset has been allocated using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in these judgments and estimates can significantly affect the assessed recoverable amount of goodwill and indefinite life intangible assets.

Deferred Tax Assets
Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Significant Accounting Judgements and Estimates (Continued)

Deferred Tax Assets (Continued)
In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Accounting Pronouncements Adopted

IFRS 16 Leases ("IFRS 16")

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The new standard replaced IAS 17 Leases ("IAS 17") and eliminated the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17, requiring lessees to recognize assets and liabilities for all major leases.

The Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations. On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability adjusted for any deferred rent at January 1, 2019. Right-of-use assets totaling $16,972,306 and lease obligations of $17,598,308 were recorded as of January 1, 2019, with no net impact on retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 8.0%.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.
The following table reconciles the Company's operating lease obligations at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligation recognized on initial application of IFRS 16 at January 1, 2019.

Operating lease commitments at December 31, 2018	$ 21,434,460
Discount using the incremental borrowing rate at January 1, 2019	(6,592,822)
Leases acquired through acquisition	2,756,670
	$ 17,598,308

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 3 - Business Combination

On January 11, 2019, TILT completed the Jupiter Acquisition.

The following table summarizes the consideration for the Jupiter Acquisition and the net assets of Jupiter at their provisional fair values on January 11, 2019:

Identifiable net assets		
Cash overdrawn	$	(89,392)
Receivables		8,959,967
Inventory		13,064,213
Deposits, prepaid expenses and other current assets		8,939,376
Property, plant and equipment		131,734
Intangible assets:		
Technology		32,900,000
Customer list		79,400,000
Trademarks		27,900,000
Non-competition agreement		6,600,000
Right of use assets		2,382,658
Accounts payable and other current liabilities		(9,342,596)
Deferred tax liability		(44,391,458)
Deferred revenue		(7,716,328)
Lease obligations		(2,382,658)
Identifiable net assets		116,355,516

Consideration		
Cash		70,000,000
Purchaser portion of the 2018 tax liability		6,000,000
Fair value of Common Shares in TILT Holdings, Inc.		137,001,000
		213,001,000
Fair value of consideration paid in excess of net assets acquired (Goodwill)	$	96,645,484

For the three months ended March 31, 2018, Jupiter accounted for $2,036,390 in net loss since January 11, 2019. This amount included revenues of $28,627,302.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 3 - Business Combination (Continued)

On January 16, 2019, TILT completed the Blackbird Acquisition.

The following table summarizes the consideration for the Blackbird Acquisition and the net assets of Blackbird at their provisional fair values on January 16, 2019:

Identifiable net assets		
Cash and cash equivalents	$	466,228
Receivables		633,492
Advances to other entities		57,410
Inventory		158,731
Deposits, prepaid expenses and other current assets		84,374
Property, plant and equipment		2,063,211
Intangible assets:		
Cultivation license		20,944,200
Customer list		5,500,000
Trademarks		900,000
Right of use assets		684,248
Accounts payable and other current liabilities		(725,389)
Deferred tax liability		(2,358,112)
Lease obligations		(675,977)
Identifiable net assets	$	28,198,646

Consideration		
Cash		5,013,000
Fair value of Common Shares in TILT Holdings, Inc.		45,000,000
Surplus working capital		1,199,000
Debt forgiveness (already moved to equity)		4,777,869
		55,989,869
Fair value of consideration paid in excess of net assets acquired (Goodwill)	$	28,257,453

For the three months ended March 31, 2018, Blackbird accounted for $2,369,027 in net loss since January 11, 2019. This amount included revenues of $1,101,120.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 3 - Business Combination (Continued)

On January 28 2019, TILT completed the Standard Farms Acquisition.

The following table summarizes the consideration for the Standard Farms Acquisition and the net assets of Standard Farms and White Haven at their provisional fair values on January 16, 2019:

Identifiable net assets		
Cash and cash equivalents	$	519,695
Receivables		264,085
Biological assets		645,377
Inventory		1,773,748
Deposits, prepaid expenses and other current assets		1,900
Property, plant and equipment		8,270,400
Intangible assets:		
Organization costs		7,000
Cultivation license		14,000,000
Customer list		5,900,000
Trademarks		1,100,000
Right of use assets		2,867,760
Accounts payable and other current liabilities		(559,199)
Deferred tax liability		(2,022,384)
Lease obligations		(2,867,760)
Identifiable net assets		29,900,622

Consideration		
Cash		12,000,000
Fair value of Common Shares in TILT Holdings, Inc.		28,000,000
Surplus working capital		3,474,000
		43,474,000
Fair value of consideration paid in excess of net assets acquired (Goodwill)	$	13,573,378

For the three months ended March 31, 2018, Standard Farms and White Haven accounted for $312,315 in net income since January 11, 2019. This amount included revenues of $1,428,509.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 3 - Business Combination (Continued)

The purchase price allocation for the acquisition of Jupiter, Blackbird, Standard Farms and White Haven, reflects various fair value estimates and analyses which are subject to change within the measurement period. The primary areas of the purchase price allocation that are subject to change relate to the fair values of certain tangible assets, the valuation of intangible assets acquired, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's amended and restated consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

NOTE 4 - Trade Receivables and Others

As of March 31, 2019 and December 31, 2018, trade receivables were $10,375,725 and $2,115,161, respectively. An allowance for doubtful accounts is recorded for any amounts deemed uncollectable and amounts based on the estimated credit loss. Management determined that the allowance for doubtful required was $178,665 and $127,234, respectively, as of March 31 2019 and December 31, 2018.

NOTE 5 - Biological Assets

Biological assets consist of live cannabis plants. The changes in the carrying value of biological assets are as follows as of March 31, 2019 and December 31, 2018:

Significant Inputs and Assumptions	**March 31, 2019**	**December 31, 2018**
Balance, beginning of period	$ 1,867,656	$ -
Biological assets acquired in business acquisitions	645,377	-
Net increase in fair value less costs to sell due to biological transformation	924,064	151,034
Production costs capitalized	1,859,103	4,030,826
	$ 5,296,200	$ 4,181,860
Transferred to inventory upon harvest	(3,105,153)	(2,314,204)
Balance, end of period	**$ 2,191,047**	**$ 1,867,656**

On average, the growing time for a full harvest approximates 19 weeks. As listed below, key estimates are involved in the valuation process of the cannabis plants. The Company's estimates are subject to changes that could result in future gains or losses on biological assets. Changes in estimates could result from volatility of sales prices, changes in yields, and variability of the costs necessary to complete the harvest. Prior to harvest, all production costs are expensed.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 5 - **Biological Assets (Continued)**

The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- The selling price per gram based on average selling prices for the period;
- The cost to complete the cannabis production process post-harvest and the cost to sell;
- Attrition rate;
- The stage of plant growth; and
- Expected yields from each cannabis plant.

The Company measures the yield of cannabis in active milligrams extracted from a plant. A plant typically produces a total of approximately 92 grams, which is comprised of THC and CBD. The Company has quantified the sensitivity of the inputs in relation to the biological assets for the periods ended March 31, 2019 and December 31, 2018 and expects that:

			Effect on Fair Value as of	
Significant Inputs and Assumptions	**Range of Inputs**	**Sensitivity**	**March 31, 2019**	**December 31, 2018**
Selling Price Per	$7.88 to	Increase 5%	$ 352,077	$ 91,333
Active Gram	$8.72	Decrease 5%	$ (352,077)	$ (91,333)
Estimated Yield Per	163.53 to	Increase 5%	109,537	93,383
Cannabis Plant	180.30 grams	Decrease 5%	(109,537)	(93,383)
Estimated Cost to	$2.10 to	Increase 5%	(95,999)	(177,368)
Complete	$3.12	Decrease 5%	95,999	177,368

All of the plants are to be harvested as agricultural produce (i.e., medical cannabis). As of March 31, 2019, plants were on average 38% complete and as of December 31, 2018, on average, were 49% complete. The Company estimates the harvest yields for the plants at various stages of growth. The Company’s estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods. As of March 31, 2019, it is expected that the Company’s biological assets will yield approximately 1,132,906 grams. As of December 31, 2018, it is expected that the Company’s biological assets will yield approximately 520,683 grams.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 6 - Inventory

The Company's inventory assets as of March 31, 2019 and December 31, 2018 consisted of the following:

	March 31, 2019	December 31, 2018
Work in Process – Cannabis Oil	$ 4,923,765	$ 1,746,420
Finished Goods – Harvested Cannabis	2,939,370	3,674,023
Finished Goods – Cannabis Oils	1,688,902	1,150,033
Finished Goods – Cartridges and Flip Cases	16,118,926	-
Materials	490,812	80,881
Supplies and Accessories	561,760	15,288
	$ 26,723,535	**$ 6,666,645**

During the periods ended March 31, 2019 and December 31, 2018 the Company impaired $0 and $1,418,048, respectively, of inventory to net realizable value.

NOTE 7 - Property, Plant and Equipment

The property, plant and equipment as of March 31, 2019 and December 31, 2018 consists of the following:

	Balance, 12/31/2018	Business Acquisition	Additions	Balance, 3/31/2019
Land	$ -	$ 168,300	$ -	$ 168,300
Land Improvements	-	386,128	21,129	407,257
Machinery and Equipment	5,842,669	437,795	2,157,526	8,437,990
Furniture and Fixtures	340,358	116,882	82,905	540,145
Buildings	-	4,326,662	382,229	4,708,891
Greenhouse-Agricultural Structure	4,703,953	1,423,876	1,491,838	7,619,667
Leasehold Improvements	25,494,115	67,046	10,705,177	36,266,338
Software	1,500,000	1,600,000	-	3,100,000
Construction in Progress	10,307,297	-	-	10,307,297
Autos and Trucks	136,434	371,115	-	507,549
Property not in Service	5,486,845	1,567,539	538,076	7,592,460
	$53,811,671	**$10,465,343**	**$15,378,880**	**$79,655,894**

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 7 - Property, Plant and Equipment (Continued)

A reconciliation of the beginning and ending balances of accumulated depreciation is as follows:

	Balance, 12/31/2018	Depreciation	Balance, 3/31/2019
Land Improvements	$ -	$ 6,435	$ 6,435
Machinery and Equipment	859,790	161,460	1,021,250
Furniture and Fixtures	13,184	23,773	36,957
Buildings	-	60,596	60,596
Greenhouse-Agricultural Structure		105,755	105,755
Leasehold Improvements	929,819	487,835	1,417,654
Software	270,668	455,664	726,332
Construction in Progress	-	-	-
Autos and Trucks	1,652	24,254	25,906
Property not in Service	-	-	-
	$2,075,113	**$1,325,772**	**$3,400,885**

Depreciation expense of $1,325,772 and $2,522 was recorded for the periods ended March 31, 2019 and 2018, respectively, of which $543,894 and $0, respectively, is included in Production Costs Expensed to Cost of Sales.

NOTE 8 - Right-of-use Assets

The Company leases many assets including land, buildings and vehicles. The following table presents the right-of-use assets for the Company:

	Property	Vehicles	Total
Balance, January 1, 2019	$16,509,347	$462,959	$16,972,306
Additions	2,284,999	387,765	2,672,764
Depreciation	(632,759)	(62,300)	(695,059)
Effect of movement in exchange rates	16,842	-	16,842
Balance, March 31, 2019	**$18,178,429**	**$788,424**	**$18,966,853**

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 9 - Non-Controlling Interest

Non-controlling interest represent ownership of the Units of Jummi Jang L.P. by the third parties.

As of March 31, 2019, the carrying amount of consolidated assets and liabilities of non-controlling interests included in the accompanying Condensed Consolidated Statement of Financial Position of the Company are as follows:

Current assets	$ 10,651,967
Non-current assets	71,591,950
Current liabilities	(18,872,859)
Non-current liabilities	(2,733,055)
Net equity	**$ 60,638,003**

NOTE 10 - Intangible Assets

As of March 31, 2019 and December 31, 2018, intangible assets consisted of the following:

	Balance 12/31/2018	Business Acquisitions	Additions	Amortization	Balance 3/31/2019
Customer Relationships	$ 2,427,500	$ 90,800,000	$ -	$1,820,843	$ 91,406,657
Trademarks	1,834,786	29,900,000	-	769,676	30,965,110
License Rights	8,522,171	34,944,776	135,347	4,746	43,597,548
Management Contract Rights	2,643,056	-	-	45,834	2,597,222
Patents and Technologies	3,307,379	32,900,000	-	768,815	35,438,564
Other Intangible Assets	-	10,406,424	-	3,647,094	6,759,330
Total Intangible Assets	**$18,734,892**	**$198,951,200**	**$135,347**	**$7,057,008**	**$210,764,431**

The Company recorded amortization expense of $7,057,008 and $2,456 for the period ended March 31, 2019 and March 31, 2018, respectively.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 11 - Goodwill

Balance, December 31, 2018	$ 7,345,518
Additions	138,476,315
Balance, March 31, 2019	**$ 145,821,833**

The Company performs goodwill impairment testing at least at each reporting period and whenever impairment indicators are identified. Management believes that no impairment indicators have been identified as it relates to the three new acquisitions from January 2019 and similarly for the entries which were part of the business combination in November 2018.

NOTE 12 - Loans Receivable

The Company has several advances to entities with which Company has management agreement or letters of intention to purchase the entity under certain conditions. The Company's intent is to apply outstanding balances toward the purchase price upon acquisition of these entities. The Company changes interest ranging from 0% to 18% on outstanding balances.

The summary of the outstanding balances as follows:

Short-Term

	Outstanding Amount		
Relationship	**3/31/2019**	**12/31/2018**	**Interest Rate**
Management agreement	$ 3,398,620	$ 2,579,138	18%
Intention to acquire controlling interest	5,276,292	5,348,081	0% -12%
	$ 8,674,912	**$ 7,927,219**	

Long-Term

	Outstanding Amount		
Relationship	**3/31/2019**	**12/31/2018**	**Interest Rate**
Management agreement	$ 15,045,692	$14,317,976	18%
Intention to acquire controlling interest	3,405,564	3,153,205	18%
	$ 18,454,256	**$17,471,181**	

The above balances include $2,313,561 of accrued unpaid interest.

NOTE 13 - Shareholders' Equity

Authorized Share Capital

The authorized share capital of the Company is comprised of the following:

(i) Unlimited Number of Common Shares

The holders of the Common Shares shall be entitled to receive notice of and to vote at every meeting of the shareholders of the Company and shall have one vote thereat for each Common Share so held. Holders of Common Shares are entitled to receive as and when declared by the directors of the Corporation, dividends in cash or property of the Company.

(ii) Unlimited Number of Compressed Shares

The holders of Compressed Shares (the "Compressed Shareholders") have the right to one vote for each Common Share into which such Compressed Shares are convertible (disregarding the Conversion Limitations set forth), and with respect to such vote, Compressed Shareholders have voting rights and powers equal and identical to the voting rights and powers of the holders of Common Shares.

Conversion Limitation

The Company uses commercially reasonable efforts to maintain its status as a "foreign private issuer" ("Foreign Private Issuer", as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act")). Accordingly:

(1) 40% Threshold. The Company shall not affect any conversion of Compressed Shares, and the Compressed Shareholders shall not have the right to convert any portion of the Compressed Shares, to the extent that after giving effect to such issuance after conversions, the aggregate number of Common Shares and Compressed Shares held of record, directly or indirectly, by residents of the United States would exceed forty percent (40%) (the "40% Threshold") of the aggregate number of Common Shares and Compressed Shares issued and outstanding (the "FPI Protective Restriction").

(2) Conversion Limitations. In order to effect the FPI Protective Restriction, each Compressed Shareholder will be subject to the 40% Threshold based on the number of Compressed Shares held by such Compressed Shareholder as of the date of the initial issuance of any Compressed Shares and, thereafter, at the end of each of the Company's subsequent fiscal quarters (each, a "Determination Date") for the current fiscal quarter (the "Relevant Fiscal Quarter").

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 13 - Shareholders' Equity (Continued)

Authorized Share Capital (Continued)

Conversion Limitation (Continued)

Subject to the Conversion Limitations, Compressed Shareholders have the right to convert Compressed Share into Common Shares by multiplying the number of Compressed Shares by the Conversion Ratio in effect on the applicable date the Compressed Shares are surrendered for conversion. In accordance with the initial "Conversion Ratio", each Compressed Share shall be convertible into 100 Common Shares.

The Company may require (a "Mandatory Conversion") by giving a ("Mandatory Conversion Notice") at least 20 days prior to the record date of the Mandatory Conversion.

The Compressed Shareholders are entitled to receive dividends and distributions payable in respect of Common Shares, out of any cash or other assets legally available therefor, received by shareholders, distributed among the Compressed Shareholders and the holders of Common Shares based on (i) the number of Common Shares and (ii) the number of Compressed Shares (on an as converted basis, assuming conversion of all Compressed Shares into Common Shares at the applicable Conversion Ratio, disregarding the Conversion Limitations).

Units of JJ LP

Units of JJ LP, a subsidiary of TILT, are exchangeable for one Common Share of TILT at any time per request of the owner of units.

Warrants

Each whole warrant entitles the holder to purchase one Common Share of the Company. A summary of the status of the warrants outstanding is as follows:

	Number of Warrants	Weighted-Average Exercise Price
Balance as of January 1, 2019	**6,953,283**	**C$3.73**
Issued	128,476	C$5.25
Converted to common shares	2,259,321	C$0.43-C$5.25
Balance as of March 31, 2019	**4,822,438**	**C$3.73**

During the three months ended March 31, 2019 and March 31, 2018, the Company recorded warrant compensation expense for consulting services rendered of $211,869 and $0 issued with a fair value of $0.18 per warrant, respectively.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 13 - Shareholders' Equity (Continued)

Warrants (Continued)

The following table summarizes the warrants that remain outstanding as of March 31, 2019:

Security Issued	Exercise Price	Number of Warrants	Expiration Date
SVH replacement warrants	C$2.14	418,795	December 19, 2019
SVH replacement warrants	C$0.86	1,678,949	October 20, 2020
TILT service providers	C$5.25	2,724,694	December 13, 2019
		4,822,438	

The fair value of warrants issued was determined using the Black-Scholes option- pricing model with the following assumptions at the time of issuance:

	Q1 2019
Risk-Free Annual Interest Rate	2.60%
Expected Annual Dividend Yield	0%
Expected Stock Price Volatility	80%
Expected Life of Warrants	0.78 years

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that warrants issued are expected to be outstanding.

Incentive Units

During 2018, prior to the a Business Combination described in Note 1, employees and service providers of Sea Hunter were granted compensation payable in incentive units of prior shareholder of Sea Hunter. Upon Business Combination, TILT voluntary agreed to continue granting employee's compensation payable in TILT's Common Shares. $315,771 of such compensation was included into Stock compensation expense in the Condensed Consolidated Statement of Operations for the period ended March 31, 2019.

The Common Shares are vested upon issuance and contain employment contingency rules. The remaining balance payable to the employees are as follows:

April 1 – December 31, 2019	$ 824,936
2020	732,961
2021	553,335
2022	143,914
Total	**$ 2,255,146**

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 13 - **Shareholders' Equity (Continued)**

Stock Options

A summary of the status of the options outstanding follows:

	Number of Stock Options		Weighted-Average Exercise Price
	Common Shares	**Compressed Shares**	
Balance as of January 1, 2019	**15,566,530**	**592,160**	
Conversion of compressed to common	14,804,100	(148,041)	N/A
Granted	615,500	-	U$3.98
Exercised	(199,700)	(5,162)	C$5.25 C$525
Forfeited	(674,400)	(2,118)	US$398
Balance as of March 31, 2019	**30,112,030**	**436,839**	

During the three months ended March 31, 2019 and March 31, 2018, the Company recorded $59,772,491 and $0 of stock compensation for stock options granted and vested during the periods.

The following table summarizes the stock options that remain outstanding as of March 31, 2019:

Security Issuable	Number of Options	Exercise Price	Expiration Date	Options Exercisable
Common Shares	26,811,483	C$5.25	November 21, 2028	-
Compressed Shares	411,326	C$525.00	November 21, 2028	-
Common Shares	699,562	C$5.25	December 18, 2028	699,562
Common Shares	828,400	C$5.25	June 27, 2023 – January 29, 2029	828,400
Compressed Shares	25,513	C$525.00	June 27, 2023 – January 29, 2029	25,513
Common Shares	1,157,085	C$5.25	December 6, 2020	-
Common Shares	615,500	C$5.25	August 15, 2020	-

The fair value of stock options granted was determined using the Black-Scholes option-pricing model with the following assumptions at the time of grant:

	Q1 2019
Risk-Free Annual Interest Rate	2.66%
Expected Annual Dividend Yield	0%
Expected Stock Price Volatility	80%
Expected Life of Stock Options	10 years
Forfeiture Rate	0%

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 13 - **Shareholders' Equity (Continued)**

Stock Options (Continued)

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that options issued are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the options.

NOTE 14 - Earnings (loss) per Share

The following is a reconciliation for the calculation of basic and diluted earnings (loss) per share for the three months ended March 31, 2019:

	March 31, 2019
Net Loss	$ (77,895,668)
Weighted-Average Number of Shares and Units Outstanding	74,621,081
Earnings (Loss) Per Share - Basic and Diluted	$(1.04)
Attributable to TILT Holdings, Inc. Shareholders	$(0.85)
Attributable to Non-Controlling Interest	$(0.14)

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as the issuance of shares on the decompression of compressed shares, exercise of warrants and share options is anti-dilutive.

NOTE 15 - Lease Liabilities and Obligations

The following table presents the contractual undiscounted cash flows for lease obligations as of March 31, 2019:

One to five years	$16,564,234
More than five years	10,395,065
Total undiscounted lease liabilities at March 31, 2019	$26,959,299

Lease liabilities included in the consolidated statement of financial position at March 31, 2019:

Current	$ 1,913,842
Non-current	17,990,654
Total	$19,904,496

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 15 - Lease Liabilities and Obligations (Continued)

Interest expense on lease obligations for the three months ended March 31, 2019 was $356,250. Depreciation expense for right-of-use assets for the three months ended March 31, 2019 totaled $695,049. Total cash outflow for finance leases totaled $717,737. Expenses for leases of short-term, low-dollar value items and other rent expense items totaled $199,817. All extension options that are reasonably expected to be exercised have been included in the measurement of lease obligations.

NOTE 16 - Commitments and Contingencies

Guarantees

Sea Hunter is a guarantor in the lease agreement of one of the Massachusetts dispensaries with which the Company has a management agreement. The Company may be liable for the future minimum rental payments under this lease as follows:

Year ending December 31		Amount
April 1 to December 31, 2019	$	285,500
2020		397,969
2021		414,159
2022		433,981
2023		449,878
2024 and thereafter		2,460,116
Total	**$**	**4,441,603**

NOTE 17 - Related Party Transactions

Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and directors.

For the period ended March 31	2019	2018
Management compensation	$ 74,766	$ 654,410
Share-based payments	59,271,798	-
	$ 60,146,564	$ 654,410

Related party balances

As at March 31 and December 31,	2019	2018
Loan to shareholders	$ -	$ 470,443
Payables to key management	-	(107,682)
Loans from related parties	(719,096)	(49,101)
Earnout liability with related company	-	(159,468)

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 17 - Related Party Transactions (Continued)

Sea Hunter Holdings, LLC
As of December 31, 2018, the Company has a payable of $107,682 to one of the directors of the Company. For operating expenses paid by the director on behalf of the Company. This liability was incurred prior to the business combination. At March 31, 2019 the balance was $nil.

The Company has a promissory note receivable of $152,975 from its shareholder and officer at December 31, 2018. The promissory note bears interest at a fixed rate of 3.06%, payable in full upon the earlier of the tenth anniversary date of the note or one year from the sale, conveyance, assignment or other transfer of such shares to another party. At March 31, 2019 the balance was $nil.

The Company has promissory notes receivable of $317,467 from two of its shareholders at March 31, 2019 and December 31, 2018. The promissory notes bear interest at a fixed rate of 3.06%, payable in full upon the earlier of the tenth anniversary date of the note or one year from the sale, conveyance, assignment or other transfer of such shares to another party.

NOTE 18 - Segment Information

The Company operates in five reportable segments: cannabis segment (SVH, Sea Hunter and Standard Farms), technology and infrastructure segment (Baker and Briteside), distribution (Blackbird), accessories (Jupiter) and other (Whitehaven). The cannabis segment includes production, cultivation and retail of cannabis products; technology and infrastructure segment delivers range of products and services across the cannabis industry; distribution segment includes logistic operations and software solutions throughout the cannabis supply chain; accessories includes the manufacturing and distribution of electronic, non-nicotine (i.e., cannabis) devices and systems.

Operating Segments

	Three Months Ended March 31, 2019						
	Technology	Cannabis	Distribution	Accessories	Corporate	Other	**Total**
Revenue	$ 1,109,575	$ 3,999,970	$ 1,101,120	$ 28,627,302	$ -	$ 300,000	**$ 35,137,967**
Gross profit (Loss)	990,682	2,017,544	(626,198)	5,606,308	-	300,000	**8,288,336**
Net income (loss)	$ (1,555,398)	$ (8,420,419)	$ (2,369,027)	$ (2,036,390)	$ (63,291,235)	$ 115,801	**$ (77,556,668)**

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 18 - Segment Information (Continued)

Geographic Segments

Three Months Ended March 31, 2019			
	USA	Canada	**Total**
Non-current Assets	$ 451,261,473	$ 20,000,908	**$ 471,262,381**
Revenue	35,137,967	-	**35,137,967**
Gross profit (Loss)	$ 8,288,336	$ -	**$ 8,288,336**

For the three months ended March 31, 2018, the Company’s operations consisted of only one segment, Cannabis located in the United States of America. This segment is already presented in the condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2018.

These segments operate in different jurisdictions with distinct operating and regulatory considerations. The Company’s management regularly reviews internal financial reporting and makes decisions based on these segments.

NOTE 19 - Financial Instruments and Capital Risk Management

Fair Value

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the year.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Company's financial instruments measured at fair value consist primarily of cash and cash equivalents. The Company classifies its cash with Level 1 as the valuation inputs are based on quoted prices in active markets for identical assets.

NOTE 19 - Financial Instruments and Capital Risk Management (Continued)

Financial and Capital Risk Management

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, interest rate risk, liquidity risk, currency risk, and credit risk. Where material, these risks are reviewed and monitored by the Board of Managers.

The Board of Managers has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Liquidity Risk

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

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's interest rate risk is limited to potential changes on the cash held with financial institutions. No other financial instruments contain variable interest rates. As interest on the cash held with financial institutions is negligible, the Company considers interest rate risk to be immaterial.

Currency Risk

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

As of March 31, 2019 and December 31, 2018, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 19 - Financial Instruments and Capital Risk Management (Continued)

Financial and Capital Risk Management (Continued)

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company does not have significant credit risk with respect to its customers. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash, cash equivalents, loan receivables and due from related party.

Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains its cash accounts at various financial institution in the United States and Canada. Federal Deposit Insurance Corporation (“FDIC”) provides insurance of up to $250,000 for cash accounts held in the banks in the United States. Canadian Deposit Insurance Corporation (“CDIC”) provides insurance of up to C$100,000 for cash accounts held in the banks in Canada. From time to time, the Company’s balances may exceed this limit. As of March 31, 2019, uninsured balances of the accounts totaled $4,950,710. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Capital Management

The Company’s objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company’s ability to continue as agoing concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other shareholders.

The capital structure of the Company consists of items included in shareholders’ equity and debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company’s underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products, to fund operations and expansion activities. As of March 31, 2019, the Company is not subject to externally imposed capital requirements.

NOTE 20 - Subsequent Events

On January 4, 2019, the Company announced unanimous approval from all holders of Compressed Shares for the automatic conversion of the Compressed Shares into Common Shares. As of the date hereof, the following conversions have yet to take place:

Date	Percentage of the issued and outstanding Compressed Shares currently held by each of the Shareholders to be automatically converted into Common Shares
June 30, 2019	25%
September 30, 2019	25%
December 31, 2019	25%

NOTE 20 - **Subsequent Events (Continued)**

On April 5, 2019, TILT announced changes to its board of directors (the "Board"), including the resignation of Michael Orr and Todd Halpern and the pending appointments of Robert Calhoun and Mark Scatterday. Furthermore, Commonwealth Alternative Care, an indirect wholly-owned subsidiary of TILT, was granted a special permit to operate an adult-use cannabis manufacturing facility.

On April 12, 2019, TILT announced the expansion of Blackbird's delivery and supply chain services in the greater Los Angeles area, addressing a market of more than 18 million people. Blackbird's expansion will also include on-demand cannabis delivery, BlackbirdGo.com.

On April 29, 2019, TILT secured a $20 million credit facility ("Credit Facility"). The Credit Facility was created pursuant to a loan agreement ("Loan Agreement") dated April 29, 2019 and among Standard Farms, LLC and White Haven, as borrowers (the "Borrowers"), Bio Alpha Ventures, LLC ("BAV"), Goldrath Alpha Venture LLC ("GAV") and certain other parties consented to by BAV and GAV, as lenders (collectively, the "Lenders"), BAV and GAV as agents for the Lenders and TILT and each of its indirect and direct wholly-owned subsidiaries as guarantors for the Borrowers (collectively, the "Guarantors"). Pursuant to the Loan Agreement, the Lenders will provide $8 million initially (the "Initial Advance"), followed by an additional $12 million to be issued by May 10th (the "Additional Advance", and together with the Initial Advance, the "Term Loan"), subject to the satisfactory completion of due diligence by the Lenders, at an effective interest rate of 18.75%. The Initial Advance will become due and payable on June 28, 2019, unless the Additional Advance is issued by the Lenders, in which case the Term Loan will be payable 180 days after the closing of the Term Loan. The Initial Advance is secured by a first lien on all of the tangible and intangible assets of the Borrowers. If the Additional Advance is issued, a first lien will be also granted on all of the tangible and intangible assets of Sea Hunter.

On May 10, 2019, TILT announced the appointment of Mark Scatterday to the position of interim Chief Executive Officer. The Company's former CEO, Alexander Coleman stepped down, but will remain as Chairman of the Board and continue to focus on corporate development and strategy. The Board of Directors formed a committee which will select an executive search firm for the purpose of identifying a long-term CEO candidate to lead the company through its next growth phase.

NOTE 21 - **Restatement**

Subsequent to the issuance of the previously reported consolidated financial statement for the year ended December 31, 2018 (filed on SEDAR on May 1, 2019) management determined that the accounts payable and impairment of goodwill is overstated by $2,000,000.

(Expressed in United States Dollars Unless Otherwise Stated)

NOTE 21 - Restatement (Continued)

In connection with the business combination with Baker (Note 1), the management identified that the total consideration was overstated by $2,000,000 related to the assumed debt due to Sea Hunter and its subsidiaries on November 13, 2018. In the previously issued consolidated financial statement, the amount was recorded as increase of accounts payable and impairment of goodwill. These amended and restated consolidated financial statements have been restated and refiled to correct this error and the related tax effect. There was no impact on the comparative figures.

The following tables summarize the effects of the adjustments described above.

Line item on the amended and restated consolidated statement of financial position:

For the period ended December 31, 2018

	2018	Increase/ (Decrease)	2018 Restated
Due from related parties	154,192	316,251	470,443
Total current assets	125,631,749	316,251	125,948,000
Total assets	220,919,898	316,251	221,236,149
Accounts payable and accrued liabilities	16,131,602	(1,683,749)	14,447,853
Total liabilities	18,055,729	(1,683,749)	16,371,980
Accumulated deficit	(562,436,481)	2,000,000	(560,436,481)
Total shareholders' equity (deficit)	202,864,169	2,000,000	204,864,169

Additionally, the notes were updated based on the above adjustments as well as the incorrect version of the financial statement was filed on SEDAR on May 1, 2019.

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

(See Attached)

TILT HOLDINGS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

TABLE OF CONTENTS

TILT HOLDINGS, INC.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

Background

This management's discussion and analysis (the "**MD&A**") of financial condition and results of operations for **TILT Holdings, Inc. ("TILT"** or the "**Company**") is prepared as of May 30, 2019 and is intended to assist in the understanding and assessment of trends and significant changes in the results of operations and financial condition of the Company. As such, it should be read in conjunction with the consolidated financial statements for the three months ended March 31, 2019 and 2018 and accompanying notes thereto, which were prepared in accordance with the International Financial Reporting Standards ("**IFRS**").

All dollar figures included therein and in the following MD&A are quoted in United States dollars.

Forward-Looking Statements

This MD&A contains certain information that may constitute "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified using forward-looking terminology such as "expect," "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of the Company's financial statements for the three months ended March 31, 2019 and 2018.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. Without limiting the foregoing, statements regarding the Company's objectives, plans and goals, including future operating results and economic performance, may refer to or involve forward-looking statements. Many factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. See "*Risk Factors*" in this MD&A for further details. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by applicable law.

These forward-looking statements and related risks herein, which are further discussed in the "*Risk Factors*" section, may not represent all risks to the Company and readers are cautioned not to place undue reliance on these forward-looking statements and related risks.

Company Overview

Summary

TILT is a leading business-to-business cannabis company, offering the most diverse range of value-added products and services that support other industry participants. TILT enables other cannabis companies to operate more efficiently and connect with consumers more effectively. The Company realizes revenue from the sale of a broad range of cannabis products, vaporizer and inhalation devices, business and consumer delivery services and a suite of software products serving over 1,500 retailers and brands throughout the United States, Canada and Europe. The majority of TILT's products are customized to client specifications and branding.

The Company is organized into three main business units: 1) Cultivation and Production, 2) Consumer Devices and Packaged Goods and 3) Software and Services. TILT leverages competencies across the organization in research, manufacturing, packaging and technology to deliver end-to-end customer solutions. All of TILT's products are supported by an extensive research process led by scientists and engineers, using data analytics and discovery to produce new products that are helping to shape the industry's evolution. Headquartered in Cambridge, MA, with offices throughout the United States, Toronto and London, TILT has over 550 employees and has sales in 40 U.S. states, Canada and Europe.

Mission

TILT's foundation as a technology company allows it to deliver innovative, high quality and cost-effective solutions to cannabis businesses across the industry. The Company focuses largely on the supply chain, offering highly customizable cannabis products and services, all supported with a robust software platform that connects businesses with other businesses and consumers. TILT has in-house resources that focus on researching, cultivating, processing, packaging and delivering a full range of cannabis products and devices to manufacturers, retailers and consumers in multiple states and countries. Today, the Company's customers include over 1,500 multi-state operators, independent retailers, brands and service providers globally.

Strategy

TILT focuses on providing an end-to-end suite of solutions for retailers and brands across the cannabis industry.

For brands, TILT offers everything from wholesale product through delivery to the end consumer. In between, TILT helps brands leverage data to make informed decisions on what to manufacture, as well as provides manufacturing support, packaging support and vaporization hardware to create a finished SKU. Once the product is complete, the Company leverages our large distribution and retail network to help brands enter new markets, get product on more shelves in more stores and reach new consumers.

At the retail level, TILT helps dispensaries across the country run their businesses more efficiently. Providing distribution services to over 800 retailers, TILT delivers popular third-party products to ensure shelves are always stocked. With TILT's ability to create customized products, the Company can also help retailers launch and carry their own brand of custom branded SKUs.

In-store, TILT's inventory management and CRM tools help dispensaries make data-driven decisions on how to run their businesses, keep their customers happy, increase sales and operate more efficiently. Today, over 1,100 dispensaries across the country use TILT's software in their stores. In aggregate, the Company's software suite helps retailers analyze data on over 2,000,000 unique consumers, sending out tens of millions of messages each month to drive sales.

For new businesses, TILT provides capital needed to launch a retail store and assists in the site-selection process, architectural layout and design of the store, as well as provides in-store software needed to launch.

Cultivation and Production

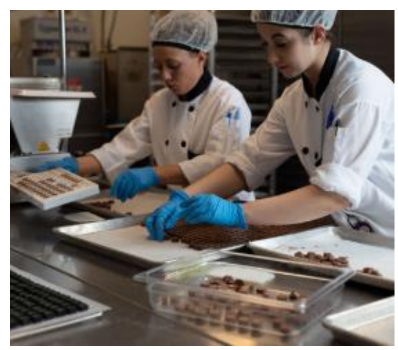
In Massachusetts, TILT currently cultivates 21,000 square feet of canopy in Taunton, Massachusetts and is currently constructing an additional 65,000 square feet of canopy by the end of 2019.

TILT, through its wholly owned subsidiary Commonwealth Alternative Care Inc. (**"CAC"**), operates a medical dispensary in Taunton, MA, which is co-located with a cultivation facility. The location is currently operational as a medical dispensary and is expected to convert to adult use in the near term. Two additional facilities, located in Cambridge, MA and Brockton, MA are also expected to open in the near term, first as medical dispensaries with adult use licensing anticipated in 2019. The company expects to generate significant revenues in Massachusetts both via retail and wholesale operations.

Commonwealth
ALTERNATIVE CARE

Taunton Dispensary

Taunton Cultivation Facility



Taunton Manufacturing Kitchen

In Pennsylvania, TILT has a cultivation presence through its wholly owned subsidiary, Standard Farms, LLC (**"Standard Farms"**). Standard Farms products are carried in 95 percent of the state's dispensaries. Standard Farms provides clean and pure medical cannabis products including vape cartridges, capsules and dry flower. Standard Farms has 18,000 square feet of canopy with a planned extension of an additional 16,000 square feet of canopy in 2019. Standard Farms was founded in 2017 in White Haven, Pennsylvania and has 47 employees.

Consumer Devices and Packaged Goods

Jupiter Research, LLC (**"Jupiter"**) develops and manufactures innovative hardware with state-of-the-art vaporization technologies. Jupiter's proprietary CCELL® ceramic technology uniformly heats the oil in the vaporizer to reduce burning, producing a better user experience. CCELL technology is patented and new patent protected iterations and technologies are always in process. This ceramic technology is state-of-the-art, driven by significant investment in research and development, with a primary focus on quality. Over 70% of Jupiter's sales are custom branded, further strengthening TILT's position as a B2B company. Additionally, Jupiter invests in superior materials compared to cheaper commoditized products.

Software and Services

TILT's wholly owned subsidiaries, Blackbird Holdings Corp. (**"Blackbird"**) and Baker Technologies Inc. (**"Baker"**), provide end-to-end software and logistics solutions for retailers, wholesalers and brands, reaching one of the largest networks of businesses in the industry. This combined platform connects brands to dispensaries and then to the end consumer, enabling all businesses across the cannabis ecosystem to make data driven decisions.

Blackbird is a distribution and inventory management business that reaches more than 800 dispensaries and works with hundreds of brands across Nevada and California. At the wholesale level, Blackbird transports product from brands and producers valued at over $1,000,000 per day to dispensaries. For dispensaries, Blackbird provides a robust inventory management and e-commerce solution that helps store owners drive revenue increases and operate more efficiently. Blackbird also provides on-demand delivery throughout California and Nevada.

Baker is one of the cannabis industry's largest software companies, servicing over 1,100 dispensaries across the country. Baker's cannabis-specific customer relationship management ("CRM") platform helps dispensaries grow their business and build relationships with their customers by providing a number of features such as digital menus and online ordering, customer loyalty programs, and e-commerce and marketing solutions. Baker helps dispensaries better understand who their customers are and what products they like, communicating targeted campaigns from customer insights which drive repeat-visits and increased sales. Helping dispensary owners better understand their customer and sales data at an affordable price point makes Baker the perfect starting point for cross-selling additional TILT products and services.

In aggregate, the Company's software suite helps retailers analyze data on over 2,000,000 unique consumers, sending out tens of millions of messages each month to drive sales.

The following are the Company's principal consolidated entities and the ownership interest in each that are included in these condensed interim consolidated financial statements for the reporting period ended March 31, 2019:

Name	**Place of Incorporation**	**Ownership Percentage**
Jimmy Jang Holdings Inc.	British Columbia	100%
Jimmy Jang, L.P. and subsidiaries:	Delaware	84.81%
Santé Veritas Holdings Inc.	**British Columbia**	**100%**
Santé Veritas Therapeutics Inc.	British Columbia	100%
Jupiter Research, LLC	**Arizona**	**100%**
Jupiter Research Europe Ltd	United Kingdom	100%
Baker Technologies Inc. and subsidiaries:	**Delaware**	**100%**
Defender Marketing Services, LLC	Washington	100%
Yaris Acquisition, LLC ("Blackbird")	**Delaware**	**100%**
Blkbrd Logistics Corporation	Nevada	100%
Blkbrd CA	California	100%
Blkbrd NV, LLC	Nevada	100%
Bootleg Courier Company, LLC	Nevada	100%
Blkbrd Software, LLC	Nevada	100%
Briteside Holdings, LLC	**Tennessee**	**100%**
Briteside E-Commerce, LLC	Tennessee	100%
Briteside Modular, LLC	Tennessee	100%
Briteside Oregon, LLC	Tennessee	100%
Standard Farms, LLC	**Pennsylvania**	**100%**
White Haven RE, LLC	**Pennsylvania**	**100%**
Sea Hunter, Therapeutics, LLC	**Delaware**	**100%**
SH Therapeutics, LLC	Florida	100%
SH Realty Holdings, LLC	Delaware,	100%
SH Realty Holdings-Ohio, LLC	Ohio	100%
Commonwealth Alternative Care, Inc.	Massachusetts	100%
Cultivo, LLC	Delaware	100%
Alternative Care Resource Group, LLC	Massachusetts	100%
Verdant Holdings, LLC	Florida	100%
Verdant Management Group, LLC	Massachusetts	100%
Herbology Holdings, LLC	Florida	100%
Herbology Management Group, LLC	Massachusetts	100%
SH Ohio, LLC	Ohio	100%
SH Finance Company, LLC	Delaware	100%

Key Developments During Q1 2019

Mergers and Acquisitions

The following transactions have closed in the three months ended March 31, 2019:

On December 4th, 2018, the Company announced entry into a definitive agreement regarding the acquisition of Standard Farms. Standard Farms is a multi-state medical cannabis operator focused on greenhouse cultivation and CO2 extraction. Standard Farms is in over 95% of the Pennsylvania's dispensaries. On January 28th, 2019, TILT announced the closing of the acquisition of Standard Farms. Consideration paid for the acquisition was approximately $40 million, consisting of $12 million cash and $28 million security-based consideration comprised of 11,090,427 common shares in the capital of the Company (**"Common Shares"**) at a deemed issue price of $2.52 per Common Share.

On December 6th, 2018, the Company announced entry into a definitive agreement for the acquisition of Blackbird, a distribution company providing logistics operations and software solutions for each touchpoint in the cannabis supply chain. Blackbird works with more than 250 wholesale and retail cannabis operators in Nevada and California to transport an average of $30 million in wholesale cannabis products every 30 days. With involvement in 95% of the cannabis sold in Nevada, Blackbird plans to expand its capabilities in Massachusetts, Arizona and California. In addition to back-end delivery and operations solutions for cannabis dispensaries, Blackbird also includes a consumer marketplace for cannabis delivery and pick-up called BlackbirdGo. The marketplace, which is currently operational in California, connects dispensaries and brands with access to more than 95,000 legal consumers. On January 16th, 2019, the Company announced the closing of the acquisition of Blackbird. Consideration paid for the acquisition was approximately $50 million, consisting of $5 million of cash and $45 million security-based consideration comprised of 161,543 compressed shares in the capital of the Company (**"Compressed Shares"**) at a deemed issue price of $278.48 per Compressed Share.

On January 3th, 2019, the Company announced the entry into a definitive agreement to acquire Jupiter, an inhalation and vaporization technology company. On January 14th, 2019, the Company announced the closing of the Jupiter acquisition for gross consideration of $207 million consideration including $70 million of cash and $137 million security-based consideration comprised of 54,914,224 limited partnership units in the capital of Jimmy Jang, L.P. (each, a **"LP Unit"**) and 54,914,224 rights in the capital of the Company (each, a **"Right"**), with one LP Unit and one Right being convertible together, at the request of the holder, into one Common Share of the Company at a deemed issue price of $2.4948.

Industry Trends

TILT's focus as a cannabis business services company positions it to be successful in an ever-changing landscape. With thousands of brands and retailers throughout the United States, TILT provides support for brands and retailers, rather than primarily focusing on building the brand or dispensary chain. In the vape category, one of the fastest growing in the industry, TILT supplies vaporization hardware to hundreds of producers, capturing revenue throughout this high growth sector. Finally, rather than directly compete against top multi-state operators, TILT partners with them, providing software for their retail stores, hardware for their vape pens and distribution and last mile delivery for their products. As the United States cannabis industry grows by tens of billions of dollars over the next several years, TILT is positioned to capture revenue throughout the entire cannabis ecosystem.

Non-IFRS Financial and Performance Measures

In addition to providing financial measurements based on IFRS, the Company provides additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Company's financial performance. These non-IFRS financial measures are EBITDA, Adjusted EBITDA, Adjusted Net Income and Working Capital.

Management believes that these non-IFRS financial measures reflect the Company's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. Management also believes that these non-IFRS financial measures enable investors to evaluate the Company's operating results and future prospects in the same manner as management. These non-IFRS financial measures may also exclude expenses and gains that may be unusual in nature, infrequent or not reflective of the Company's ongoing operating results.

As there are no standardized methods of calculating these non-IFRS measures, the Company's methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA, Adjusted EBITDA and Adjusted Net Income

EBITDA, Adjusted EBITDA and Adjusted Net Income are financial measures that are not defined under IFRS. The Company uses these non-IFRS financial measures, and believes they enhance an investor's understanding of the Company's financial and operating performance from period to period, because they exclude certain material non-cash items and certain other adjustments management believes are not reflective of the Company's ongoing operations and performance. The Company calculates EBITDA as net income (loss), plus (minus) income taxes (recovery), plus (minus) interest expense (income), plus depreciation and amortization expense. Adjusted EBITDA and Adjusted Net Income exclude certain one-time non-operating expenses, as determined by management, including stock compensation expense, goodwill impairment, impairment of inventory, foreign exchange loss (gain) and business combination expense and business acquisition expense.

Working Capital

The calculation of working capital provides additional information and is not defined under IFRS. The Company defines working capital as current assets less current liabilities. This measure should not be considered in isolation or as a substitute for any standardized measure under IFRS. This information is intended to provide investors with information about the Company's liquidity.

Other businesses in the Company's industry may calculate this measure differently than the Company does, limiting its usefulness as a comparative measure.

Reconciliation of Net Income (Loss) to Non-IFRS Measures

The table below reconciles Net Loss to EBITDA and Adjusted EBITDA for the three months ended March 31, 2019 (**"Q1 2019"**), the three months ended December 31, 2018 (**"Q4 2018"**) and the three months ended March 31, 2018 (**"Q1 2018"**):

	Three Months Ended		
	Mar. 31, 2019	**Dec. 31, 2018**	**Mar. 31, 2018**
Net Income (Loss) (IFRS)	**($77,895,668)**	**($532,039,414)**	**($2,126,021)**
Add (Deduct) Impact of:			
Net Interest Expense (Income)	($780,909)	($2,198,919)	-
Income Tax Expense (Recovery)	$577,589	$47,744	-
Depreciation and Amortization	$9,083,505	$1,136,585	$4,978
Total Adjustments	$8,880,185	($1,014,590)	$4,978
EBITDA (Non-IFRS)	**($69,015,483)**	**($533,054,004)**	**($2,121,043)**
EBITDA (Non-IFRS)	($69,015,483)	($533,054,004)	($2,121,043)
Add (Deduct) Impact of:			
Foreign Exchange Loss (Gain)	-	$106,534	-
Stock Compensation Expense	$59,772,491	$28,967,349	-
Impairment of Inventory	-	$1,418,048	-
Goodwill Impairment	-	$494,447,782	-
Business Combination Expense	-	$4,047,377	-
Business Acquisition Expense	$1,196,777	-	-
Total Adjustments	$60,969,268	$528,987,090	-
Adjusted EBITDA (Non-IFRS)	**($8,046,215)**	**($4,066,914)**	**($2,121,043)**

Selected Financial and Operational Highlights

TILT reports the result of operations of its affiliates and subsidiaries from the date that control commences, either through the purchase of the business or control through a management agreement. The following selected financial information includes only the results of operations after the Company established control of its affiliates and subsidiaries. Accordingly, the information included below may not be representative of the results of operations if such affiliates or subsidiaries had their results of operations included for the entire reporting period.

The following is selected financial data derived from the annual consolidated financial statements of the Company for the three months ended March 31, 2019 and the previous three months ended December 31, 2018 and March 31, 2018.

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

	Three Months Ended		
	Mar. 31, 2019	**Dec. 31, 2018**	**Mar. 31, 2018**
Revenue	$34,377,969	$2,936,452	-
Cost of Goods Sold	$27,071,729	$1,667,872	-
Gross Profit Before Bio. Asset Adj.	$7,306,240	$1,268,580	-
Net Change in FV of Bio. Assets	$222,098	-	-
Gross Profit	$7,528,338	$1,268,580	-
Total Operating Expenses	$86,285,195	$39,486,805	$2,126,021
Loss from Operations	($78,756,857)	($38,218,225)	($2,126,021)
Total Other (Expenses) Income	$1,438,778	($493,773,445)	-
Deferred Tax (Expense) Recovery	($577,589)	($47,744)	-
Net Loss	($77,895,668)	($532,039,414)	($2,126,021)
EBITDA, Non-IFRS	($69,015,483)	($533,054,004)	($2,121,043)
Adjusted EBITDA, Non-IFRS	($8,046,215)	($4,066,914)	($2,121,043)

	As of		
	Mar. 31, 2019	**Dec. 31, 2018**	**$ Change**
Cash and Cash Equivalents	$12,108,902	$97,246,666	($85,137,764)
Biological Assets	$2,191,047	$1,867,656	$323,391
Inventory	$26,723,535	$6,666,645	$20,056,890
Total Current Assets	$70,117,816	$125,948,000	($55,830,184)
Total Property, Plant & Equipment	$76,255,009	$51,736,558	$24,518,451
Total Assets	$541,380,198	$221,236,149	$320,144,049
Total Current Liabilities	$124,232,802	$16,371,980	$107,860,822
Total Long-Term Liabilities	$17,990,656	-	$17,990,656
Total Shareholders' Equity (Deficit)	$399,156,740	$204,864,169	$194,292,571
Working Capital	($54,114,986)	$109,576,020	($163,691,006)

Revenue

Revenue for Q1 2019 was $34.4 million, up from $2.9 million for Q4 2018. Reported revenue for Q1 2019 includes the full revenues of Sea Hunter, Baker, Briteside and SVH, as well as approximately two months of revenue contribution from Standard Farms, Blackbird and Jupiter, since those three acquisitions closed in mid-January 2019. Previously reported revenue for Q4 2018 includes the full revenue of Sea Hunter and approximately one month of revenue contribution from the merged businesses of Baker, Briteside and SVH following the Company's reverse takeover (**"RTO"**) of SVH.

The growth in revenue from Q4 2018 to Q1 2019 was primarily driven by additional revenues generated by the acquired businesses in Jupiter, Standard Farms and Blackbird, all three of which are anticipated to continue contributing substantially to the Company's revenues in future periods. Additionally, the Company has several retail dispensaries awaiting final regulatory approval that are poised to generate substantial revenues in the coming periods. We expect through our continued approach of acquiring businesses in new states and states we operate in, as well as beginning to generate substantial revenues from existing retail and cultivation operations, our revenues will significantly increase in the coming periods. However, our expectations of future increased revenues are subject to risks and further noted herein.

Cost of Goods Sold and Gross Profit

Cost of goods sold for Q1 2019 was $27.1 million, up from $1.7 million for Q4 2018. Cost of goods sold for Q1 2019 reflects the full cost of goods sold from Sea Hunter, Baker, Briteside and SVH, as well as approximately two months of cost of goods sold from Standard Farms, Blackbird and Jupiter, since those three acquisitions closed in mid-January 2019. The increase in cost of goods sold from Q4 2018 to Q1 2019 was primary driven by additional cost of goods sold for Jupiter, Standard Farms and Blackbird, which were not included in Q4 2018 cost of goods sold. Additionally, the increase in cost of goods sold from Q4 2018 to Q1 2019 also reflects continued start-up costs and investments in inventory for cultivation, wholesale and retail operations in Massachusetts.

After adjusting for unrealized gain on changes in fair value of biological assets, the Company's gross profit for Q1 2019 was $7.5 million, up from $1.3 million for Q4 2018. The increase in gross profit from Q4 2018 to Q1 2019 was primarily driven by the quarter-over-quarter revenue increase largely associated with the new revenue contributions of Jupiter, Standard Farms and Blackbird in Q1 2019. We expect that with both recent and potential acquisitions of complementary businesses, along with the continued maturity of existing businesses, our costs of goods sold and gross profit will increase significantly in the coming periods. However, our expectations of future increased gross profits are subject to risks and further noted herein.

Total Operating Expenses

Total operating expenses for Q1 2019 were $86.3 million, up from $39.5 million for Q4 2018. The total operating expenses for Q1 2019 largely consist of $59.8 million in non-cash stock compensation expense, which was up from $29.0 million for Q4 2018.

Additionally, total operating expenses in Q1 2019 also consist of $8.5 million in SG&A-related depreciation and amortization expense, which is up from less than $1.0 million in SG&A-related depreciation and amortization expense for Q4 2018. The remaining increase in total operating expenses from Q4 2018 to Q1 2019 is largely attributed to incremental increases in professional fees and wages and benefits.

Net Loss

The Company recorded a net loss of $77.9 million for Q1 2019, compared to a net loss of $532.0 million for Q4 2018. The net loss for Q1 2019 was largely associated with the non-cash stock compensation expense of $59.8 million in Q1 2019, which was up from $29.0 million in Q4 2018. The primary differences between net loss in Q1 2019 compared to Q4 2018 are related to the $494.4 million goodwill impairment taken at the end of Q4 2018 compared to no goodwill impairment in Q1 2019, in addition to the increase in stock compensation expense from Q4 2018 to Q1 2019.

As the company begins to generate material revenues from existing retail and cultivation operations, and our acquired businesses continue to mature, we anticipate our profitability will increase in the coming periods. However, expectations of future increases in profitability are subject to risks and further noted herein.

Q1 2019 Financial Condition Including Liquidity and Capital Resources

The Company closely monitors and manages its capital resources to assess the liquidity required to fund fixed asset capital expenditures and operations. As of March 31, 2019 and December 31, 2018, the Company had total current assets of $70.1 million and $125.9 million, respectively. Additionally, the Company had total current liabilities of $124.2 million and $16.4 million as of March 31, 2019 and December 31, 2018 respectively.

As of March 31, 2019 and December 31, 2018, the Company had working capital of ($54.1) million and $109.6 million, respectively.

Cash

As of March 31, 2019 and December 31, 2018, the Company had cash and cash equivalents of $12.1 million and $97.2 million, respectively.

Inventories

As of March 31, 2019 and December 31, 2018, the Company had inventories of $26.7 million and $6.7 million, respectively. The increase in inventories from December 31, 2018 to March 31, 2019 was primarily driven by the additional inventories for Jupiter and Standard Farms acquired in Q1 2019, as well as increased cannabis work-in-process related inventories realized at the Company's cultivation facility in Taunton, MA. The Company's inventory assets as at March 31, 2019 and December 31, 2018 consisted of the following:

	As at	
	Mar. 31, 2019	Dec. 31, 2018
Work in Process - Cannabis Oils	$4,923,765	$1,746,420
Finished Goods - Harvested Cannabis	$2,939,370	$3,674,023
Finished Goods - Cannabis Oils	$1,688,902	$1,150,033
Finished Goods - Cartridges and Flip Cases	$16,118,926	-
Materials	$490,812	$80,881
Supplies and Accessories	$561,760	$15,288
Total Inventory	**$26,723,535**	**$6,666,645**

Biological Assets

As of March 31, 2019 and December 31, 2018, the Company had biological assets of $2.2 million and $1.9 million, respectively. The increase in biological assets was primarily driven by the acquisition of Standard Farms in January 2019, as well as a net increase in the fair value less costs to sell due to biological transformation. The changes in the carrying value of biological assets as at March 31, 2019 and December 31, 2018 are as follows:

	As at	
	Mar. 31, 2019	Dec. 31, 2018
Balance, beginning of period	$1,867,656	-
Biological assets acquired in business acquisitions	$645,377	-
Net increase in fair value less costs to sell due to biological transformation	$924,064	$151,034
Production costs capitalized	$1,859,103	$4,030,826
Balance, prior to inventory transfer	$5,296,200	$4,181,860
Transferred to inventory upon harvest	($3,105,153)	($2,314,204)
Balance, end of period	**$2,191,047**	**$1,867,656**

Cash Flows

For the three months ended March 31, 2019 and March 31, 2018, cash was provided by (used in):

- Operating activities: $31.4 million and ($2.8) million, respectively
- Investing activities: ($118.6) million and ($0.3) million, respectively
- Financing activities: $2.0 million and $3.3 million, respectively

For the quarter ended March 31, 2019 and the year ended December 31, 2018, the net increase (decrease) in cash was ($85.1) million and $0.2 million, respectively.

Property, Plant and Equipment

As at March 31, 2019 and December 31, 2018, the Company had total property, plant and equipment of $76.3 million and $51.7 million, respectively. The property plant and equipment balances at December 31, 2018 and March 31, 2019 consist of the following:

	Balance 12/31/2018	Business Acquisitions	Additions	Balance 3/31/2019
Land	-	$168,300	-	**$168,300**
Land Improvements	-	$386,128	$21,129	**$407,257**
Machinery and Equipment	**$5,842,669**	$437,795	$2,157,526	**$8,437,990**
Furniture and Fixtures	**$340,358**	$116,882	$82,905	**$540,145**
Buildings	-	$4,326,662	$382,229	**$4,708,891**
Greenhouse Structure	**$4,703,953**	$1,423,876	$1,491,838	**$7,619,667**
Leasehold Improvements	**$25,494,115**	$67,046	$10,705,177	**$36,266,338**
Software	**$1,500,000**	$1,600,000	-	**$3,100,000**
Construction in Progress	**$10,307,297**	-	-	**$10,307,297**
Autos and Trucks	**$136,434**	$371,115	-	**$507,549**
Property not in Service	**$5,486,845**	$1,567,539	$538,076	**$7,592,459**
Accumulated Depreciation	**($2,075,113)**	-	($1,325,772)	**($3,400,885)**
PP&E, net	**$51,736,558**	$10,465,343	$14,053,107	**$76,255,009**

Summary of Quarterly Results

	Q1 2019 Mar. 31, 2019	Q4 2018 Dec. 31, 2018	Q3 2018 Sep. 30, 2018	Q2 2018 Jun. 30, 2018	Q1 2018 Mar. 31, 2018	Q4 2017 Dec. 31, 2017
Revenue	$34,377,969	$2,936,452	$565,884	$0	$0	$0
Net Loss	($77,895,668)	($532,039,414)	($10,021,461)	($5,933,139)	($2,126,021)	($4,133,202)
Adj. Net Loss	($16,926,400)	($3,052,324)	($10,021,461)	($5,933,139)	($2,126,021)	($4,133,202)
Net Loss per share	($1)	($18)	N/A	N/A	N/A	N/A

Revenue

Revenue for Q1 2019 was $34.4 million, up from $0.0 for Q1 2018. Reported revenue for Q1 2019 includes the full revenues of Sea Hunter, Baker, Briteside and SVH, as well as approximately two months of revenue contribution from Standard Farms, Blackbird and Jupiter, since those three acquisitions closed in mid-January 2019. Previously reported revenue for Q1 2018 includes the full revenue of Sea Hunter, which was $0.0.

The growth in revenue from Q1 2018 to Q1 2019 was primarily driven by additional revenues generated by the acquired businesses in Jupiter, Standard Farms and Blackbird, all three of which are anticipated to continue contributing substantially to the Company's revenues in future periods. Growth in revenue from Q1 2018 to Q1 2019 also reflects the additional revenues of Baker, Briteside and SVH, as well as an increase in revenue generated by Sea Hunter.

Cost of Goods Sold and Gross Profit

Cost of goods sold for Q1 2019 was $27.1 million, up from $0.0 for Q1 2018. Cost of goods sold for Q1 2019 reflects the full cost of goods sold from Sea Hunter, Baker, Briteside and SVH, as well as approximately two months of cost of goods sold from Standard Farms, Blackbird and Jupiter, since those three acquisitions closed in mid-January 2019. The increase in cost of goods sold from Q1 2018 to Q1 2019 was primary driven by additional cost of goods sold for Jupiter, Standard Farms and Blackbird, which were not included in Q1 2018 cost of goods sold. Additionally, the increase in cost of goods sold from Q1 2018 to Q1 2019 also reflects continued start-up costs and investments in inventory for cultivation, wholesale and retail operations in Massachusetts.

After adjusting for unrealized gain on changes in fair value of biological assets, the Company's gross profit for Q1 2019 was $7.5 million, up from $0.0 for Q1 2018. The increase in gross profit from Q1 2018 to Q1 2019 was primarily driven by the quarter-over-quarter revenue increase largely associated with the new revenue contributions of Jupiter, Standard Farms and Blackbird in Q1 2019. The increase in gross profit from Q1 2018 to Q1 2019 also reflects gross profit increases from the Company's existing retail, wholesale and cultivation operations in Massachusetts.

Total Operating Expenses

Total operating expenses for Q1 2019 were $86.3 million, up from $2.1 million for Q1 2018. The total operating expenses for Q1 2019 largely consist of $59.8 million in non-cash stock compensation expense, which was up from $0.0 for Q1 2018. Additionally, total operating expenses in Q1 2019 also consist of $8.5 million in depreciation and amortization expense, up from $0.0 million in Q1 2018. Also included in total operating expenses for Q1 2019 is $6.0 million in wages and benefits, up from $0.9 million in Q1 2018. Total operating expenses in Q1 2019 also include $6.5 million in professional fees, up from $0.7 million in Q1 2018. Additionally, total operating expenses in Q1 2019 reflect $1.2 million in business acquisition expense, up from $0.0 in Q1 2018. Finally, total operating expenses in Q1 2019 reflect $4.4 million in insurance, travel, advertising and marketing and admin and other expenses, up from $0.5 million in Q1 2018.

Net Loss

The Company recorded a net loss of $77.9 million for Q1 2019, compared to a net loss of $2.1 million for Q1 2018. The net loss for Q1 2019 was largely associated with the non-cash stock compensation expense of $59.8 million in Q1 2019, which was up from $0.0 in Q1 2018. Excluding $59.8 million in non-cash stock compensation expense and $1.2 million in irregular business acquisition expense in Q1 2019, the Company's adjusted net loss for Q1 2019 was $16.9 million.

Contractual Obligations

Lease Liabilities and Obligations

Due to the new accounting treatment of leases under IFRS 16, the table provided is not comparative to the table in the previous quarter's MD&A.

The following table presents the contractual undiscounted cash flows for lease obligations as of March 31, 2019:

One to five years	$	16,564,234
More than five years		10,395,065
Total undiscounted lease liabilities at March 31, 2019	**$**	**26,959,299**

Lease liabilities included in the consolidated statement of financial position at March 31, 2019:

Current	$	1,913,842
Non-current		17,990,654
Total	**$**	**19,904,496**

Interest expense on lease obligations for the three months ended March 31, 2019 was $356,250. Depreciation expense for right-of-use assets for the three months ended March 31, 2019 totaled $695,049. Total cash outflow for finance leases totaled $717,737. Expenses for leases of short-term, low-dollar value items and other rent expense items totaled $199,817. All extension options that are reasonably expected to be exercised have been included in the measurement of lease obligations.

Commitments and Contingencies

Guarantees

Sea Hunter is a guarantor in the lease agreement of one of the Massachusetts dispensaries with which the Company has a management agreement. The Company may be liable for the future minimum rental payments under this lease as follows:

Year ending December 31,		Amount
April 1 to December 31, 2019	$	285,500
2020		397,969
2021		414,159
2022		433,981
2023		449,878
2024 and thereafter		2,460,116
Total	**$**	**4,441,603**

Off-Balance Sheet Arrangements

The Company does not maintain any off-balance sheet arrangements.

Related Party Transactions

Sea Hunter Holdings, LLC

As of December 31, 2018 and 2017, Sea Hunter Holdings, LLC, (**"SHH"**) advanced to the Company $0.0 and $4,739,994, respectively. The loan is without interest and repayment terms. The loan has been classified as non-current as SHH has indicated it will not require repayment of the amounts advanced in the next twelve months.

As of December 31, 2018, the Company has a payable of $107,682 to one of the directors of the Company. This liability was incurred prior to the business combination.

The Company has a promissory note receivable of $152,975 from its shareholder and officer at December 31, 2018. The promissory note bears interest at a fixed rate of 3.06%, payable in full upon the earlier of the tenth anniversary date of the note or one year from the sale, conveyance, assignment or other transfer of such shares to another party.

The Company has promissory notes receivable of $317,467 from two of its shareholders at December 31, 2018. The promissory notes bear interest at a fixed rate of 3.06%, payable in full upon the earlier of the tenth anniversary date of the note or one year from the sale, conveyance, assignment or other transfer of such shares to another party.

Key Management Compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and the Board of Directors (the "**Board**"). Cash compensation provided to key management was $0.9 million and is included in payroll and related benefits in the consolidated statement of operations for the period ended March 31, 2019, and non-cash compensation provided to key management was $59.3 million and is included in stock compensation expense in the consolidated statement of operations for the period ended March 31, 2019.

New Accounting Standards Applied

IFRS 7 Financial Instruments: Disclosure

This standard was amended to require additional disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement ("**IAS 39"**) to IFRS 9 Financial Instruments ("**IFRS 9**"). This amendment is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company has concluded that the adoption of such standard has resulted in no impact on the Company's consolidated financial statements.

IFRS 9 Financial Statements

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company has concluded that the adoption of such standard has resulted in no impact on the Company's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. The Company has concluded that the adoption of such standard has resulted in no impact on the Company's consolidated financial statements.

Accounting Standards and Interpretations issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IFRS 16 Leases

The new standard will replace IAS 17 Leases ("**IAS 17**") and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in an accounting treatment similar to finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied retrospectively. Based on the Company's current leasing arrangements, this standard is expected to have an effect on the financial reporting and the Company is currently assessing the implications of the new standard which will become effective to annual reporting periods beginning on or after January 1, 2019.

The eventual application of these standards is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

Financial Instruments

Financial Assets

The Company initially recognizes financial assets at fair value on the date that they are originated. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial asset is recognized at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Financial Liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities. Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

Classification of Financial Instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash	Fair value through profit or loss
Accounts payable	Other financial liabilities
Loans payable – related parties	Loans and receivables

Financial and Capital Risk Management

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include interest rate risk, liquidity risk, and credit risk. Where material, these risks are reviewed and monitored by the Board.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's interest rate risk is limited to potential changes on the cash held with financial institutions. As interest on these balances is negligible, the Company considers interest rate risk to be immaterial.

Liquidity Risk

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

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Risk Factors and Uncertainties

The following specific factors could materially adversely affect the Company. Some of the following factors are interrelated and, consequently, investors should treat such risk factors. These risks and uncertainties are not the only ones that could affect the Company and additional risks and uncertainties not currently known to the Company, or that it currently deems to be immaterial, may also impair the business, financial condition and results of operations of the Company. If any of the following risks or other risks occur, they could have a material adverse effect on the Company's business, financial condition and results of operations. There is no assurance that any risk management steps taken by the Company will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Cannabis Continues to be a Controlled Substance under the United States Federal Controlled Substances Act

The Company will be engaged in the manufacturing, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Thirty-one states, the District of Columbia, Puerto Rico, and Guam have legalized medical cannabis in some form, although not all of those states have fully implemented their legalization programs. Nine of those states and the District of Columbia have legalized cannabis for adult use. Fifteen additional states have legalized high-cannabidiol (CBD), low THC oils for a limited class of patients. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a Schedule I controlled substance under the Controlled Substances Act (codified in 21 U.S.C.A. Section 812). Under United States federal law, a Schedule I controlled substance is considered to have a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the substance under medical supervision. Federal law prohibits the commercial production and sale of all Schedule I controlled substances, and as such, cannabis-related activities, including without limitation, the importation, cultivation, manufacture, distribution, sale and possession of cannabis remain illegal under U.S. federal law. It is also illegal to aid or abet such activities or to conspire or attempt to engage in such activities. Strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor provide a defense to any federal proceeding which may be brought against the Company. The Company's involvement in such activities may result in federal civil and/or criminal prosecution, including, but not limited to, forfeiture of the Company's assets.

An appropriations rider contained in the FY 2015, 2016, 2017, and 2018 Consolidated Appropriations Acts (formerly known as the 'Rohrabacher-Farr' Amendment); now known as the Rohrabacher-Blumenauer Amendment; and currently proposed for the next spending bill as the Joyce Amendment (the "**Amendment**") provides budgetary constraints on the federal government's ability to interfere with the implementation of state-based medical cannabis laws. The Ninth Circuit Court of Appeals and other courts have interpreted the language to mean that the Department of Justice ("**DOJ**") cannot prosecute medical cannabis operators complying strictly with state medical cannabis laws. The Amendment does not protect state-legal adult-use businesses, and if the Amendment expires and is not renewed federal prosecutors could prosecute even state-compliant medical cannabis operators for conduct within the five-year statute of limitations. The Leahy Amendment remains in effect through September 30, the end of the 2018 fiscal year, at which point Congress will decide whether to approve its extension. The Amendment was approved by voice vote in the House Appropriations Committee for fiscal year 2019 and included in the fiscal year 2019 bill introduced in the Senate Appropriations Committee. Nonetheless, continued reauthorization of the Amendment is predicated on future political developments and cannot be guaranteed.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges and penalties, including, but not limited to, disgorgement of profits, cessation of business activities, divestiture, or prison time. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis licenses in the U.S., its financial position, operations, profitability or liquidity. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation or defense of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The Company is subject to changes in Canadian laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations.

In Canada, changes to such laws, regulations and guidelines, due to matters beyond the control of the Company, may cause adverse effects to its operations. The Company endeavors to comply with all relevant laws, regulations and guidelines. To the best of the Company's knowledge, the Company is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this prospectus.

On June 8, 2018, the Canadian Federal Government passed Bill C-45, the Cannabis Act, to regulate the production, distribution and sale of cannabis for adult use, with an implementation, occurring on October 17, 2018.

Risks generally related to the Company

The Company cannot assure profitability. The Company is a development stage company with no operating history.

This difficulty is compounded by the fact that the Company will operate in the cannabis industry, which is continuously evolving. Thus, there is no guarantee that the Company's products or services will be attractive to potential consumers.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events.

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's operations will be subject to various laws, regulations and guidelines relating to the manufacturing, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations. The Company endeavors to comply with all relevant laws, regulations and guidelines. To the best of the Company's knowledge, the Company is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this prospectus.

The Company is subject to uncertainty and change regarding the legal and regulatory status of cannabis.

Achievement of the Company's business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the cannabis business is currently undergoing significant proposed changes and the Company cannot predict the impact of the regime on its business once the structure of the regime is finalized. Similarly, the Company cannot predict the timeline required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failing to obtain, required regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company may become involved in regulatory or agency proceedings, investigations and audits.

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in many government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

The Company may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on its operations.

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the results of operations, business prospects and financial condition of the Company. A strategic transaction may result in a significant change the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable.

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

There is no assurance that the Company will turn a profit or generate immediate revenues.

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business.

The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

If the Company implements it business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Company's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Company intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Company's business and the value of the Common Shares.

The Company may be subject to risks related to the protection and enforcement of its intellectual property rights, and may become subject to allegations that the Company is in violation of intellectual property rights of third parties.

The ownership and protection of our intellectual property rights is a significant aspect of the Company's future success. Currently we rely on trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. We try to protect such intellectual property by entering into confidentiality agreements with parties that have access to it, such as our partners, collaborators, employees and consultants. Any of these parties may breach these agreements and we may not have adequate remedies for any specific breach. In addition, our trade secrets and technical know-how, which are not protected by patents, may otherwise become known to or be independently developed by competitors, in which event our business, financial condition and results of operations could be materially adversely affected.

Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products, trade secrets, technical know-how and proprietary information. Policing the unauthorized use of the Company's current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of the Company, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the Company's current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Company.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, if meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights. However, such licenses may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

The Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights.

The Company may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the Company's business. The existence and/or outcome of any such litigation could harm the Company's business. Further, because the content of much of the Company's intellectual property concerns cannabis and other activities that are not legal in some jurisdictions, the Company may face additional difficulties in defending its intellectual property rights.

The Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition.

The Company may be named as a defendant in a lawsuit or regulatory action. The Company may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. Any such losses could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

The Company's operations are subject to environmental regulation.

These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government environmental approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed business activities or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage due to its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.

The Company does and expects to continue to face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources, manufacturing and marketing experience than the Company. In addition, there is potential that the cannabis industry will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities, and product offerings that are greater than those of the Company. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed on terms it considers acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect the Company's business, financial condition and results of operations.

The legal landscape for medical and recreational cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of cannabis for medical purposes in some form or another. Increased international competition and limitations placed on the Company by local regulations might lower the demand for the Company's products on a global scale.

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's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's acting CEO, technical experts and sales personnel. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its cannabis-related products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute our business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of our employees.

There is no assurance that the Company will obtain and retain any relevant licenses.

Further, the Company's ability to grow, store and sell cannabis in the United States is dependent on the ability of the Company to obtain a license to do so. The Company does not currently hold a license and there can be no assurance that the Company will receive such a license in a timely manner, or at all. The licenses, once issued, are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company may not be able to develop and maintain lasting relationships with consumers.

The Company's success depends on its ability to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain consumers, including but not limited to the Company's brand awareness, its ability to continually produce desirable and effective cannabis products, the successful implementation of the Company's consumer-acquisition plan and the continued growth in the aggregate number of consumers purchasing cannabis products. The Company's failure to acquire and retain consumers could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition.

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in several ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on prices for its products, which could negatively impact its profitability.

The Company may not be able to secure adequate or reliable sources of funding required to operate its business and meet consumer demand for its products.

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

The Company may be subject to product recalls for product defects self-imposed or imposed by regulators.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise regarding the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company.

The Company is reliant on key inputs, and any interruption of these services could have a material adverse effect on the Company's finances and operation results.

The Company's business is dependent on several key inputs and their related costs including raw materials and supplies related to its growing operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to follow such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.

The Company has and will continue to enter into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services regarding its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from many threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments like those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Management may not be able to successfully implement adequate internal controls over financial reporting.

Proper systems of internal controls over financial accounting and disclosure are critical to the operation of a public company. However, the Company does not expect that its DCP and ICFR will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected, which could cause investors to lose confidence in the Company's reported financial information, which in turn could result in a reduction in the value of the Common Shares.

The Company, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer perception.

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (if accurate or with merit) regarding the consumption of cannabis products for medical purposes, including unexpected safety or efficacy concerns arising with respect to the products of the Company or its competitors. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any product, or consistent with earlier publicity.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations and financial condition of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity (if accurate or with merit), could have an adverse effect on any demand for the Company's products which could have a material adverse effect on the Company's business, financial condition and results of operations. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Dated: May 30, 2019